

Instructions

Do not include this sheet in the Annual Report you send to the Commission

We have included general instructions below to assist you in completing the report.

General Information

There are three Excel files that make up the annual report. The files are called TELCOAR.XLS, AJCDR.XLS and TCMR.XLS, respectively. TELCOAR.XLS is the main body of the report and is broken down into three sections: General Information; Financial and Accounting Information; and Operating Data. AJCDR.XLS is a supplementary report which contains Annual Joint Cost Data Report. TCMR.XLS is the Commission's Telecommunication Competition Monitoring Report and replaces the Transitional Monitoring Report.

The pages/schedules in each file are separated by Tabs. The names of the Tabs in TELCOAR.XLS are arranged by Schedule Number. The names of the Tabs in AJCDR.XLS and TCMR.XLS are arranged by page number. A Table of Contents is provided in TELCOAR.XLS and TCMR.XLS. (Tab called Table).

Each file includes a tab called a Data Sheet. The completion of the Data Sheet will automatically transfer your company's name and year of the report to each page of the annual report. There are numerous formulas and cell references in both files. The cells that contain the formulas and cell references have been protected. To unprotect these cells, the following instructions should be used: Format/Cells/Protection and uncheck "Locked" (Please use caution after unprotecting cells).

We have checked the accuracy of the formulas and cell references in the file. However, all corrections may not have been made because the file was slightly revised this year. If you feel that certain formulas or cell references in the file are incorrect, unprotect the incorrect cell and input the correct number, and describe the change made on the "Comment" sheet provided.

Insert Pages

Due to a large amount of data, some companies will be required to file additional pages to complete certain schedules. If you are required to prepare insert pages, insert pages have been provided in the workspace below the applicable schedule. The totals of the insert pages should be inputted on the related schedule. The print function will not print the insert pages. As a result, you will have to print these schedules manually.

Printing Individual Schedules on the File

To print a schedule, select the schedule you want by clicking on the tab for that schedule. Then click on File/Print in the menu bar. In the "Print what" portion of the resulting "Print" dialogue box select "Active sheet(s)", and then click on "OK."

Saving the File

As stated above, the name of the two files are TELCOAR.XLS, AJCDR.XLS and TCMR.XLS. It is advised that you call up the file and then immediately save it using the assigned file names as shown below.

Print the Entire Report

When you have completed the report, you may want to print out the entire report. To do this, follow the instructions above for printing individual schedules except, in the "Print what" portion of the "Print" dialogue box, select "Entire workbook".

<u>Company Name</u>	<u>TELCOAR.XLS</u>	<u>AJCDR.XLS</u>	<u>TCMR.XLS</u>
	<u>File Name to Save</u>	<u>File Name to Save</u>	<u>File Name to Save</u>
ALLTEL	ALLTAR.XLS	ALLTJCD.XLS	ALLTCMR.XLS
Armstrong	ARMSAR.XLS	ARMSJCD.XLS	ARMSTCMR.XLS
Berkshire	BERKAR.XLS	BERKJCD.XLS	BERKTCMR.XLS
Cassadaga	CASSAR.XLS	CASSJCD.XLS	CASSTCMR.XLS
Champlain	CHAMAR.XLS	CHAMJCD.XLS	CHAMTCMR.XLS
Chautauqua & Erie	CHAUTAR.XLS	CHAUTJCD.XLS	CHAUTCMR.XLS
Chazy & Westport	CHAZYAR.XLS	CHAZYJCD.XLS	CHAZYCMR.XLS
Citizens Tel of Hammond	CITTHAR.XLS	CITTHJCD.XLS	CITTHCMR.XLS
Citizens Tel of New York	CITTNAR.XLS	CITTNJCD.XLS	CITTNCMR.XLS
Crown Point	CRPTAR.XLS	CRPTJCD.XLS	CRPTCMR.XLS
Delhi	DELHIAR.XLS	DELHIJCD.XLS	DELHICMR.XLS
Deposit	DEPAR.XLS	DEPJCD.XLS	DEPTCMR.XLS
Dunkirk & Fredonia	D&FAR.XLS	D&FJCD.XLS	D&FTCMR.XLS
Edwards	EDWAR.XLS	EDWJCD.XLS	EDWTCMR.XLS
Empire	EMPAR.XLS	EMPJCD.XLS	EMPTCMR.XLS
Fishers Island	FISHAR.XLS	FISHJCD.XLS	FISHTCMR.XLS
Frontier of Ausable Valley	FRTAVAR.XLS	FRTAVJCD.XLS	FRTAVCMR.XLS
Frontier of New York (Highland)	FRTNYAR.XLS	FRTNYJCD.XLS	FRTNYCMR.XLS
Frontier of Seneca-Gorham	FRTSGAR.XLS	FRTSGJCD.XLS	FRTSGCMR.XLS
Frontier of Sylvan Lake	FRTSLAR.XLS	FRTSLJCD.XLS	FRTSLCMR.XLS
Germantown	GERMAR.XLS	GERMJCD.XLS	GERMCMR.XLS
Hancock	HANCAR.XLS	HANCJCD.XLS	HANCTCMR.XLS
Margaretville	MARGAR.XLS	MARGJCD.XLS	MARGTCMR.XLS
Middleburgh	MIDAR.XLS	MIDJCD.XLS	MIDJTCMR.XLS
New York (Bell Atlantic/NYNEX)	NYNEXAR.XLS	NYNEXJCD.XLS	NYNEXCMR.XLS
Newport	NEWPAR.XLS	NEWPJCD.XLS	NEWPTCMR.XLS
Nicholville	NICHAR.XLS	NICHJCD.XLS	NICHTCMR.XLS
Ogden	OGDENAR.XLS	OGDENJCD.XLS	OGDENCMR.XLS
Oneida County Rural	ONCRAR.XLS	ONCRJCD.XLS	ONCRCMR.XLS
Ontario	ONTARAR.XLS	ONTARJCD.XLS	ONTARCMR.XLS
Oriskany Falls	ORISFAR.XLS	ORISFJCD.XLS	ORISFCMR.XLS
Pattersonville	PATTAR.XLS	PATTJCD.XLS	PATTCMR.XLS
Port Byron	PTBNAR.XLS	PTBNJCD.XLS	PTBNCMR.XLS
Rochester (Frontier Comm.)	RTCAR.XLS	RTCJCD.XLS	RTCTCMR.XLS
State	STATEAR.XLS	STATEJCD.XLS	STATECMR.XLS
Taconic	TACAR.XLS	TACJCD.XLS	TACTCMR.XLS
Township	TOWNAR.XLS	TOWNJCD.XLS	TOWNCMR.XLS
Trumansburg Home	TRUAR.XLS	TRUJCD.XLS	TRUTCMR.XLS
Vernon	VERNAR.XLS	VERNJCD.XLS	VERNTCMR.XLS
Warwick Valley	WARWAR.XLS	WARWJCD.XLS	WARWTCMR.XLS

STATE OF NEW YORK PUBLIC SERVICE COMMISSION

ANNUAL REPORT OF TELEPHONE CORPORATIONS For the period ending DECEMBER 31, 2011

Instructions for this Tab:

- ¹ Fill in your name and address below so that this information will carry to other parts of the spreadsheet.
- ² If the respondent's name is long, the "Year ended December 31, 19__" may over pass the print range. This can be corrected by one of two methods: selecting a smaller font size on the specific sheet, or to delete some spaces on the combined string below.

Please fill in the following:

Respondent's exact legal name :	VERIZON NEW YORK INC.
Address line 1:	140 WEST STREET
Address line 2:	NEW YORK, N.Y. 10007
For the period starting:	JANUARY 1, 2011
For the period ending:	DECEMBER 31, 2011
Date due:	May 25, 2012

Example

January 1, 1995

December 31, 1995

March 31, 1995

For the period starting JANUARY 1, 2011
For the period ending DECEMBER 31, 2011
Year Ended DECEMBER 31, 2011

Annual Report of VERIZON NEW YORK INC.

For the period ending DECEMBER 31, 2011

Annual Report of VERIZON NEW YORK INC.

For the period ending DECEMBER 31, 2011

Annual Report of VERIZON NEW YORK INC.

For the period ending DECEMBER 31, 2011

Annual Report of VERIZON NEW YORK INC.

For the period ending DECEMBER 31, 2011

Annual Report of VERIZON NEW YORK INC.

For the period ending DECEMBER 31, 2011

Annual Report of VERIZON NEW YORK INC.

For the period ending DECEMBER 31, 2011

Annual Report of VERIZON NEW YORK INC.

For the period ending DECEMBER 31, 2011

Please fill in the requested information on Rows 42, 43 and 44.

COMPANY CODE:

TELEPHONE CORPORATIONS

ANNUAL REPORT

OF

VERIZON NEW YORK INC.

Exact legal name of reporting telephone corporation

(If name was changed during year, show also the previous name and date change)

140 WEST STREET

NEW YORK, N.Y. 10007

(Address of principal business office at end of year)

FOR THE

YEAR ENDED DECEMBER 31, 2011

TO THE

STATE OF NEW YORK

PUBLIC SERVICE COMMISSION

Name, title, address and telephone number (including area code), of the person
to be contacted concerning this report:

Sandy Anderson

1 Verizon Way, Basking Ridge, NJ 07920

908-559-2466

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1. GENERAL INSTRUCTIONS

1. The completed original of this report shall be filed with the Public Service Commission, Albany, NY, on or before the 31st of March next following the end of the year to which the report applies. At least one additional copy shall be retained in the files of the reporting telephone corporation.
2. If the respondent considers any information requested on a schedule to be of a proprietary nature, as defined in 16 NYCRR, Chapter 1, Section 6-1.3 of Chapter 1 of the Rules of Procedure, the schedule as included in the report forms should be filed as directed by the Commission. However, the respondent is required to file one complete copy of each schedule deemed proprietary, including all detail requested, accompanied by a request for proprietary treatment, with the Records Access Officer, in accordance with the Rules of Procedure of Title 16, NYCRR, Chapter I, Section 6-1.3(b). However, the company must still file such additional "Public" copy as required (one conformed copy) with the proprietary information blocked out and accompanied by a letter stating that this was done.
3. All telephone corporations upon which this report form is served are required by statute to complete and to file the report. The statute further provides that when any such report is defective or believed to be erroneous, the reporting corporation shall be duly notified and given reasonable time within to make the necessary amendments or corrections. All data comprising this report shall be submitted in permanent form, i.e., washable ink or washable reproductions should not be used.
4. All accounting terms and phrases used in this form are to be interpreted in accordance with the effective applicable Uniform System of Accounts prescribed by this Commission as set forth in 16 NYCRR, Subchapter E, Article 1 (Case 8579).
The Uniform System of Accounts defines Class A companies as those with annual revenues from regulated telecommunications operations of \$100 million or more. Class B are defined as those with annual revenues from regulated telecommunications operations of less than \$100 million. Whenever the term respondent is used, it shall be understood to mean the reporting telephone corporation.
5. Standard accounting procedures will apply in determining the nature of any entry (e.g. Uncollectibles, a revenue item, is normally a debit entry, and should be entered as a "positive" number unless the reported balance is a "credit"). Entries of a reverse or contrary character shall be indicated by parentheses around the number.
6. If the report is made for a period less than the calendar year, the period covered must be clearly stated on the front cover
- and elsewhere throughout the report where the period covered is shown. When operations cease during the year because of the disposition of property, the balance sheet and supporting schedules should consist of balances and items immediately prior to transfer (for accounting purposes). If the books are not closed as of that date the data in the report should nevertheless be complete, and the amounts reported should be supported by information set forth in, or as part of, the books of account.
7. All instructions shall be followed and each question shall be answered fully and accurately. Sufficient answer shall appear to show that no question or schedule has been overlooked. The expression "none" or "not applicable" shall be given as the answer to any particular inquiry or schedule where it truly and completely states the fact. Unless otherwise indicated, no information will be accepted which incorporates by reference information from another document or report, Where information called for herein is not given, state fully the reason for its omission.
8. The report should not be permanently bound. Extra copies of any page of the report will be furnished on request. If necessary or desirable to insert additional statements for the purpose of further explanation of accounts or schedules, they shall be legibly made on paper of durable quality and shall correspond to this form in size of page and width of margin. Additional sheets, ruled either vertically or horizontally, will be furnished on request. Inserts, if any, should be appropriately identified with the schedules to which they relate.
9. If the telephone corporation conducts operations both within and outside the State of New York, data should be reported so that there will be shown the number of subscribers within this state, and (separately by accounts) the operating revenues from sources within this state, and the plant investment as of the end of the year within this state.
10. Whenever schedules call for comparison of figures of a previous year, the figures reported must be based upon those shown by the annual report of the previous year or an appropriate explanation given why different figures were used.
11. Throughout the report money items shall be shown in units of dollars adjusted to accord footings. Omitting cents does not apply, however, to items in which cents are of significance as, for instance in averages and in unit costs.
12. In the space provided on the upper outside margin of each page there should be inserted (by rubber stamp, if desired), the name of the respondent and the year to which the report relates.

Comment Sheet

Please use this sheet to record any changes you made to this file. If you altered this file in anyway, except by entering data, you must record those changes here. You may also use this sheet to make any comments about this file or the joint cost file.

<u>Item Number</u>	<u>Description</u>	<u>Schedule Number</u>	<u>Page Number</u>
1	Schedules with additional pages added	4	6A - 6H
		8	11A
		18	31A -31D
		22	37A
		34	56A
		46	75A
		54	84A, 85A
		55	86A
		59	94A - 94C

Comments

2. GENERAL INFORMATION

1.

Name and title of officer having custody of the general books of account and address of the office where such books are kept.

Anthony Skiadas, Controller
One Verizon Way
Basking Ridge, NJ 07920

2.

Name of state in which incorporated, date of incorporation, and designation of law under which incorporated. If not incorporated, show type of organization, date organized and the identity of the parties in interest together with the extent of their respective interests.

Respondent was incorporated in New York State on June 18, 1896 under the Transportation Corporation Law

3.

If at any time during the year the property of the company was held by a receiver or trustee, give (a) the name of the receiver or trustee, (b) the date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was vested, and (d) the date when possession by receiver or trustee ceased.

Property was not held by a receiver or trustee

4.

State the name of each other state or federal body exercising regulatory jurisdiction over respondent (excepting taxing authorities); and if such jurisdiction is limited, the extent of limitation should be set forth. If such jurisdiction terminated prior to the end of the year, state that fact with reasons for such termination and the effective date thereof.

The respondent is subject to regulations of the Federal Communications Commission (FCC) with respect to interstate rates, lines and services and other matters. The respondent's operations in the State of Connecticut, which are relatively minor in extent, are subject to regulation by the Public Utilities Control Authority of the State of CT.

2. GENERAL INFORMATION (Continued)**5. Name all classes of service furnished by respondent.**

The Company is engaged in providing two types of telecommunications services, exchange telecommunications and exchange access services, in New York State and a small portion of Connecticut (Greenwich and Bryam only). These telecommunications services include public and private voice and data transmission of radio and television signals and teletypewriter services.

6.

Attach herein (following this page) the respondent's latest annual report to stockholders. If such a report is not prepared, but if audited annual financial statements on which a certified public accountant expresses an opinion are regularly prepared and distributed to bondholders, banking institutions or security analysts, submit that.

If the respondent's annual report to stockholders or audited annual financial statements are prepared on a calendar year basis, the major financial statements contained therein, i.e., Balance Sheet, Income and Retained Earnings Statement and Statement of Cash Flows, shall be reconciled with the corresponding statements in this annual report. The reconciliation shall contain an explanation of all differences in reporting.

If the respondent's annual report to stockholders or audited annual financial statements are prepared on a fiscal year basis, then a statement shall be included stating that, except as noted, the major financial statements are prepared on the same basis as in this annual report to the Commission and are in conformity with this Commission's applicable Uniform system of Accounts.

If reports to stockholders or audited annual financial statements are not prepared, so state below:

Reports to the stockholders or audited financial statements for Verizon New York Inc are not prepared.

3. OFFICERS AND DIRECTORS (including Compensation)

1. Furnish the indicated data with respect to each executive officer and director, whether or not they received any compensation from the respondent.
2. Executive officers include a company's president, secretary, treasurer and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.
3. Indicate with an asterisk (*) in column (a) those directors who were members of the executive committee, if any, and by a double asterisk (**) the chairman, if any, of that committee, at the end of the year.

Line No.	Name of Person (a)	Title and Department Over Which Jurisdiction Is Exercised (b)	Term Expired or Current Term Will Expire (c)	Salary	
				Rate at Year End (d)	Paid During Year (e)
1	Keefe B. Clemons	Vice President, General Counsel and Secretary / Director	2012 Mtg	Confidential	Confidential
2	Tracey A. Edwards	Region President - Consumer & Mass Business Markets	2012 Mtg		
3	James J. Gerace	Vice President	2012 Mtg		
4	Kathleen H. Leidheiser	Controller Vice President - Consumer & Mass Business Markets /	2012 Mtg		
5	Thomas Maguire	Director	2012 Mtg		
6	W. Robert Mudge	Chief Executive Officer / Director	2012 Mtg		
7	Jeffrey S. Noto	Senior Vice President and Chief Financial Officer / Director	2012 Mtg		
8	John Raposa	Vice President	2012 Mtg		
9	Kevin M. Service	Area President - Regional Operations	2012 Mtg		
10	Michael T. Stefanski	Senior Vice President - Finance and Treasurer	2012 Mtg		
11	Shawn M. Strickland	Region President - Consumer & Mass Business Markets	2012 Mtg		
12					
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NOTES:

Please complete the information on this schedule for all copies (paper and electronic version) of the report.

3. OFFICERS AND DIRECTORS (including Compensation - Continued)

4. If any person reported in this schedule received remuneration directly or indirectly other than salary shown in column (e) list the amounts in columns (f) through (k) with the footnotes necessary to explain the essentials of the plan, the basis of determining the ultimate benefits receivable and the payments or provisions made during the year to each person reported herein. If the word "none" correctly states the facts in regard to entries for columns (f) through (k), so state.
5. If any person reported hereunder received compensation from more than one affiliated company or was carried on the payroll of an affiliated company, details shall be given in a note.

Deferred Compensation (f)	Incentive Pay (Bonuses, etc.) (g)	Savings Plans (h)	Stock Options (i)	Life Insurance Premiums (j)	Other (Explain Below) (k)	Total (e thru k) (l)	Line No.
Confidential	Confidential	Confidential	Confidential	Confidential	Confidential	\$0	1
						\$0	2
						\$0	3
						\$0	4
						\$0	5
						\$0	6
						\$0	7
						\$0	8
						\$0	9
						\$0	10
						\$0	11
						0	12
						0	13
						0	14
						0	15
						0	16
						0	17
						0	18
						0	19
						0	20
						0	21
						0	22
						0	23
						0	24
						0	25

NOTES:

4. CONTROL OVER RESPONDENT

If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by trustee(s), state name of trustee(s), name of beneficiaries for whom trust was maintained, and purpose of the trust. If other companies are controlled by the organization which holds control over the respondent, list the names of such companies and the kind of business each is engaged in.

The common stock of the respondent is wholly owned by NYNEX Corporation which is wholly owned by Verizon Communications Inc. This list displays companies in which Verizon Communications Inc. has interest of 5% or more:

210 Pine Street Condominium Association
 Atlantic Ocean Cables Limited
 Australian-Japan Cable (Holding) Limited
 BAFIS Bell Atlantic Federal Integrated Systems, GmbH
 BAP - Caroline, Inc.
 BATCL - 1987 - I, Inc.
 BATCL - 1987 - II, Inc.
 BATCL - 1987 - III, Inc.
 BATCO - 1989 - II, Inc.
 Bell Atlantic Administrative Services, Inc.
 Bell Atlantic Advertising (China) Company
 Bell Atlantic Capital Corporation
 Bell Atlantic Construction Services, Inc.
 Bell Atlantic Entertainment and Information Services Group, Inc.
 Bell Atlantic Foreign Sales Corporation
 Bell Atlantic International - Italia S.r.L.
 Bell Atlantic Mobile Systems LLC
 Bell Atlantic TriCon Leasing Corporation
 Bell Atlantic Ventures XXV, Inc.
 Bell Atlantic Ventures XXXI, Inc.
 Cellco Partnership (d/b/a Verizon Wireless)
 Cloudswitch, Inc.
 ✦ CMIST Pty Limited
 Conagro Telecommunications, S.A.
 Contel Cellular International, Inc.
 Contel Federal Systems, Inc.
 Contel of New York, Inc.

- ✦ Continental Telecommunications Company (Nigeria)
- ✦ CQRCert LLC
- Cranberry Properties LLC
- Cybertrust Australia (Holdings) Pty Limited
- ✦ Cybertrust Australia Pty Limited
- ✦ Cybertrust Belgium NV
- Cybertrust Holding International, A.V.V.
- Cybertrust Holdings, Inc.
- Cybertrust Ireland Limited
- Cybertrust Japan Co. Limited
- Cybertrust Limited
- Cybertrust, Inc.
- Dickerson OLI LLC
- Digex Germany GmbH
- Empire City Subway Company (Limited)
- Exchange Indemnity Company
- Federal Network Systems LLC
- Fedora (2500) Pty Limited
- Fez (2509) Pty Limited
- Fox Court Nominees Limited
- Gemini Submarine Cable System Limited
- GTE Communication Systems Corporation
- GTE Corporation
- GTE Far East (Services) Limited
- GTE Life Insurance Company Limited
- GTE Operations Support Incorporated
- GTE Overseas Corporation
- GTE Products of Connecticut Corporation
- GTE REinsurance Company Limited
- GTE Southwest Incorporated (d/b/a Verizon Southwest)
- GTE Venezuela S.à r.l.
- GTE Wireless Incorporated
- INET N.V.
- ISCP Alliance LLC
- Laycon Telecommunications, S.A.
- MBW Venture Partners Limited Partnership
- MCI (CIS) LLC
- MCI Broadband Solutions, Inc.
- MCI Communications Corporation
- MCI Communications Services, Inc.
- MCI Funding Corporation
- MCI Intermedia, Inc.
- MCI International Mobile Services, Inc.
- MCI International Services, Inc.

MCI International Telecommunications Corporation
MCI International, Inc.
MCI Network Services of Virginia, Inc.
MCI WorldCom Asia Pacific Limited
MCI WorldPhone Limited
MCImetro Access Transmission Services LLC
MCImetro Access Transmission Services of Massachusetts, Inc.
MCImetro Access Transmission Services of Virginia, Inc.
Metropolitan Fiber Systems of New York, Inc.
MFS CableCo U.S., Inc.
MFS Globenet, Inc.
MK International Limited
MK International S.r.l
MKI Project Management Private Limited
Montana OL3 LLC
Montana OL4 LLC
Montana OP3 LLC
Montana OP4 LLC
Morgantown OL1 LLC
Morgantown OL2 LLC
MovARoo, LLC
Moviservicios, S.A. de C.V.
Movitel del Noroeste, S.A. de C.V.
Mtel (UK) Limited
Mtel Latin America, Inc.
Mtel Uruguay S.A.
Nap de las Americas-Madrid S.A.U
NAP of Amsterdam, B.V.
NAP of the Capital Region II, LLC
NAP of the Capital Region, LLC
NAP West II, LLC
NAP West, LLC
NCC Anaconda Company
NCC Braeburn Company
NCC Capon Company
NCC Charlie Company
NCC Delta Company
NCC Dove Corporation
NCC Echo Company
NCC Farnborough Company
NCC Farnborough Investments Limited
NCC Farnborough Trustee Limited
NCC FSC I, Inc.
NCC FSC V, Inc.

NCC FSC VIII, Inc.
NCC FSC XII, Inc.
NCC Golf Company
NCC Hampshire Investments Ltd.
NCC Indigo Company
NCC Key Company
NCC Mianus Corporation
NCC Micron Company
NCC Orion Company
NCC Polar Company
NCC Republic Company
NCC Ria Company
NCC Sierra Company
NCC Solar Company
NCC Stamford Corporation
NCC Tarzana Company
NCC Umbra Company
NCC Viva Company
NCC Xebec Company
NCC Yearling Company
NCC Zee Company
Nubal S.A.
NV Verizon Belgium Luxembourg SA
NYNEX Bell IP Holding Corporation
NYNEX LLC
NYNEX Mandalay Holdings, Inc.
Omniroot, L.L.C.
One Parkway, Inc.
Optical Communications Services Co. LTD.
Pacific Carriage Holdings Limited
Parlance Corporation
PC Lease Partners I LP
Phrygian (2504) Pty Limited
PT Communications Verizon Indonesia
Quarry Technologies, Inc.
Rihab Dijla General Trading LLC
RJM Lease Partners I
Roxbury Corners Limited Partnership
Rudolf's Engine LLC
SecureNetCertificates Pty Ltd
SEMA OP1 LLC
SEMA OP2 LLC
SEMA OP3 LLC
Shanghai Bell Atlantic Yellow Pages Advertising Co. Ltd.

Sherkate Sahami Khass Telephone Sazi Iran
Snood (2506) Pty Limited
Southern Cross Cable Holdings Limited
Steam Heat LLC
Steamed Crab Partners, L.P.
Technology Center of the Americas, LLC
TECOTA Services Corp.
Telecom*USA, Inc.
Teleconnect Long Distance Services & Systems Company
Telesector Resources Group, Inc. (d/b/a Verizon Services Group)
TerreLight, LLC
Terremark Amsterdam B.V.
Terremark Asia Company Ltd.
Terremark Colombia, Inc.
Terremark del Caribe, Inc.
Terremark do Brasil Ltda.
Terremark Elektronik Haberlesme Hizmetleri Ticaret Anonim Sirketi
Terremark Europe, Inc.
Terremark Federal Group, Inc.
Terremark Latin America de Argentina, SA
Terremark Latin America de Mexico, SA de CV
Terremark Latin America, Inc.
Terremark North America, Inc.
Terremark NV
Terremark Peru LLC
Terremark Peru SAC
Terremark Realty, Inc.
Terremark Technology Contractors, Inc.
Terremark Trademark Holdings, Inc.
Terremark UK Limited
Terremark West Africa Canary Islands, S.L.U
Terremark Worldwide, Inc.
TerreNAP Data Centers, Inc.
TerreNAP Services, Inc.
The Public IP Exchange Limited
TruSecure Corporation (Australia) Pty Ltd
TTI National, Inc.
UAB Verizon Lietuva
Ubizen USA, LLC
Ubizen, Inc.
Unicast Communications Corp.
UUNET Equipment Singapore Pte Ltd
UUNET Holdings Australia Pty Limited
UUNET Vostok

VCC Atala OP LC
VCC Triangle Services Company, Ltd.
VEBA GP LLC
VENTURE 36, LLC
Verizon (Thailand) Limited
Verizon Albania ShPk
Verizon Argentina S.R.L.
Verizon Asia Pacific Holdings Pte. Ltd.
Verizon Australia Holdings LLC
Verizon Australia Pty Limited
Verizon Austria GmbH
Verizon Avenue Corp. (d/b/a Verizon Enhanced Communities)
Verizon Bolivia S.R.L.
Verizon Bulgaria EOOD
Verizon Business Financial Management Corporation
Verizon Business Global LLC
Verizon Business International Holdings B.V.
Verizon Business Network Services Inc.
Verizon Business Purchasing LLC
Verizon Business Security Solutions Luxembourg SA
Verizon California Inc.
Verizon Canada Ltd.
Verizon Capital Corp.
Verizon CCC LLC
Verizon Chile S.A.
Verizon Colombia S.A.
Verizon Communications (Cyprus) Limited
Verizon Communications Egypt LLC
Verizon Communications Guatemala Limitada
Verizon Communications India Private Limited
Verizon Communications Malaysia Sdn. Bhd.
Verizon Communications Philippines Inc.
Verizon Communications Singapore Pte. Ltd.
Verizon Communications Slovakia s.r.o
Verizon Communications South Africa (Pty) Limited
Verizon Communications Technology (Beijing) Co., Limited
Verizon Connected Solutions Inc.
Verizon Corporate Resources Group LLC
Verizon Corporate Services Corp.
Verizon Corporate Services Group Inc.
Verizon Costa Rica S.R.L.
Verizon Credit Inc.
Verizon Croatia Ltd.
Verizon Czech s.r.o.

Verizon Data Services India Private Limited
Verizon Data Services LLC
Verizon Delaware Holdings II Inc.
Verizon Delaware Holdings Inc.
Verizon Delaware LLC
Verizon Denmark A/S
Verizon Deutschland GmbH
Verizon Dominican Republic, S.A.
Verizon Ecuador Cia. Ltda
Verizon ELPI Holding Corp.
Verizon Enterprise Delivery LLC
Verizon Enterprise Solutions LLC
Verizon Estonia OÜ
Verizon European Holdings Limited
Verizon Federal - Puerto Rico Inc.
Verizon Federal Inc.
Verizon Financial Services LLC
Verizon Financing
Verizon Finland Oy
Verizon Florida LLC
Verizon Foundation
Verizon France SAS
Verizon FZ-LLC
Verizon Global Solutions Germany GmbH
Verizon Global Solutions Holdings I Ltd.
Verizon Global Solutions Holdings II Ltd.
Verizon Global Solutions Holdings III Ltd.
Verizon Global Solutions Holdings IV Ltd.
Verizon Global Solutions Holdings V Ltd.
Verizon Global Solutions Ireland Limited
Verizon Global Solutions U.K. Ltd.
Verizon Global Structured Finance LLC
Verizon GmbH
Verizon Hawaii International Inc.
Verizon Hellas Telecommunications Single Member Limited Liability Company
Verizon Holding Austria GmbH
Verizon Holding do Brasil Ltda.
Verizon Holding France EURL
Verizon Holding Netherlands B.V.
Verizon Hong Kong Limited
Verizon Hungary Telecommunications Limited Liability Company
Verizon Iceland ehf
Verizon India Private Limited
Verizon Information Services-Costa Rica, LLC

Verizon Information Technologies LLC
Verizon International Holdings Inc.
Verizon International Inc.
Verizon International Inc. Luxembourg S.C.S.
Verizon International Investments Luxembourg S.à r.l.
Verizon International Limited
Verizon International Luxembourg S.à r.l.
Verizon Investment Management Corp.
Verizon Investments LLC
Verizon Ireland Limited
Verizon Israel Telecommunications Limited
Verizon Italia SpA
Verizon Japan Ltd.
Verizon Komunifacije d.o.o., Beograd
Verizon Korea Limited
Verizon Laboratories Inc.
Verizon Latvia SIA
Verizon Licensing Company
Verizon Ljubljana trgovina in storitve, d.o.o.
Verizon Long Distance LLC
Verizon Malta Limited
Verizon Maryland Inc.
Verizon Media Ventures Inc.
Verizon Morocco Sarl
Verizon Nederland BV
Verizon Network Integration Corp.
Verizon New England Inc.
Verizon New Jersey Inc.
Verizon New York Inc.
Verizon New Zealand Limited
Verizon North LLC
Verizon Norway AS
Verizon Online - Maryland LLC
Verizon Online LLC
Verizon Online Pennsylvania Partnership
Verizon Pakistan (Private) Limited
Verizon Panama, S.A.
Verizon Paraguay S.R.L.
Verizon Patent and Licensing Inc.
Verizon Pennsylvania Inc.
Verizon Peru S.R.L.
Verizon Polska Sp. Z o.o.
Verizon Portugal - Sociedade Unipessoal, Lda.
Verizon Properties Inc.

Verizon Reads Incorporated
Verizon Realty Corp.
Verizon Romania SRL
Verizon Saudi Arabia LLC
Verizon Select Services Inc.
Verizon Select Services of Virginia Inc.
Verizon Services Corp.
Verizon Services Operations Inc.
Verizon Services Organization Inc.
Verizon Services Singapore Pte Ltd
Verizon Servicios Administrativos, S. de R.L. de C.V.
Verizon Servicios Empresariales Mexico, S. de R.L. de C.V.
Verizon Sourcing LLC
Verizon South Inc.
Verizon Spain Holdings S.L.
Verizon Spain S.L.
Verizon Sweden Aktiebolag
Verizon Switzerland AG
Verizon Taiwan Co. Limited
Verizon Technology Corp.
Verizon Telecomunicações do Brasil Ltda.
Verizon TeleProducts Corp.
Verizon Trademark Services LLC
Verizon UK Limited
Verizon Ukraine LLC
Verizon Uluslarasi Telekomünikasyon Ticaret Limited Sirketi
Verizon Uruguay S.R.L.
Verizon Venezuela, S.A.
Verizon Vietnam, S.A.
Verizon Virginia LLC
Verizon Washington, DC Inc.
Verizon Wireless Inc.
Vigilix, Inc.
Vodafone Omnitel N.V.
VWI Acquisition Corporation
VZB OpCo Nigeria Limited
Wallaroo Company
Weatherly Holdings L.L.C.
WorldCom Global Networks Limited
WorldCom International El Salvador, S.A. de C.V.

5. CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Foot- note Ref. (d)
Empire City Subway (Limited)	Builds, maintains and operates underground subways, conduits and ducts in the boroughs of Bronx and Manhattan, City of New York in which it leases space primarily for companies in the telecommunications business	100%	
Telesector Resources Group, Inc.	As of April 2004, all TRG/VSG employees were transitioned to the Verizon Services Corp payroll. TRG/VSG will continue to own assets supporting VSC services. Telesector Res Grp Inc exists solely to provide these services to affiliates in the Verizon corporate family.	50%	#
Verizon Long Distance LLC	Provides long distance services to the consumer market	100%	
Verizon Enterprise Solutions LLC	Provides long distance services to the business market	100%	
# - Telesector Research Group, Inc is jointly owned by the Company and VZ New England Inc.			

DEFINITIONS

- See the Uniform System of Accounts for a definition of control.
- Direct control is that which is exercised without interposition of an intermediary.
- Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
- Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

6. HOLDERS OF VOTING SECURITIES

1. Report the requested information for each holder of record of five percent or more of the voting capital or, if there are fewer than ten such holders, the ten who hold the highest voting powers. Data should be the latest available nearest the end of the year. When the holder of record is a trustee, or other intermediate agency (except a corporation), the data should be reported opposite the names of the beneficial owners, designated as such, under a general heading identifying the trustee or other agency. For corporations listed hereunder as holders of voting securities, see the next succeeding schedule. Securities with contingent voting rights may be disregarded.
2. Attach hereto a certified copy of every effective voting trust established under Section 621 of the Business Corporation Law and a certified copy of every other agreement (trustee or otherwise) under which voting securities are held for beneficial owners. If any such agreement has been filed with a previous report, reference to the earlier report will be sufficient provided changes or modification since filing are shown.

Line No.	Name and Address of Security Holder (a)	Number of Votes as of		
		Common Stock (b)	Other (Specify)	
			(c)	(d)
1	NYNEX Corporation (a wholly owned subsidiary of Verizon Communications Inc) 140 West Street New York, NY 10007	1	None	None
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7. VOTING POWERS AND ELECTIONS

1. Has each share of stock the right to one vote? ____Yes____

2. Are voting rights attached only to stock? ____Yes____

'(if the answer to either query 1 or 2 is "No", give full particulars in a note.)

3. Is cumulative voting permitted? ____No____

4. State the place and date of the latest general meeting held prior to the end of the year for the election of directors.

A Consent of Sole Stockholder in Lieu of Annual Meeting of Verizon New York Inc.

Pursuant to Section 615(a) of the New York Business Corporation Law for the

Election of Directors was signed on March 15, 2010.

5. State the total number of votes cast at such general meeting _____1_____and the total number cast by proxy ____0____.

6. State the total number of voting security holders ____1____ and the total of all voting securities ____1____ as of such date.

7. If any security has preferences, special privileges, or restrictions in the election of directors, trustees or managers, or in the determination of any corporate action, give details.

8. IMPORTANT CHANGES DURING THE YEAR

Report important changes of the types listed. Except as otherwise indicated, data furnished should apply to the same period the report covers. Answers should be numbered in accordance with the inquiries, and if "none" states the fact, it should be used. If information which answers an inquiry is given elsewhere in the report, identification of the other source will be sufficient.

1. Changes in rights to furnish service, i.e. distribution franchises or similar consents: For each franchise surrendered show the name of the municipality, date of grant, and date of surrender. For each franchise acquired, show the grantor, the date, the specific territory covered, the party from whom acquired, and the consideration.
2. Consolidations, mergers and reorganizations: Give names of other companies involved, particulars of each such incident, date, and Commission authorization.
3. Purchase or sale of entire property, or a part of property when service territory is included: Give brief description of each transaction, name of the other party, date, consideration and Commission authorization.
4. Lease of property (to or from another) of the kind covered by the preceding inquiry: To the extent applicable give details corresponding to those required by the preceding inquiry.
5. Securities issued during the year: Identify the securities, give purposes of issuance, date, consideration received and Commission authorization. As here used the term "securities" shall be taken to mean any capital stock or debt, the issuance of which requires prior authorization by this Commission.
6. Changes in rates: Show brief particulars of each intrastate rate change, the estimated increase or decrease in annual revenues by reason of such changes, the service classification, effective date, and date ordered or allowed by the Commission. Give the same information for interstate rate changes.
7. Changes in scales of wages: State the estimated annual effect and nature of any important wage scale changes during the year.
8. Changes in articles of incorporation: Give brief particulars of each change and date.
9. Changes in general officers between end of period covered by this report and date of filing thereof. Give brief particulars.
10. Other important changes: Give brief particulars of each other important change which is not disclosed elsewhere in this report.
11. Give information on any changes in accounting standards that have occurred during the year.

Inquiry 1, 2, 3, 4 & 5 - nothing to report

Inquiry 6: Intrastate Changes in Services and Rates

Description of Changes	Service Classification	Effective Date	Estimated Annual Effect on Revenues
Rev. Re: ISDN PRI Service	Local/Toll	1/20/2011	
Notice to PSC Re: VZ Credit Plan - Promotions VCP 2011-2,3 & 4	Local/Toll	1/16/2011	
Rev. Re: Business Packages - Rate Changes	Local/Toll	1/15/2011	
ICB Addendum	Local/Toll	1/26/2011	
Rev. Re: Payments & Termination of Service. - Overbilling	Local/Toll	4/15/2011	
Rev. Re: Transparent LAN Services (TLS) - new service options	Local/Toll	2/18/2011	Trade Secret
Rev. Re: Solutions for Business	Local/Toll	2/7/2011	
Re: Proposed Amendments to Verizon New York Inc. tariffs	Local/Toll	4/15/2011	
Custom Redirect Service (CRS) - optional feature language removal	Local/Toll	3/29/2011	
Rev. Re: Package Flexibility for Business Services	Local/Toll	3/29/2011	
UCRCC Filing	Local/Toll	4/1/2011	
Unlimited Local Usage for Business - Rate Increase	Local/Toll	5/20/2011	Trade Secret
Supplement No. 48 - Re: Postponement of Payments and Termination ...	Local/Toll	3/25/2011	
ICB Addendum	Local/Toll	3/31/2011	
Rev. Re: Regional Essentials and Regional Value- Discount Plans	Local/Toll	4/17/2011	Trade Secret

8. IMPORTANT CHANGES DURING THE YEAR (Continued)

Description of Changes	Service Classification	Effective Date	Estimated Annual Effect on Revenues
Proposed Revisions Re: Unlimited Local Usage for Business	Local/Toll	4/25/2011	
Rev. Re: Solutions for Business	Local/Toll	4/17/2011	
Rev. Re: On-Line Package Discount - Withdrawal	Local/Toll	5/2/2011	
ICB Addendum	Local/Toll	4/19/2011	
Rev. Re. Single Line Business PAK, Solutions for Business,	Local/Toll	4/25/2011	
ICB Addendum	Local/Toll	5/5/2011	
Rev. Re: Digital Centrex Plus Service	Local/Toll	6/4/2011	
Rev. to Implement New FiOS Bundle Discount Plan II Discounts	Local/Toll	6/4/2011	Trade Secret
Supplement No. 49 - Re: Postponement of Payments and Termination ...	Local/Toll	5/31/2011	
Verizon Credit Plan - Promotion VCP 2011-5	Local/Toll	6/5/2011	
Unlimited Local and Toll Usage for Business - Rate Changes	Local/Toll	6/4/2011	
ICB Addendum	Local/Toll	6/2/2011	
ICB Addendum	Local/Toll	6/15/2011	
Proposed Amendments Re: VZ's Directory Publishers Listing Service (DPLS)	Local/Toll	8/19/2011	
Clarification Re: VZ Client Advantage Program for regulated Svcs. (VCAP-R)	Local/Toll	7/1/2011	
UCRCC Filing	Local/Toll	7/5/2011	
Rev. Re: Regional Essentials - FiOS Bundle Discount Plan II			Trade Secret
Rev. Re: Business Direct Bill Credit	Local/Toll	7/14/2011	Trade Secret
Re: Cancellation of Payments and Termination of Service - Overbilling	Local/Toll	8/12/2011	
Rev. Re: Payments and Termination of Service - Overbilling	Local/Toll	9/16/2011	
Supplement No. 51 - Re: Postponement of Payments and Termination ...	Local/Toll	8/15/2011	
Rev. Re: CustoPak and Value Added Services - Rate Changes	Local/Toll	7/16/2011	
Verizon Credit Plan - Promotion VCP 2011-6	Local/Toll	7/17/2011	
ICB Addendum	Local/Toll	7/15/2011	
Rev. Re: Talking Call Waiting - Withdrawal	Local/Toll	9/15/2011	
Rev. Re: the Withdrawal of CyberDS1 Service	Local/Toll	8/1/2011	
Rev. Re: Regional Essentials - FiOS Bundle Discount Plan	Local/Toll	8/1/2011	
Supplement No. 52 - Re: Postponement of Payments and Termination of Svc. - Overbilling	Local/Toll	10/9/2011	
ICB Addendum	Local/Toll	9/9/2011	
UCRCC Filing	Local/Toll	10/1/2011	
Rev. Re: Enhanced Flexgrow/Bus. Link Plan/Large Volume Discount Plan	Local/Toll	10/1/2011	
Proposed Revisions Re: Talking Call Waiting Withdrawal Date Change	Local/Toll	10/15/2011	
ICB Addendum	Local/Toll	10/4/2011	
Notice to PSC Re: Increase in Monthly Rates for Individual Message Business...	Local/Toll	10/15/2011	
Revisions to Withdraw the Centrex Local Area Network (LAN) feature of Centrex Svc.	Local/Toll	11/18/2011	
Supplement No. 53 - Re: Further Postponement of Payments and Termination of Svc.- Overb	Local/Toll	11/2/2011	
Revisions Re: Local Directory Assistance Service - Rate Increase	Local/Toll	2/1/2012	Trade Secret
Rev. and New Page Re: VZ's Implementation of the Intercarrier Compensation Regime...	Local/Toll	1/1/2012	

8. IMPORTANT CHANGES DURING THE YEAR (Continued)**Inquiry 7:**

Non-management - The collective bargaining agreements between the CWA, IBEW and Verizon expired August 6, 2011. The parties are engaged in ongoing negotiations relating to a successor agreement including whether there will be a negotiated wage increase in 2011. Accordingly, as of this time Verizon did not provide a GWI to New York associates in 2011.

Management salary increases were budgeted at 3.0%

Inquiry 8 has nothing to report

Inquiry 9- Changes in General Officers - added were Jeffery S. Noto, SVP, Chief Financial Officer replacing Michael Stefanski in this capacity, Kevin M Service, Area President Regional Operations, replacing Christopher M. Creager. Shawn M. Strickland was added as Regional President, Consumer and Mass Business Markets replacing Paul A. Sullivan. Holyce E. Hess Groos responsibilities as SVP Finance and Treasurer were assumed by Michael T. Stafanski. John Raposa and James J. Gerace were added as VP Verizon New York Inc.

Inquiry 10- Other Important Changes - None

Inquiry 11 - Change in Accounting Standards: Verizon adopted the following accounting standards. We are currently evaluating the impact that these standard updates will have in our consolidated financial statements.

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 our consolidated financial statements.

In June 2011, an accounting standard update regarding the presentation of comprehensive income was issued to increase the prominence of items reported in other comprehensive income. The update requires that all nonowner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate, but consecutive statements. This standard update is effective during the first quarter of 2012. The adoption of this standard is not expected to have a significant impact on our consolidated financial statements.

In September 2011, an accounting standard update regarding testing of goodwill for impairment was issued. This standard update gives companies the option to perform a qualitative assessment to first assess whether the fair value of a reporting unit is less than its carrying amount. If an entity determines it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. This standard update is effective during the first quarter of 2012. The adoption of this standard is not expected to have significant impact on our consolidated financial statements.

9. INCOME AVAILABLE FOR RETURN AND CALCULATION OF RATE BASE

1. All columns must be filled in for those companies whose toll settlements are based on actual cost. Companies that receive toll settlements on the basis of average cost need to complete columns (b) through (e).
2. The totals as reported on this schedule should conform with amounts reported on corresponding schedules.
3. Include in column (g), Part 36 interstate amounts and any reconciliation of New York State amounts.
4. Include on Line 27 any adjustments needed for items includable in Earnings Available for Rate of Return calculation purposes which are not includable in the lines above (e.g. tax imputation for imputed interest, etc.) Please identify and explain.

Line No.	Item (a)	Total (b)	Nonregulated (c)	Other Adjustments (d)	Subj to Sep (PSC Basis) (e)	New York State (f)
<u>Operating Revenues</u>						
1	Local Network Services	\$1,542,931,776			\$1,542,931,776	\$1,723,214,571
2	Network Access Services	2,132,670,734			2,132,670,734	\$142,250,552
3	Long Distance Network Serv.	100,259,977			100,259,977	\$110,786,971
4	Miscellaneous	385,318,293	0		385,318,293	\$255,620,989
5	Settlements	629,188			629,188	0
6	Nonregulated Revenues	884,190,220	884,190,220		0	0
7	Subtotal	5,046,000,189	884,190,220	0	4,161,809,969	2,231,873,082
8	Uncollectibles	24,168,004	1,325,253		22,842,752	\$33,774,806
9	Total Operating Revenues	5,021,832,185	882,864,967	0	4,138,967,217	2,198,098,276
<u>Operating Expenses</u>						
10	Plant Specific	2,381,799,139	\$666,203,183		\$1,715,595,956	\$1,147,101,506
11	Plant Non-specific	630,981,758	74,273,611		556,708,147	362,633,646
12	Marketing	298,809,933	73,758,632		225,051,300	161,107,437
13	Customer Operations Services	445,653,625	36,878,997		408,774,628	316,080,791
14	Access	89,991,000	0		89,991,000	43,183,441
15	Corporate Operations	2,328,394,237	236,651,005		2,091,743,232	1,415,117,366
16	Subtotal	6,175,629,693	1,087,765,428	0	5,087,864,265	3,445,224,187
17	Depreciation & Amortization	1,213,505,532	55,654,699		1,157,850,833	762,420,833
18	Total Operating Expenses	7,389,135,225	1,143,420,127	0	6,245,715,098	4,207,645,020
19	Net Operating Revenues	(2,367,303,040)	(260,555,160)	0	(2,106,747,880)	(2,009,546,743)
<u>Operating Taxes</u>						
20	Operating FIT	(685,586,990)	(56,946,388)		(628,640,602)	(570,595,833)
21	Deferred Operating FIT-Net	(373,816,100)	(42,487,150)		(331,328,951)	(294,779,561)
22	Operating Investment Tax Credit - Amort (Option 2)	(2,743,195)	(86,358)		(2,656,836)	(1,746,347)
23	Total Federal Income Taxes	(1,062,146,285)	(99,519,896)	0	(962,626,389)	(867,121,741)
24	Other Operating Taxes	458,347,042	16,971,396		441,375,645	0
25	Total Operating Taxes	(603,799,243)	(82,548,500)	0	(521,250,743)	(867,121,741)
26	Other Operating Income and Expenses	42,923,288	2,846,658	0	40,076,630	26,332,988
27	Net Operating Income*	(1,720,580,509)	(175,160,002)	0	(1,545,420,507)	(1,116,092,014)
28	Rate Case Adj, if applicable					128,547,212
29	Net Operating Income after Rate Case Adj	(\$1,720,580,509)	(\$175,160,002)	\$0	(\$1,545,420,507)	(\$987,544,802)

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* Net Operating Income on Line 27 should equal Net Operating Income on Sch 12, Line 16, Column C.

9. INCOME AVAILABLE FOR RETURN AND CALCULATION OF RATE BASE

Line No.	Item (a)	Total (b)	Nonregulated (c)	Other Adjustments (d)	Subj to Sep (PSC Basis) (e)	New York State (f)
1	Telephone Plant in Service	\$29,424,680,501	\$1,098,425,349	\$0	\$28,326,255,152	\$18,378,502,334
2	Noninterest Bearing Telephone Plant under Construction	291,989,320	29,573,390	0	262,415,931	219,212,385
3	Telephone Plant Held for Future Use	0	0	0	0	\$0
4	Materials and Supplies	0	5,422,819	0	(5,422,819)	\$0
5	Prepayments	107,942,454	0		107,942,454	67,081,465
6	Cash Working Capital *	288,709,787	0		288,709,787	288,709,787
7	RTB Stock	0	0		0	0
8	Other Rate Base Adjustments, If Applicable	0	0		260,198,459	260,198,459
9	Unamortized Deferrals	0	0		0	0
10	Depreciation Reserve	18,707,267,966	306,021,502		18,401,246,464	12,203,630,036
11	Amortization Reserve	429,683,821	50,386,308	0	379,297,513	226,372,543
12	Accumulated Deferred Income Taxes	356,990,716	(267,486,469)		624,477,185	\$1,488,396,092
13	Accumulated Deferred Investment Tax Credit (Option 1 Only)	0	0		0	0
14	Rate Base (Lines 1-9 minus lines 10-13)	\$10,619,379,558	\$1,044,500,215	\$0	\$9,835,077,802	\$5,295,305,760

All lines except line 6 are balances at beginning of year plus balances at end of year divided by two.

* Allowance based upon collection of revenues and operating expenses:

For Example:

	<u>Amount</u>	<u>Percentage</u>	<u>Lag Days</u>	<u>Weighted Days</u>
1. Advance Billings (Local Service, etc.)	\$40	40.0%	15	6
Arrears Billings (Toll, etc.)	\$60	60.0%	45	27
	<u>\$100</u>	<u>100.0%</u>		<u>33</u>

2. Weighted Days - 33 divided by 365 days equals 9.04%

3. Operating Expenses minus Depreciation multiplied by 9.04% equals Cash Working Capital

(\$180,282,795)
1,990,420,182
(10,526,994)
129,697,305
629,188
0

1,929,936,887
(10,932,054)
1,940,868,941

1,642,640,078
395,430,000
2,038,070,078

(58,044,769)
(36,549,390)
(910,489)

(910,489)
(95,504,647)
441,375,645
345,870,998

(429,328,493)

₹ 31, 2011

Other
(g)

\$9,947,752,818

43,203,546

0

(5,422,819)

40,860,989

0

0

0

0

6,197,616,428

152,924,970

(863,918,907)

0

\$4,539,772,042

10. Instructions for Rate of Return and Return on Common Equity**RATE OF RETURN AND RETURN ON COMMON EQUITY COMPUTATIONS:**

- Line 1: Income Available for Return and Calculation of Rate Base
 Column (a): Page 12, Line 29, Column (e)
 Column (b): Page 12, Line 29, Column (f)
- Line 2: Income Available for Return and Calculation of Rate Base
 Column (a): Page 13, Line 14, Column (e)
 Column (b): Page 13, Line 14, Column (f)
- Line 3: Rate of Return
 Columns (a) and (b): Divide Line 1 by Line 2
- Line 4: Return on Common Equity
 Column (a): Line 10, Column (c)
 Column (b): Line 16, Column (c)

CAPITAL STRUCTURE:

- Column (a): The amount in Column (a) reflects the average balance in the reporting year for Long-Term Debt (including current maturities), Notes Payable, Customer Deposits, Preferred Stock and Common Equity (Total Stockholder's Equity less Preferred Stock).
- Column (b): The structure column reflects the percentage of total capitalization that each component represents.
- Column (c): The cost rate column reflects the actual cost of debt, customer deposits and preferred stock preferred stock experienced in the reporting year. The cost rate is derived by dividing the interest expense and/or preferred stock dividends by the respective average debt or preferred stock balance. The return on common equity is a calculated amount.
- Column (d): The weighted cost column represents the cost rate of the total capitalization and is equal to the respective rate of returns (Line 3, Column (a) by Column (b)). Once the weighted cost of debt (Long-Term Debt, Notes Payable, Customer Deposits) and preferred stock are totaled and then subtracted from the respective rate of return, the fall out number is the weighted cost of common equity. The return on common equity (Column (c)) is derived by dividing the weighted cost of common equity (Column (d)) by the Common equity percentage of total capitalization (Column (b)).

ALTERNATIVE CAPITAL STRUCTURE

For companies who are required to report their achieved returns to this Commission on a regular basis and companies that use alternative capital structures for ratemaking purposes, report the capital structure used for that purpose herein. Explain the basis for the capital structure used.

- Line 5: Required Additional Revenues:
- Column (a): Multiply the rate base (Line 2, Column (a)) by the common equity percentage of total capitalization (Line 10, Column (b)). Take this Product and multiply by 1% and then divide the result by 63.5%. The resulting product is the additional revenues.
- Column (b): Multiply the rate base (Line 2, Column (b)) by the common equity percentage of total capitalization (Line 16, Column (b)). Take this product and multiply by 1% and then divide the result by 63.5%. The resulting product is the additional revenues.

10. Rate of Return and Return on Common Equity

Line No.	Item	Subject to Separation (a)	Intrastate (b)
1	Net Operating Income after Rate Case Adj	\$ _____	\$ (987,544,802)
2	Rate Base	\$ 9,835,077,802	\$ 5,295,305,760
3	Rate of Return	_____ 0	_____ -18.65%
4	Return on Common Equity	_____	_____ 129.38%
5	Required Additional Revenues *	\$ _____ 0	\$ (18,202,872.5)

* (To provide an additional 1% Return on Common Equity)

Capital Structure used for Subject to Separations *

	Item	Amount (a)	Structure (b)	Cost Rate (c)	Weighted Cost (d)
6	Long-Term Debt	\$ _____			0.00%
7	Notes Payable				0.00%
8	Customer Deposits				0.00%
9	Preferred Stock				0.00%
10	Common Equity				0.00%
11	Total	\$ _____ 0	0.00%		0.00%

Capital Structure used for Intrastate*

	Item	Amount (a)	Structure (b)	Cost Rate (c)	Weighted Cost (d)
12	Long-Term Debt	\$ 6,188,330	116.83%	8.06%	9.42%
13	Notes Payable	264,847	5.00%	3.48%	0.17%
14	Customer Deposits	0	0.00%	0.00%	0.00%
15	Preferred Stock	0	0.00%	0.00%	0.00%
16	Common Equity	(1,156,239)	-21.83%	129.38%	-28.24%
	Total	\$ 5,296,938	100.00%		-18.65%

It should be noted that these calculated rates of return and common equity returns are not intended as an evaluation of the reasonableness of the earnings of any utility under the jurisdiction of the Public Service Commission. Also, the earned rates of return and common equity returns reported here are not necessarily the same that would be computed in a formal rate proceeding. Differences may occur because the data in formal proceeding are analyzed in detail and some adjustments are usually made to booked amounts.

* Use alternative capital structure if applicable.

11. BALANCE SHEET**Assets and Other Debits**

Provide total company amounts on the basis of the New York Uniform System of Accounts. Any jurisdictional differences between the FCC and NY PSC should be distributed to each account.

Line No.	Accounts (a)	Sch. Page No. (b)	Balance at End of Year (c)	Balance at Beginning of Year (d)	Increase or (Decrease) (e)
CURRENT ASSETS					
1	1130	--	0	\$0	\$0
2	1140	--	0	0	0
3	1150	--	0	0	0
4	1160	--	5,265,453	0	5,265,453
5	1180	36	659,584,639	759,198,682	(99,614,043)
6	1181	36	54,539,320	72,014,696	(17,475,376)
7	1190.1	37	199,306,603	131,261,329	68,045,275
8	1190.2	37	40,187,414	38,975,375	1,212,039
9	1191	38	5,639,533	10,769,748	(5,130,215)
10	1200.1	39	0	0	0
11	1200.2	39	0	0	0
12	1201	39	0	0	0
13	1210	--	170,100	317,099	(146,999)
14	1220	40	0	0	0
15	1290	--	0	8,145	(8,145)
16	1300	41-42	32,896,358	58,483,441	(25,587,084)
17	1310	--	1,547,676	1,983,000	(435,324)
18	1320	--	0	0	0
19	1330	--	1,452,893	3,355,928	(1,903,035)
20	1350	--	86,945,397	59,977,660	26,967,737
21	1360	43-44	0	0	0
22	Total Current Assets		967,177,679	970,776,215	(3,598,536)
NONCURRENT ASSETS					
23	1401.1	50-51	436,190,482	433,545,961	2,644,521
24	1401.2	52-53	0	0	0
25	1402	52-53	3,166,667	3,166,667	0
26	1406	54	0	0	0
27	1407	58-59	5,144,330	6,103,024	(958,694)
28	1408	--	0	0	0
29	1410	--	248,439,490	471,549,126	(223,109,636)
30	1438	--	0	0	0
31	1439	55	97,493,072	83,232,170	14,260,902
32	1500	--	XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
33	1510	43-44	0	0	0
34	Total Noncurrent Assets		790,434,042	997,596,948	(207,162,906)
REGULATED PLANT					
35	2001	24-25	29,484,813,831	29,399,614,441	85,199,390
36	2002	24-25	0	0	0
37	2003	24-25	0	0	0
38	2004	24-25	309,454,674	270,657,792	38,796,882
39	2005	24-25	0	0	0
40	2006	24-25	9,429,471	15,397,449	(5,967,978)
41	2007	24-25	0	0	0
42	Total Telecommunications Plant		29,803,697,976	29,685,669,682	118,028,294
43	3100-3300	32-33	18,494,028,109	18,977,684,273	(483,656,164)
44	3410-3600	32-33	693,233,843	148,441,578	544,792,265
45	Net Telecommunications Plant		10,616,436,026	10,559,543,829	56,892,193
46	TOTAL ASSETS AND OTHER DEBITS		12,374,047,746	\$12,527,916,992	(\$153,869,248)

For Notes to Balance Sheet see Page 18.

11. BALANCE SHEET Liabilities and Other Credits

Provide total company amounts on the basis of the New York Uniform System of Accounts. Any jurisdictional differences between the FCC and NY PSC should be distributed to each account.

Line No.		Accounts (a)	Sch. Page No. (b)	Balance at End of Year (c)	Balance at Beginning of Year (d)	Increase or (Decrease) (e)
CURRENT LIABILITIES						
1	4010.1	Accounts Payable to Affiliated Companies	56	511,745,614	\$454,420,995	\$57,324,618
2	4010.2	Other Accounts Payable	56	42,815,919	61,933,155	(19,117,236)
3	4020.1	Notes Payable to Affiliated Companies	57	5,437,338,477	3,618,653,984	1,818,684,493
4	4020.2	Other Notes Payable	57	0	0	0
5	4030	Advance Billing and Payments	--	169,589,740	159,344,984	10,244,756
6	4040	Customers' Deposits	--	3,445,603	7,960,651	(4,515,048)
7	4050	Current Maturities-Long-Term Debt	58-59	0	0	0
8	4060	Current Maturities-Capital Leases	--	1,319,039	1,278,124	40,915
9	4070	Income Taxes-Accrued	41-42	(258,693,625)	(25,474,433)	(233,219,192)
10	4080	Other Taxes-Accrued	41-42	17,214,555	25,969,453	(8,754,898)
11	4100	Current Deferred Oper. Income Taxes-Cr.	45-47	(331,683,644)	(103,614,791)	(228,068,853)
12	4110	Current Def. Nonoper. Income Taxes-Cr.	45-47	0	0	0
13	4120	Other Accrued Liabilities	--	193,632,905	192,444,058	1,188,847
14	4130	Other Current Liabilities	--	207,569,600	221,845,321	(14,275,721)
15		Total Current Liabilities		5,994,294,183	4,614,761,501	1,379,532,682
LONG-TERM DEBT						
16	4210	Funded Debt	58-59	1,250,000,000	2,250,000,000	(1,000,000,000)
17	4220	Premium on Long-Term Debt	58-59	0	0	0
18	4230	Discount on Long-Term Debt	58-59	(6,611,941)	(7,909,082)	1,297,141
19	4240	Reacquired Debt	--	0	0	0
20	4250	Obligations Under Capital Leases	--	7,325,722	8,644,762	(1,319,040)
21	4260	Advances from Affiliated Companies	58-59	0	0	0
22	4270	Other Long-Term Debt	58-59	0	0	0
23		Total Long-Term Debt		1,250,713,781	2,250,735,680	(1,000,021,899)
OTHER LIABILITIES AND DEFERRED CREDITS						
24	4310	Other Long-Term Liabilities	61	7,157,677,788	5,945,289,620	1,212,388,169
25	4320	Un. Oper. Invest. Tax Credits-Net	45-47	14,043,807	16,787,001	(2,743,194)
26	4330	Un. Nonoper. Invest. Tax Credits-Net	45-47	0	0	0
27	4340	Noncurrent Def. Oper. Income Taxes-Cr.	45-47	123,973,309	269,720,558	(145,747,248)
28	4350	Noncurrent Def. Nonoper. Income Taxes-Cr.	45-47	0	0	0
29	4360	Other Deferred Credits	62	203,898,912	283,425,357	(79,526,444)
30	4370	Other Juris. Liabilities & Def. Credits-Net	--	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
31		Total Other Liabilities and Def. Credits		7,499,593,818	6,515,222,535	984,371,283
STOCKHOLDERS' EQUITY						
32	4510.1	Capital Stock-Common	63	1,000,010	1,000,010	0
33	4510.2	Capital Stock-Preferred	63	0	0	0
34	4520	Additional Paid-in Capital	63	4,365,667,928	4,245,328,446	120,339,482
35	4530	Treasury Stock	63	0	0	0
36	4540	Other Capital	--	0	0	0
37	4550.1	Appropriated Retained Earnings	21	0	0	0
38	4550.2	Unappropriated Undistrib. Affil Earnings	21	374,354,437	367,709,915	6,644,522
39	4550.3	Unappropriated Retained Earnings	21	(7,111,576,410)	(5,466,841,095)	(1,644,735,315)
40		Total Stockholders' Equity		(2,370,554,036)	(852,802,724)	(1,517,751,311)
41		TOTAL LIABILITIES AND OTHER CREDITS		12,374,047,746	\$12,527,916,992	(\$153,869,245)

For Notes to Balance Sheet see Page 18.

11. NOTES TO BALANCE SHEET

1. The space below and on the page following is provided for important notes regarding the balance sheet or any account thereof.
2. Furnish particulars for material contingent assets or liabilities existing at the end of the year which are reasonably possible in accordance with Statement of Financial standards No.5. For any dividends in arrears at the end of the year on cumulative preferred stock, state the date of the last dividend, the average per share, and the total amount arrearage. List all discounted notes receivable outstanding at the end of the year, stating for each the name of maker, amount and term of note, interest rate, date discounted, and net proceeds realized.
3. Give a concise explanation of any retained earnings restriction and state the amount of retained earnings affected by such restriction.
4. If the notes to balance sheet appearing in the annual report to the stockholders are applicable, such notes (designated as such) may be used in lieu of answers for the foregoing.

NOTES:

1. The amount of pension funds held by outside trustees and irrevocably devoted to pension purposes at the end of the year was \$_____.
2. Cumulative dividends in arrears at the end of the year amounted to \$_____.

ADDITIONAL NOTES TO BALANCE SHEET

11. NOTES TO BALANCE SHEET (Continued)

12. INCOME AND RETAINED EARNINGS STATEMENT

Provide total company amount on the basis of the New York Uniform System of Accounts. Any jurisdictional differences between the FCC and NY PSC should be distributed to each account.

Line No.	Item (a)	Sch. Page No. (b)	TOTAL	
			Current Year (c)	Last Year (d)
	INCOME			
	TELEPHONE OPERATING INCOME			
1	Operating Revenues.....	65	\$5,021,832,185	\$4,982,344,773
2	Operating Expenses.....	72	7,389,135,225	7,239,775,904
3	Net Operating Revenues		(2,367,303,040)	(2,257,431,131)
	OTHER OPERATING INCOME AND EXPENSE			
4	7110 Income from Custom Work.....	--	179,504	146,971
5	7130 Return from Nonregulated Use of Regulated Facilities.....	--	0	0
6	7140 Gains and Losses from Foreign Exchange.....	--	0	0
7	7150 Gains or Losses from Disposition of Land and Artworks.....	--	25,107,852	65,451,742
8	7160 Other Operating Gains and Losses.....	--	112,859	845,537
9	Total Other Operating Income and Expenses		25,400,215	66,444,250
	OPERATING TAXES			
10	7210 Operating Investment Tax Credits-Net.....	45-47	(2,743,195)	(582,153)
11	7220 Operating Federal Income Taxes.....	73-74	(685,586,990)	(1,065,904,580)
12	7230 Operating State and Local Income Taxes.....	73-74	(5,025,951)	(12,446,099)
13	7240 Operating Other Taxes.....	73-74	463,372,993	420,077,795
14	7250 Provision for Deferred Operating Income Taxes-Net.....	43-47	(373,816,100)	92,106,901
15	Total Operating Taxes		(603,799,243)	(566,748,136)
16	Net Operating Income		(1,738,103,582)	(1,624,238,745)
	NONOPERATING INCOME AND EXPENSES			
17	7310 Dividend Income.....	--	0	0
18	7320 Interest Income.....	--	(21,197,867)	4,242,021
19	7330 Income from Sinking and Other Funds.....	--	0	0
20	7340 Allowance for Funds Used During Construction.....	--	17,632,408	13,991,889
21	7350 Gains or Losses from the Disposition of Certain Property.....	--	0	0
22	7355 Equity in Earnings of Affiliated Companies.....	50-51	426,644,522	488,800,727
23	7360 Other Nonoperating Income.....	79	(18,413,876)	(14,786,388)
24	7370 Special Charges.....	77	5,686,851	8,087,887
25	Total Nonoperating Income Items and Expenses		398,978,336	484,160,363
	NONOPERATING TAXES			
26	7410 Nonoperating Investment Tax Credits-Net (-).....	45-47	0	0
27	7420 Nonoperating Federal Income Taxes.....	73	(7,963,079)	(998,625)
28	7430 Nonoperating State and Local Income Taxes.....	73-74	(100,189)	(23,790)
29	7440 Nonoperating Other Taxes.....	73-74	3,969,746	3,969,746
30	7450 Provision for Deferred Nonoperating Income Taxes-Net.....	43-47	0	0
31	Total Nonoperating Taxes		(4,093,522)	2,947,331
32	Total Nonoperating Income		403,071,858	481,213,032
33	Income Available for Fixed Charges		(1,335,031,724)	(1,143,025,714)
	INTEREST AND RELATED ITEMS			
34	7510 Interest on Funded Debt.....	58-59	151,538,961	169,908,763
35	7520 Interest Expense-Capital Leases.....		652,981	748,891
36	7530 Amortization of Debt Issuance Expense.....	58-59	693,704	859,827
37	7540 Other Interest Deductions.....	78	150,173,420	169,625,655
38	Total Interest and Related Items		303,059,066	341,143,136
39	Income Before Extraordinary Items		(1,638,090,791)	(1,484,168,850)

12. INCOME AND RETAINED EARNINGS STATEMENT (Continued)

Line No.	Item (a)	Sch. Page No. (b)	TOTAL	
			Current Year (c)	Last Year (d)
EXTRAORDINARY ITEMS				
40	7610 Extraordinary Income Credits.....	80	0	0
41	7620 Extraordinary Income Charges.....	80	0	0
42	7630 Current Income Tax Effect of Extraordinary Items-Net.....	80	0	0
43	7640 Provision for Def. Income Tax Effect of Extra. Items-Net.....	80	0	0
44	Total Extraordinary Items		0	0
JURISDICTIONAL DIFFERENCES AND NONREG. INCOME ITEMS				
45	7910 Income Effect of Jurisdictional Ratemaking Differences-Net....	--	xxxxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxxxx
46	7990 Nonregulated Net Income.....	--	0	0
47	Total Jurisdictional Differences and Extraordinary Items		0	0
48	Net Income		(\$1,638,090,791)	(\$1,484,168,850)
RETAINED EARNINGS				
49	4550.3 Unappropriated Retained Earnings (at Beginning of Period)..		(\$5,466,841,095)	(\$4,477,065,543)
50	4550.4 Balance Transferred from Income.....		(2,064,735,313)	(1,972,969,577)
51	4550.5 Appropriations of Retained Earnings.....			
52	4550.6 Dividends Declared-Preferred Stock.....	63	0	0
53	4550.7 Dividends Declared-Common Stock.....	63	0	0
54	4550.8 Adjustments to Retained Earnings.....	64	(419,999,997)	(983,194,025)
55	Net Change to Unappropriated Retained Earnings		(1,644,735,315)	(989,775,552)
56	4550.3 Unappropriated Retained Earnings (End of Period).....		(7,111,576,410)	(5,466,841,095)
57	4550.1 Appropriated Retained Earnings (End of Period).....			
58	Total Retained Earnings		(\$7,111,576,410)	(\$5,466,841,095)
UNAPPROPRIATED UNDISTRIBUTED AFFILIATE EARNINGS				
59	4550.2 Unappropriated Undistributed Affiliate Earnings (beginning of period).....		\$367,709,915	\$462,838,518
60	Equity in Earnings for Period.....	51	426,644,522	488,800,727
61	Dividends Received.....		420,000,000	530,000,000
62	Other Changes (explain).....		0	(53,929,330)
63	4550.2 Unappropriated Undistributed Affiliate Earnings (end of period).....		\$374,354,437	\$367,709,915

NOTES TO INCOME AND RETAINED EARNINGS STATEMENT

Note 1. Refunds to subscribers, in the event of an adverse decision in pending rate proceedings, would reduce the amount of "Operating Revenues" for the current year by approximately \$_____

13. STATEMENT OF CASH FLOWS

Line No.	Items (a)	Current Year (b)	Last Year (c)
	Cash flows from operating activities:		
1	Net Income	(\$1,638,090,791)	(1,484,168,850)
	Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
2	Depreciation and depletion	1,144,655,319	1,179,224,127
3	Amortizations	68,850,213	38,742,866
4	Increase (Decrease) in deferred taxes and investment tax credits-net	(376,559,295)	91,524,748
5	Equity (AFUDC)		
6	Decrease (Increase) in receivables related to operations excluding unbilled revenues	(24,602,921)	(28,280,149)
7	Decrease (Increase) in inventory related to operations	-	42,506,773
8	Increase (Decrease) in accrued expenses and accounts payable related to operations	45,022,045	(6,688,230)
9	Unbilled revenues	8,333,053	11,959,773
10	Increase (Decrease) in current income taxes and other taxes payable	(241,974,092)	(61,359,760)
11	Increase (Decrease) in interest payable	(14,171,828)	(4,302,633)
12	Equity in loss(earnings) of affiliates	(426,644,522)	(488,800,727)
13	Dividends received from associated and subsidiary companies accounted for under the equity method	420,000,000	530,000,000
	Other Adjustments:		
14	Employee Benefit Obligations	2,101,239,000	1,775,612,000
15	Provision for losses for Accounts Receivables	24,168,004	54,132,700
16	Other	(788,322,417)	(411,141,757)
17	Total Adjustments	1,939,992,560	2,723,129,730
18	Net cash provided by (used in) operating activities	301,901,769	1,238,960,880
	Cash flows from investing activities:		
	Cash outflows for construction (-)		
	Gross additions to:		
19	Telephone plant (include capital leases)	(1,800,868,767)	(1,231,909,994)
20	Common plant		
21	Non-utility plant		
22	Other plant		
	Adjustments to gross additions:		
23	Increase (Decrease) in payables related to construction		
24	Decrease (Increase) in inventory related to construction		
25	Capital leases		389,465
26	Equity AFUDC		
27	Other adjustments	663,456,512	27,685,482
28	Total cash outflows for construction	(1,137,412,255)	(1,203,835,048)
29	Acquisition of other non-current assets (5)(d)		
30	Payments for the acquisition of other debt and equity securities (5)(a)		(243,900)
31	Investments in and advances to subsidiary and associated companies		
32	Repayments of advances by associated and subsidiary companies		
	Net proceeds from sale or disposition of:		
33	Property, plant and equipment	31,703,000	64,147,000
34	Investments in subsidiary & associated companies		
35	Other debt and equity investments		502,720
36	Other non-current assets		
	Other:	(6,996,430)	(10,799,820)
37			
38			
39	Total of any Insert Pages		0
40	Net cash provided by (used in) investing activities	(1,112,705,685)	(1,150,229,048)

13. STATEMENT OF CASH FLOWS (Continued)

Line No.	Items (a)	Current Year (b)	Last Year (c)
	Cash flows from financing activities:		
	Proceeds from issuing:		
41	Common stock		
42	Preferred stock		
43	Long-term debt (5)(b)		(400,000,000)
44	Net change in short-term debt (5)(c)	1,818,684,493	318,184,404
45	Contributions and advances from subsidiary and associated companies		
46	Principal payments under capital leases	(1,278,124)	(1,241,237)
	Payments for retirement of: (-)		
47	Common stock		
48	Preferred stock		
49	Long-term debt (5)(b)	(1,000,000,000)	
	Dividends paid on: (-)		
50	Common stock	-	0
51	Preferred stock		
	Other:(5)(e)		
52	Purchase of Short Term Investments		
53	Sale of Short Term Investments		
54	Change in O/S Checks	(1,337,000)	(5,675,000)
55	Other		
56			
57			
58	Total of any Insert Pages		
59	Net cash provided by (used in) financing activities	816,069,369	(88,731,833)
60	Net increase(decrease) in cash and cash equivalents	5,265,453	(1)
61	Cash & cash equivalents at the beginning of the year	0	1
62	Cash & cash equivalents at the end of the year	\$5,265,453	\$0

INSTRUCTIONS

1. If the notes to the cash flow statement in the respondent's report to stockholders are applicable to this statement, such notes should be attached below. Information about non-cash investing and financing activities should be provided below. Also, provide below a reconciliation between "Cash and Cash Equivalents at End of Year" with related accounts on the balance sheet.
2. "Other" in operating activities should include net changes in deferred debits and credits. In all activities companies should specify significant amounts and group others.
3. Operating activities - other: Exclude gains and losses from investing and financing activities on lines 14 through 16. Include these gains or losses in the appropriate investing or financing activities section. Show below the amounts of interest paid (net of amounts capitalized) and income taxes paid.
4. Investing activities - Include at "Other" line 37 the net cash flow to acquire other companies that are not associated or subsidiaries. Provide a reconciliation of assets acquired with liabilities assumed below.
5. Codes used:
 - (a) Net proceeds or payments.
 - (b) Bonds, debentures and other long-term debt.
 - (c) Include commercial paper.
 - (d) Identify separately in space below such items as investments, fixed assets, intangibles, etc.
 - (e) Show separately, by issue, financing expenses related to issuance and gains or losses resulting from redemptions.

14. ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS

1. Report in column (c) all amounts relating to purchases of plant accounted for in accordance with instruction 663.2 of the Uniform System of Accounts. Report in column (e) all amounts relating to sales of plant with traffic accounted for in accordance with instruction 663.5(e) of the Uniform System of Accounts.
2. Credits to accounts listed in this schedule relating to property retired and charged to Account 2006 'Nonoperating Plant', shall be included in column (f).
3. Items of a reverse or contrary character should be designated by appropriate symbols.
4. Each transfer or adjustment between accounts listed in this schedule, including account 2005, or between accounts listed in this schedule and other accounts, shall be included in column (g) and explained in a note, except the following which shall be included in the columns (c) through (f), as appropriate:
 - a. transfers and adjustments amounting to less than \$5,000;
 - b. adjustments and corrections of additions and retirements for the current or preceding year;
 - c. transfers involving account 2003 and 2004, the plant accounts, and account 2002 made in connection with the closing of the records of construction work orders or authorizations;
 - d. routine entries relating to the acquisition, sale, retirement, or change in the use of plant, such as transfers among accounts 2111 to 2690, inclusive, 2002 and 2005.

Line No.	Account (a)	Balance at Beginning of the Year (b)	Charges During the Year		Credits During The Year		Transfers and Adjustments Charges (Credits) (g)	Balance at End of the Year (h)
			Other Plant Added from Predecessor (c)	Other Plant Added or Transferred (d)	Plant Sold With Traffic (e)	Other Plt. Ret. or Transferred (f)		
	2001 Telecommunications Plant in Service							
	General Support Assets							
1	2111 Land	\$60,323,753	\$0	\$0	\$0	\$1,305,451	\$0	\$59,018,302
2	2112 Motor Vehicles	\$233,860,854	\$0	\$29,934,455	\$0	\$16,825,425	\$0	246,969,884
3	2113 Aircraft	\$0				\$0		0
4	2114 Special Purpose Vehicles	\$176,474,762	\$0	\$2,665,476	\$0	\$45,687,455	\$0	133,452,783
5	2115 Garage Work Equipment	\$0						0
6	2116 Other Work Equipment	\$0				\$0		0
7	2121 Buildings	\$2,737,627,409	\$0	\$53,017,893	\$0	\$39,714,244	\$0	2,750,931,058
8	2122 Furniture	\$1,850,315	\$0	\$0	\$0	\$2,426	\$0	1,847,889
9	2123 Office Equipment	\$0				\$0		0
10	.1 Office Support Equipment	\$2,225,238	\$0	\$0		\$0		2,225,238
11	.2 Company Communications Equipment	\$10,366,708	\$0	\$1		\$7,022		10,359,687
12	2124 General Purpose Computers	\$140,158,618	\$0	\$976,097	\$0	\$34,273,887	\$0	106,860,828
13	Total General Support Assets	\$3,362,887,657	\$0	\$86,593,922	\$0	\$137,815,910	\$0	\$3,311,665,669
	Central Office Assets							
14	2211 Analog Electronic Switching	\$0	\$0	\$0		\$0		\$0
15	2212 Digital-Electronic Switching	\$4,284,037,637	\$0	\$22,834,551	\$0	\$946,275,596	\$0	3,360,596,592
16	2215 Electro-Mechanical Switching	\$0				\$0		0
17	.1 Step-by-Step Switching	\$0				\$0		0
18	.2 Crossbar Switching	\$0				\$0		0
19	.3 Other Electro-Mechanical Switching	\$0				\$0		0
20	2220 Operator Systems	\$34,966,901	\$0	\$212,193	\$0	\$6,383,858	\$0	28,795,236
21	2231 Radio Systems	\$0				\$0		0
22	.1 Satellite & Earth Station Facilities	\$3,795,692	\$0	\$1,268	\$0	\$1,668,495	\$0	2,128,465
23	.2 Other Radio Facilities	\$0	\$0	\$0		\$0		0
24	2232 Circuit Equipment	\$6,975,310,354	\$0	\$379,184,048	\$0	\$1,510,354,936	\$0	5,844,139,466
25	Total Central Office Assets	\$11,298,110,584	\$0	\$402,232,060	\$0	\$2,464,682,885	\$0	\$9,235,659,759

14. ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS (Continued)								
Line No.	Account (a)	Balance at Beginning of the Year (b)	Charges During the Year		Credits During The Year		Transfers and Adjustments Charges (Credits) (g)	Balance at End of the Year (h)
			Other Plant Added from Predecessor (c)	Other Plant Added or Transferred (d)	Plant Sold With Traffic (e)	Other Plt. Ret. or Transferred (f)		
26	Information Org./Term. Assets							
27	2311 Station Apparatus	\$0						\$0
28	2321 Customer Premises Wiring	\$0						0
29	2341 Large Private Branch Exchanges	\$0						0
30	2351 Public Terminal Equipment	\$59,659,578	\$0	\$0	\$0	\$48,877,067	\$0	10,782,511
31	2362 Other Terminal Equipment	\$198,092,235	\$0	\$7,897,313	\$0	\$27,656,221	\$0	178,333,327
32	Total Information Org./Term. Assets	\$257,751,813	\$0	\$7,897,313	\$0	\$76,533,288	\$0	\$189,115,838
33	Cable and Wire Facilities							
34	2411 Poles	\$732,403,417	\$0	\$22,775,914	\$0	\$2,615,752	\$0	\$752,563,579
35	2421 Aerial Cable	\$6,823,887,193	\$0	\$282,618,172	\$0	(\$407,370,166)	\$0	7,513,875,531
36	2422 Underground Cable	\$2,846,930,848	\$0	\$109,474,503	\$0	(\$211,923,594)	\$0	3,168,328,945
37	2423 Buried Cable	\$1,117,829,589	\$0	\$58,486,342	\$0	(\$378,709,912)	\$0	1,555,025,843
38	2424 Submarine Cable	\$6,774,668	\$0	\$3,585	\$0	\$0	\$0	6,778,253
39	2425 Deep Sea Cable	\$0				\$0		0
40	2426 Intrabuilding Network Cable	\$765,909,321	\$0	\$106,370,747	\$0	(\$31,959,042)	\$0	904,239,110
41	2431 Aerial Wire	\$0				\$0		0
42	2441 Conduit	\$1,903,320,020	\$0	\$37,212,919	\$0	\$34,930	\$0	1,940,498,009
43	Total Cable and Wire Facilities	\$14,197,055,057	\$0	\$616,942,182	\$0	(\$1,027,312,032)	\$0	\$15,841,309,270
44	Amortizable Assets							
45	2681 Capital Leases	\$22,487,861	\$0	\$0	\$0	\$18,964	\$0	\$22,468,897
46	2682 Leasehold Improvements	\$127,259,241	\$0	\$8,434,102	\$0	\$31,101,457	\$0	104,591,886
47	2690 Intangibles	\$134,062,229	\$0	\$645,940,284	\$0	\$0	\$0	780,002,513
48	Total Amortizable Assets	\$283,809,331	\$0	\$654,374,386	\$0	\$31,120,421	\$0	\$907,063,296
49	Total Telecommunications Plant in Service	\$29,399,614,441	\$0	\$1,768,039,863	\$0	\$1,682,840,472	\$0	\$29,484,813,831
50	2002 Property Held for Future Telecom. Use	\$0	\$0	\$0				\$0
51	2003 Telecom. Plt. Under Constr.-Short Term	\$0	\$0	\$0	\$0	\$0	\$0	0
52	2004 Telecom. Plt. Under Constr.-Long Term	\$270,657,792	\$0	\$38,796,882				309,454,674
53	2005 Telecom. Plt. Acquisition Adjustment	\$0						0
54	.1 Tel. Plant Acquisition Adjustment	\$0						0
55	.2 Other Plant Adjustments	\$0						0
56	2006 Nonoperating Plant	\$15,397,449	\$0	(\$5,967,978)	\$0	\$0	\$0	9,429,471
57	2007 Goodwill	\$0						0
58	Total Telecommunications Plant	\$29,685,669,682	\$0	\$1,800,868,767	\$0	\$1,682,840,472	\$0	\$29,803,697,976

15. TELECOMMUNICATIONS PLANT UNDER CONSTRUCTION-SHORT TERM (Account 2003)

1. This schedule is intended to show the results of a summary analysis of the work orders still open for plant in process of construction, but not ready for service, which comprise the balance in this account at the balance sheet date. Particulars of individual work orders are not requested.
2. The amounts for plant shown in the appropriate columns should represent the approximate ultimate distribution to the primary accounts as indicated by the work order estimates.

Line No.	Account Classification (a)	2003 Telecommunications Plant Under Construction-Short Term (work orders open at end of year)		
		Charges (b)	Credits (c)	Balance at End of the Year Total (d)
	General Support Assets			
1	2111 Land			\$0
2	2112 Motor Vehicles			0
3	2113 Aircraft			0
4	2114 Special Purpose Vehicles			0
5	2115 Garage Work Equipment			0
6	2116 Other Work Equipment			0
7	2121 Buildings			0
8	2122 Furniture			0
9	2123 Office Equipment			0
10	2124 General Purpose Computers			0
	Central Office Assets			0
11	2211 Analog Electronic Switching			0
12	2212 Digital Electronic Switching			0
13	2215 Electro-Mechanical Switching			0
14	2220 Operator Systems			0
15	2231 Radio Systems			0
16	2232 Circuit Equipment			0
	Information Orig/Termination Assets			0
17	2311 Station Apparatus			0
18	2321 Customer Premises Wiring			0
19	2341 Large Private Branch Exchanges			0
20	2351 Public Telephone Terminal Equip.			0
21	2362 Other Terminal Equipment			0
	Cable and Wire Facilities Assets			0
22	2411 Poles			0
23	2421 Aerial Cable			0
24	2422 Underground Cable			0
25	2423 Buried Cable			0
26	2424 Submarine Cable			0
27	2425 Deep Sea Cable			0
28	2426 Intrabuilding Network Cable			0
29	2431 Aerial Wire			0
30	2441 Conduit Systems			0
31	Total Plant Accounts	0	0	0
	Other Accounts			
32				0
33				0
34				0
35	Total	\$0	\$0	\$0

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15A. TELECOMMUNICATIONS PLANT UNDER CONSTRUCTION-LONG TERM (Account 2004)

1. This schedule is intended to show the results of a summary analysis of the work orders still open for plant in process of construction, but not ready for service, which comprise the balance in this account at the balance sheet date. Particulars of individual work orders are not requested.
2. The amounts for plant shown in the appropriate columns should represent the approximate ultimate distribution to the primary accounts as indicated by the work order estimates.

Line No.	Account Classification (a)	2004 Telecommunications Plant Under Construction-Long Term (work orders open at end of year)		
		Charges (b)	Credits (c)	Balance at End of the Year Total (d)
	General Support Assets			
1	2111 Land			\$0
2	2112 Motor Vehicles			0
3	2113 Aircraft			0
4	2114 Special Purpose Vehicles			0
5	2115 Garage Work Equipment			0
6	2116 Other Work Equipment			0
7	2121 Buildings	27,683,895	40,350,978	7,404,193
8	2122 Furniture			0
9	2123 Office Equipment			0
10	2124 General Purpose Computers	351,387	334,689	16,832
	Central Office Assets			
11	2211 Analog Electronic Switching			0
12	2212 Digital Electronic Switching	14,731,893	19,917,549	17,575,908
13	2215 Electro-Mechanical Switching			0
14	2220 Operator Systems			0
15	2231 Radio Systems			0
16	2232 Circuit Equipment	140,605,244	137,179,518	28,377,304
	Information Orig/Termination Assets			
17	2311 Station Apparatus			0
18	2321 Customer Premises Wiring			0
19	2341 Large Private Branch Exchanges			0
20	2351 Public Telephone Terminal Equip.			0
21	2362 Other Terminal Equipment	853,938	1,452,080	100,382
	Cable and Wire Facilities Assets			
22	2411 Poles	6,774,529	5,357,051	3,913,190
23	2421 Aerial Cable	140,622,907	105,468,662	131,476,754
24	2422 Underground Cable	61,196,167	64,590,838	42,804,576
25	2423 Buried Cable	24,458,042	23,627,760	13,606,327
26	2424 Submarine Cable	1	17	0
27	2425 Deep Sea Cable			0
28	2426 Intrabuilding Network Cable	82,276,649	79,316,209	50,144,012
29	2431 Aerial Wire			0
30	2441 Conduit Systems	26,479,570	27,423,472	17,742,772
31	Total Plant Accounts	526,034,223	505,018,823	313,162,250
	Other Accounts			
32	2682 Leasehold Improvements	1,895,476	5,734,003	789,834
33	2690 Intangibles	1,589,823	3,610,255	4,343,519
34	2700 Suspended Projects	0	(5,950,123)	(8,840,929)
35	Total	\$529,519,522	\$508,412,958	\$309,454,673

16. PROPERTY HELD FOR FUTURE TELECOMMUNICATIONS USE

1. Insert in column (a) the titles of the applicable primary accounts for telecommunications plant in service and for each show the corresponding details regarding Property Held for Future Telecommunications Use.
2. If respondent's annual operating revenues exceed \$100 million, list separately items amounting individually to \$50,000 or more; show the aggregate of all other items for each primary account listed.

Line No.	Item (a)	Anticipated In Service Date (b)	Balance at Beg. of Year (c)	Additions During Year (d)	Transfers to Tel.. Plant in Service (e)	Other Retirements During Year (f)	Adjustments During Year Debit or (Credit) (g)	Balance at End of Year (h)
1	2002000 Property held for Future Telecommunications Use		0	0	0	0	0	0
2								0
3								0
4								0
5								0
6								0
7								0
8								0
9								0
10								0
11								0
12								0
13								0
14								0
15								0
16								0
17								0
18								0
19								0
20								0
21								0
22								0
23								0
24								0
25								0
26								0
27								0
28								0
29								0
30								0
31								0
32								0
33								0
34								0
35								0
36								0
37	Totals		\$0	\$0	\$0	\$0	\$0	\$0

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18. ANALYSIS OF ASSETS PURCHASED OR SOLD TO AFFILIATES

1. Report separately, for each affiliate by account, sales and/or purchases of assets at any time during the year.
2. The net book value in column (f) shall equal the gross investment less accumulated depreciation and other applicable valuation reserves in column (e).

3. In column (g), report the fair market value which determined the sale or purchase price. Indicate in footnote the source of fair market value. If sale price was determined instead by tarified rate, report this value. Indicate fair market value with an (F) and tarified rate with (T) next to the amount in column (g).

Line No.	Name of Affiliate (a)	Account No. (b)	Original Cost (c)	Accumulated Depreciation (d)	Other Adjustments (e)		Net Book Value (f)	FMV or Tarified Rate (g)	Purchased Price (h)		Sale Price (i)	
				Amount	Account No.	Amount	Amount		Account No.	Amount	Account No.	Amount
1	NY Sale to MA	2112110	12,595	7,829			4,766					4,766
2	NY Sale to VA	2112110	14,527	6,202			8,325					8,325
3	NY Sale to NJ	2114110	11,100	6,401			4,699					4,699
4	NY Sale to VA	2114110	11,214	7,240			3,974					3,974
5	NY Sale to CA	2114110	15,657	10,162			5,495					5,495
6	NY Sale to DE	2124110	942	603			339					339
7	NY Sale to MA	2124110	581	77			504					504
8	NY Sale to MD	2124110	4,481	1,845			2,636					2,636
9	NY Sale to NJ	2124110	9,453	4,723			4,730					4,730
10	NY Sale to PA	2124110	27,407	18,608			8,799					8,799
11	NY Sale to NSI	2124110	3,271	947			2,324					2,324
12	NY Sale to VZ-SW	2124110	4,931	2,062			2,869					2,869
13	NY Sale to MA	2362110	19,135	19,135			0					0
14	NY Sale to MD	2362110	799	0			799					799
15	NY Sale to NJ	2362110	1,769	0			1,769					1,769
16	NY Sale to PA	2362110	1,038	0			1,038					1,038
17	NY Sale to RI	2362110	397	0			397					397
18	NY Sale to CA	2362110	591	180			411					411
19	NY Sale to FL	2362110	1,251	895			356					356
20	NY Sale to VZ-SW	2362110	1,252	867			385					385
21												
22												
23												
24												
25												
26												
27												
28												
29												
30												
	NY tagged Assets to Affiliates		142,391	87,776			54,615					54,615

Notes:

18. ANALYSIS OF ASSETS PURCHASED OR SOLD TO AFFILIATES

1. Report separately, for each affiliate by account, sales and/or purchases of assets at any time during the year.

3. In column (g), report the fair market value which determined the sale or purchase price. Indicate in footnote the source of fair market value. If sale price was determined instead by tariffed rate, report this value. Indicate fair market value with an (F) and tariffed rate with (T) next to the amount in column (g).

2. The net book value in column (f) shall equal the gross investment less accumulated depreciation and other applicable valuation reserves in column (e).

Line No.	Name of Affiliate (a)	Account No. (b)	Original Cost (c)	Accumulated Depreciation (d)	Other Adjustments (e)		Net Book Value (f)	FMV or Tariffed Rate (g)	Purchased Price (h)		Sale Price (i)	
				Amount	Account No.	Amount	Amount		Account No.	Amount	Account No.	Amount
1	NY Sale to DC	2212110	2,025	1,785			240					240
2	NY Sale to DE	2212110	68	68			0					0
3	NY Sale to MA	2212110	977,410	743,824			233,586					233,586
4	NY Sale to MD	2212110	76,146	53,838			22,308					22,308
5	NY Sale to NJ	2212110	77,569	77,569			0					0
6	NY Sale to PA	2212110	121,194	108,019			13,175					13,175
7	NY Sale to RI	2212110	60,875	56,365			4,510					4,510
8	NY Sale to VA	2212110	133,104	89,410			43,694					43,694
9	NY Sale to CA	2212110	1,738	1,514			224					224
10	NY Sale to CA	2212110	89,646	31,150			58,496					58,496
11	NY Sale to CA	2212110	450	441			9					9
12	NY Sale to FL	2212110	20,729	12,540			8,189					8,189
13	NY Sale to VZ-North	2212110	426	426			0					0
14	NY Sale to VZ-SW	2212110	7,863	6,169			1,694					1,694
15	NY Sale to VZ-South	2212110	19,948	16,971			2,977					2,977
16	NY Sale to MA	2212210	100,504	66,248			34,256					34,256
17	NY Sale to NJ	2212210	25,959	18,379			7,580					7,580
18	NY Sale to PA	2212210	22,119	8,403			13,716					13,716
19	NY Sale to VZ-SW	2212210	9,222	4,507			4,715					4,715
20	NY Sale to MA	2220110	41,400	31,050			10,350					10,350
21	NY Sale to FL	2220110	3,053	2,996			57					57
22	NY Sale to DC	2232110	56	56			0					0
23	NY Sale to MA	2232110	11,778	10,720			1,058					1,058
24	NY Sale to MD	2232110	4,754	4,754			0					0
25	NY Sale to NJ	2232110	1	1			0					0
26	NY Sale to PA	2232110	3,092	1,492			1,600					1,600
27	NY Sale to RI	2232110	561	228			333					333
28	NY Sale to VA	2232110	170	170			0					0
29	NY Sale to CA	2232110	121	121			0					0
30	NY Sale to VZ-North	2232110	81	81			0					0
31	NY Sale to VZ-SW	2232110	9,065	8,779			286					286
32	NY Sale to DC	2232210	56,537	40,610			15,927					15,927
33	NY Sale to DE	2232210	154	0			154					154
34	NY Sale to DE	2232210	50,754	9,331			41,423					41,423
35	NY Sale to MA	2232210	927	459			468					468
36	NY Sale to MA	2232210	3,694,495	1,324,885			2,369,610					2,369,610
37	NY Sale to MD	2232210	1,384	151			1,233					1,233
38	NY Sale to MD	2232210	366,431	81,282			285,149					285,149

Notes:

18. ANALYSIS OF ASSETS PURCHASED OR SOLD TO AFFILIATES

1. Report separately, for each affiliate by account, sales and/or purchases of assets at any time during the year.

2. The net book value in column (f) shall equal the gross investment less accumulated depreciation and other applicable valuation reserves in column (e).

3. In column (g), report the fair market value which determined the sale or purchase price. Indicate in footnote the source of fair market value. If sale price was determined instead by tariffed rate, report this value. Indicate fair market value with an (F) and tariffed rate with (T) next to the amount in column (g).

Line No.	Name of Affiliate (a)	Account No. (b)	Original Cost (c)	Accumulated Depreciation (d)	Other Adjustments (e)		Net Book Value (f)	FMV or Tariffed Rate (g)	Purchased Price (h)		Sale Price (i)	
				Amount	Account No.	Amount	Amount		Account No.	Amount	Account No.	Amount
1	NY Sale to NJ	2232210	1,205	76			1,129					1,129
2	NY Sale to NJ	2232210	678,250	194,145			484,105					484,105
3	NY Sale to PA	2232210	16,479	57			16,422					16,422
4	NY Sale to PA	2232210	458,448	114,113			344,335					344,335
5	NY Sale to RI	2232210	822	110			712					712
6	NY Sale to RI	2232210	316,372	103,708			212,664					212,664
7	NY Sale to VA	2232210	436	29			407					407
8	NY Sale to VA	2232210	288,352	81,202			207,150					207,150
9	NY Sale to CA	2232210	141	50			91					91
10	NY Sale to CA	2232210	18,169	3,944			14,225					14,225
11	NY Sale to CA	2232210	451	106			345					345
12	NY Sale to CA	2232210	464,541	150,601			313,940					313,940
13	NY Sale to FL	2232210	784	187			597					597
14	NY Sale to FL	2232210	245,654	56,309			189,345					189,345
15	NY Sale to VZ-North	2232210	13,280	5,662			7,618					7,618
16	NY Sale to VZ-North	2232210	1,297	183			1,114					1,114
17	NY Sale to VZ-North	2232210	8,776	5,888			2,888					2,888
18	NY Sale to VZ-North	2232210	1,150	426			724					724
19	NY Sale to VZ-SW	2232210	801	249			552					552
20	NY Sale to VZ-SW	2232210	267,891	79,710			188,181					188,181
21	NY Sale to VZ-South	2232210	45,175	8,394			36,781					36,781
22	NY Sale to VZ-South	2232210	3,680	1,322			2,358					2,358
23												
24												
25												
26												
27												
28												
29												
30												
31	NY COE Sales to Affiliates		8,823,963	3,621,263			5,202,700					5,202,700

Notes:

18. ANALYSIS OF ASSETS PURCHASED OR SOLD TO AFFILIATES

1. Report separately, for each affiliate by account, sales and/or purchases of assets at any time during the year.

2. The net book value in column (f) shall equal the gross investment less accumulated depreciation and other applicable valuation reserves in column (e).

3. In column (g), report the fair market value which determined the sale or purchase price. Indicate in footnote the source of fair market value. If sale price was determined instead by tariffed rate, report this value. Indicate fair market value with an (F) and tariffed rate with (T) next to the amount in column (g).

Line No.	Name of Affiliate (a)	Account No. (b)	Original Cost (c)	Accumulated Depreciation (d)	Other Adjustments (e)		Net Book Value (f)	FMV or Tariffed Rate (g)	Purchased Price (h)		Sale Price (i)	
				Amount	Account No.	Amount	Amount		Account No.	Amount	Account No.	Amount
1	NY Purchased from MA	2112110	196,401	119,715			76,685					76,685
2	NY Purchased from PA	2112110	188,309	6,214			182,094					182,094
3	NY Purchased from TRG	2112110	78,218	57,541			20,677					20,677
4	NY Purchased from MD	2114110	112,509	65,115			47,394					47,394
5	NY Purchased from PA	2114110	3,173	2,630			543					543
6	NY Purchased from VA	2114110	11,100	6,424			4,676					4,676
7	NY Purchased from DE	2124110	898	323			575					575
8	NY Purchased from MA	2124110	33,838	12,296			21,542					21,542
9	NY Purchased from MD	2124110	1,909	1,416			493					493
10	NY Purchased from NJ	2124110	6,094	2,966			3,128					3,128
11	NY Purchased from NSI	2124110	167,147	24,146			143,001					143,001
12	NY Purchased from PA	2124110	3,587	2,301			1,286					1,286
13	NY Purchased from RI	2124110	694	45			649					649
14	NY Purchased from CA	2362110	3,054	0			3,054					3,054
15	NY Purchased from MA	2362110	46,843	0			46,843					46,843
16	NY Purchased from MD	2362110	10,706	0			10,706					10,706
17	NY Purchased from NJ	2362110	722	0			722					722
18	NY Purchased from VZ-North	2362110	112	0			112					112
19	NY Purchased from PA	2362110	2,065	0			2,065					2,065
20	NY Purchased from RI	2362110	889	0			889					889
21	NY Purchased from VA	2362110	5,909	0			5,909					5,909
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36												
37												
38												
	NY Tagged Asset Purchases from Affiliates		874,177	301,133			573,044					573,044

18. ANALYSIS OF ASSETS PURCHASED OR SOLD TO AFFILIATES

1. Report separately, for each affiliate by account, sales and/or purchases of assets at any time during the year.

2. The net book value in column (f) shall equal the gross investment less accumulated depreciation and other applicable valuation reserves in column (e).

3. In column (g), report the fair market value which determined the sale or purchase price. Indicate in footnote the source of fair market value. If sale price was determined instead by tariffed rate, report this value. Indicate fair market value with an (F) and tariffed rate with (T) next to the amount in column (g).

Line No.	Name of Affiliate (a)	Account No. (b)	Original Cost (c)	Accumulated Depreciation (d)	Other Adjustments (e)		Net Book Value (f)	FMV or Tariffed Rate (g)	Purchased Price (h)		Sale Price (i)	
				Amount	Account No.	Amount	Amount		Account No.	Amount	Account No.	Amount
1	NY Purchased from PA	2212110	187	144			43					43
2	NY Purchased from CA	2212110	62,127	33,918			28,209					28,209
3	NY Purchased from DC	2212110	67	0			67					67
4	NY Purchased from DE	2212110	732	642			90					90
5	NY Purchased from FL	2212110	30,290	18,089			12,202					12,202
6	NY Purchased from MA	2212110	1,279,204	899,994			379,209					379,209
7	NY Purchased from MD	2212110	77,287	50,076			27,211					27,211
8	NY Purchased from NJ	2212110	25,146	7,055			18,090					18,090
9	NY Purchased from PA	2212110	204,294	170,740			33,554					33,554
10	NY Purchased from RI	2212110	535	-15			549					549
11	NY Purchased from TX	2212110	23,852	11,109			12,743					12,743
12	NY Purchased from VZ-South	2212110	9,063	4,753			4,310					4,310
13	NY Purchased from VA	2212110	42,627	35,361			7,266					7,266
14	NY Purchased from CA	2212210	5,959	4,764			1,195					1,195
15	NY Purchased from FL	2212210	10,429	10,429			0					0
16	NY Purchased from MA	2212210	59,519	18,348			41,171					41,171
17	NY Purchased from MD	2212210	13,879	1,656			12,223					12,223
18	NY Purchased from PA	2212210	3,100	3,100			0					0
19	NY Purchased from VA	2212210	13,111	8,121			4,990					4,990
20	NY Purchased from MA	2232110	351	351			0					0
21	NY Purchased from DE	2232110	3	0			3					3
22	NY Purchased from FL	2232110	19	13			6					6
23	NY Purchased from MA	2232110	23,175	18,601			4,574					4,574
24	NY Purchased from MD	2232110	3,715	2,881			834					834
25	NY Purchased from NJ	2232110	2,068	1,969			99					99
26	NY Purchased from PA	2232110	1,145	489			656					656
27	NY Purchased from MA	2232210	2,106	1,084			1,023					1,023
28	NY Purchased from MD	2232210	506	150			357					357
29	NY Purchased from PA	2232210	499	278			221					221
30	NY Purchased from RI	2232210	3,775	1,019			2,756					2,756
31	NY Purchased from CA	2232210	2,408	381			2,027					2,027
32	NY Purchased from CA	2232210	180,549	53,312			127,237					127,237
33	NY Purchased from DC	2232210	14,226	5,044			9,182					9,182
34	NY Purchased from DE	2232210	15,935	1,948			13,987					13,987
35	NY Purchased from FL	2232210	248,156	99,691			148,465					148,465
36	NY Purchased from MA	2232210	3,788,424	1,414,712			2,373,713					2,373,713
37	NY Purchased from MD	2232210	399,646	143,332			256,314					256,314
38	NY Purchased from NJ	2232210	573,906	148,324			425,582					425,582

18. ANALYSIS OF ASSETS PURCHASED OR SOLD TO AFFILIATES

1. Report separately, for each affiliate by account, sales and/or purchases of assets at any time during the year.
2. The net book value in column (f) shall equal the gross investment less accumulated depreciation and other applicable valuation reserves in column (e).

3. In column (g), report the fair market value which determined the sale or purchase price. Indicate in footnote the source of fair market value. If sale price was determined instead by tarified rate, report this value. Indicate fair market value with an (F) and tarified rate with (T) next to the amount in column (g).

Line No.	Name of Affiliate (a)	Account No. (b)	Original Cost (c)	Accumulated Depreciation (d)	Other Adjustments (e)		Net Book Value (f)	FMV or Tarified Rate (g)	Purchased Price (h)		Sale Price (i)	
				Amount	Account No.	Amount	Amount		Account No.	Amount	Account No.	Amount
1	NY Purchased from VZ-North	2232210	273	102			172					172
2	NY Purchased from PA	2232210	488,583	157,927			330,656					330,656
3	NY Purchased from VZ-North	2232210	2,261	0			2,261					2,261
4	NY Purchased from RI	2232210	32,496	10,114			22,383					22,383
5	NY Purchased from VZ-SW	2232210	116	62			54					54
6	NY Purchased from VZ-SW	2232210	132,079	38,656			93,423					93,423
7	NY Purchased from VZ-South	2232210	17,978	9,791			8,187					8,187
8	NY Purchased from VA	2232210	374,730	146,049			228,681					228,681
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	NY COE Purchases from Affiliates		8,170,532	3,534,559			4,635,973					4,635,973

19. ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION

- For the total of accrual reflected in column (c), show in a note the amounts concurrently charged to Accounts 6561, 6562 and to other accounts (specify).
- Include in columns (d), (f), (g) and (h) the amounts on open retirement work orders carried in sub-account 3100.01, Retirement Work in Progress.
- With respect to items in columns (e) and (i), include in a note the contra accounts charged or credited together with an explanation of the entries.

Line No.	Plant Account (a)	Balance at Beginning of Year (b)	Credits During the Year		
			Depreciation Accruals (c)	Salvage Insurance, etc. (d)	Other Credits (e)
	Telecommunications Plant in Service				
	General Support Assets				
1	2112 Motor Vehicles	\$156,711,030	\$20,361,624	\$914,714	\$183,471
2	2113 Aircraft	\$0			
3	2114 Special Purpose Vehicles	\$94,027,481	11,741,796	\$102,833	\$74,169
4	2115 Garage Work Equipment	\$0			
5	2116 Other Work Equipment		(7,251)		\$6,929
6	2121 Buildings	\$1,194,449,415	59,891,789	\$2,238,714	\$1,609,782
7	2122 Furniture	\$1,852,228	(1,913)	\$0	\$0
8	2123 Office Equipment				
9	.1 Office Support Equipment	\$1,487,010	491,778	\$0	\$0
10	.2 Company Communications Equipment	\$9,714,350	217,683	\$0	\$0
11	2124 General Purpose Computers	\$115,836,984	9,044,617	(\$227,864)	\$17,090
12	Total General Support Assets	1,574,078,498	101,740,123	3,028,397	1,891,441
	Central Office Assets				
13	2211 Analog Electronic Switching	(\$1,268)	6	\$0	\$0
14	2212 Digital Electronic Switching	\$3,901,134,649	107,095,453	(\$6,932,847)	\$1,327,001
15	2215 Electro-Mechanical Switching	\$0			
16	.1 Step-by Step	\$0			
17	.2 Crossbar	\$0			
18	.3 Other Electro-Mechanical Switching	\$0			
19	2220 Operator Systems	\$32,415,793	787,002	\$3,494	\$0
20	2231 Radio Systems	\$0			
21	.1 Satellite and Earth Station Facilities	\$3,795,060	624	\$0	\$7
22	.2 Other Radio Facilities	\$0	0		
23	2232 Circuit Equipment	\$4,995,283,623	412,851,505	(\$7,122,105)	\$1,234,445
24	Total Central Office Assets	8,932,627,857	520,734,589	(14,051,458)	2,561,453
	Information Orig/Termination Assets				
25	2311 Station Apparatus	0			
26	2321 Customer Premises Wiring	0			
27	2341 Large Private Branch Exchanges	0			
28	2351 Public Telephone Terminal Equip.	\$59,246,784	412,794	\$3	\$0
28	2362 Other Terminal Equipment	\$152,437,824	7,117,931	(\$91,419)	\$30,625
29	Total Information Orig/Termination Assets	211,684,608	7,530,725	(91,416)	30,625
	Cable and Wire Facilities Assets				
30	2411 Poles	\$433,362,285	\$20,685,267	\$583,830	\$0
31	2421 Aerial Cable	\$4,001,594,595	\$278,866,028	\$2,178,252	(\$1)
32	2422 Underground Cable	\$2,085,263,694	\$89,685,298	\$2,445,323	(\$1)
33	2423 Buried Cable	\$592,038,389	52,260,043	\$9,747	(\$0)
34	2424 Submarine Cable	\$6,825,134	0	\$0	\$925,303
35	2425 Deep Sea Cable	\$0			
36	2426 Intrabuilding Network Cable	\$354,194,033	\$34,783,412	\$26,999	\$0
36	2431 Aerial Wire	\$0		\$0	\$0
37	2441 Conduit Systems	\$785,564,729	\$38,369,832	\$1,935	\$0
38	Total Cable and Wire Facilities Assets	8,258,842,859	514,649,880	5,246,086	925,301
39	3100 Other - Explain	0			
40	3100 Other - Explain	0			
41	3100 Total Accumulated Depreciation - TPIS	18,977,233,822	1,144,655,317	(5,868,391)	5,408,820
42	3200 Held for Future Communications Use	0	0		
43	3300 Nonoperating	\$450,451	\$0	\$0	\$0
44	Total Accumulated Depreciation	18,977,684,273	1,144,655,317	(5,868,391)	5,408,820
45	3410 Capital Leases	\$13,044,028	1,340,178	\$0	\$0
46	3420 Leasehold Improvements	\$88,610,424	10,297,437	(\$286)	(\$309)
47	Accumulated Amortization - Tangible	101,654,452	11,637,615	(286)	(309)
48	3500 Accumulated Amortization - Intangible	\$46,787,127	57,212,598	\$0	(\$2)
49	3600 Accumulated Amortization - Other	\$0	0	\$0	
50	Total Accumulated Amortization	148,441,577	68,850,213	(286)	(311)
51	Total Accumulated Depreciation & Amortization	\$19,126,125,850	\$1,213,505,531	(\$5,868,677)	\$5,408,509

19. ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION

Line No.	Debits During the Year				Balance at End of the Year (j)
	Retirements with Traffic (f)	Retirements without Traffic (g)	Cost of Removal (h)	Other Charges (i)	
1		\$16,825,426	\$63,748	\$0	\$161,281,665
2					0
3		\$45,687,457	\$8,174	0	60,250,648
4					0
5					(322)
6		\$39,508,854	\$9,575,406	\$1,604,556	1,207,500,885
7		\$2,425	\$0	\$0	1,847,889
8					
9		\$0	\$0	\$0	1,978,789
10		\$7,022	\$0	\$0	9,925,011
11		\$34,273,887	(\$9,154)	(\$32,573)	90,438,666
12	0	136,305,071	9,638,174	1,571,983	1,533,223,232
13		\$0	\$0	0	(1,262)
14		\$946,275,661	\$8,949	\$573,929	3,055,765,717
15					0
16					0
17					0
18					0
19		\$6,383,858	\$15,271	\$6,248	26,800,912
20					0
21		\$1,668,495	\$0	(\$41)	2,127,237
22					0
23		\$1,510,175,329	\$1,279,583	(\$5,870,807)	3,896,663,363
24	0	2,464,503,344	1,303,803	(5,290,671)	6,981,355,968
25					0
26					0
27					0
28		\$48,877,070	\$0	\$0	10,782,511
28		\$27,656,224	\$45	\$10,502	131,828,190
29	0	76,533,295	45	10,502	142,610,701
30		\$2,615,752	(\$1,050,256)	\$0	\$453,065,886
31		(\$407,370,126)	\$1,335,044	(\$19,378,936)	\$4,708,052,891
32		(\$211,923,594)	\$2,069,464	(\$1)	\$2,387,248,445
33		(\$378,709,904)	(\$23,031)	(\$13,047,453)	\$1,036,088,566
34	0	\$0	\$0	\$925,303	\$6,825,134
35		(\$31,959,042)	(\$56,186)	\$0	\$421,019,672
36					\$0
37		\$34,930	(\$188,333)	\$0	\$824,089,899
38	0	(1,027,311,984)	2,086,702	(31,501,087)	9,836,390,494
39					0
40					0
41	0	1,650,029,725	13,028,724	(35,209,272)	18,493,580,395
42					0
43	0	\$0	\$0	\$2,737	447,714
44	0	1,650,029,725	13,028,724	(35,206,535)	18,494,028,109
45		\$18,964	\$0	(\$0)	14,365,242
46		\$31,076,464	\$337	(\$385)	67,830,849
47	0	31,095,428	337	(386)	82,196,092
48		\$0	\$0	(\$507,038,028)	611,037,751
49					0
50	0	31,095,428	337	(507,038,414)	693,233,843
51	\$0	\$1,681,125,153	\$13,029,061	(\$542,244,949)	\$19,187,261,951

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20. BASIS OF CHARGES FOR DEPRECIATION

- Each type of plant for which a separate depreciation rate is determined and applied in the accounts shall be considered as a subclass for the purpose of this schedule.
- The estimated net salvage factors in columns (c) and (i) shall be shown as a percentage of original cost. Columns (b) and (c) shall be left blank only when two or more subclasses are indicated in Section II.
- The rate to reported in column (d) with respect to an account for which subclasses are indicated in Section II is the composite rate productive of an amount equal to the sum of the estimated annual charges for the constituent subclasses, produced by applying (actually or in effect) the individual rates set forth in column (j), to the book cost of each subclass.

Section I. Classes of Depreciable Plant

Line No.	Plant Account (a)	Estimated Service Life in Years (b)	Estimated Net Salvage Factor (c)	Annual Composite Rate at End of the Year (d)	Ratio of Depreciation Charges to Ave Monthly Book Cost (e)
	General Support Assets				
1	2112 Motor Vehicles	8	10.00%	8.63%	8.63%
2	2113 Aircraft				
3	2114 Special Purpose Vehicles				
4	2115 Garage Work Equipment				
5	2116 Other Work Equipment	12	0.00%	7.88%	7.90%
6	2121 Buildings	45	0.00%	2.18%	2.20%
7	2122 Furniture	10	0.00%	-0.10%	0.00%
8	2123 Office Equipment				
9	.1 Office Support Equipment	5	0.00%	22.10%	22.10%
10	.2 Company Communications Equipment	8	0.00%	2.10%	2.10%
11	2124 General Purpose Computers	5	0.00%	7.56%	7.56%
	Central Office Assets				
12	2211 Analog Electronic Switching				
13	2212 Digital Electronic Switching	11	0.00%	2.98%	2.98%
14	2215 Electro-Mechanical Switching				
15	.1 step-by-step				
16	.2 Crossbar				
17	.3 Other Electro-Mechanical Switching				
18	2200 Operator Systems	10	0.00%	2.50%	2.50%
19	2231 Radio Systems	5	0.00%	0.02%	0.00%
20	.1 Satellite and Earth Station Facilities				
21	.2 Other Radio Facilities				
22	2232 Circuit Equipment	10	0.00%	6.80%	7.30%
	Information Origination/Termination Assets				
23	2311 Station Apparatus				
24	2321 Customer Premises Wiring				
25	2341 Large Private Branch Exchanges				
26	2351 Public Telephone Terminal Equipment	5	0.00%	0.77%	0.90%
27	2362 Other Terminal Equipment	8	0.00%	3.93%	3.93%
	Cable and Wire Facilities Assets				
28	2411 Poles	30	0.00%	2.79%	2.80%
29	2421 Aerial Cable	n/a	0.00%	3.73%	3.73%
30	2422 Underground Cable	n/a	0.00%	2.92%	2.92%
31	2423 Buried Cable	n/a	0.00%	3.48%	3.48%
32	2424 Submarine Cable	15	0.00%	13.65%	0.00%
33	2425 Deep Sea Cable				
34	2426 Intrabuilding Network Cable	n/a	0.00%	4.13%	4.13%
35	2431 Aerial Wire				
36	2441 Conduit Systems	50	0.00%	2.00%	2.00%
37					
38	Composite rate for all depreciable accounts	XXXXXXXXXX	XXXXXXXXXXXXXX	3.98%	
39	Composite rate for all plant accounts included in account 2001	XXXXXXXXXX	XXXXXXXXXXXXXX	4.13%	
40	Ratio to all depreciable accounts	XXXXXXXXXX	XXXXXXXXXXXXXX	XXXXXXXXXX	
41	Ratio to all plant accounts included in account 2001	XXXXXXXXXX	XXXXXXXXXXXXXX	XXXXXXXXXX	

20. BASES OF CHARGES FOR DEPRECIATION (Continued)

4. Report in column (e) the ratios of the depreciation charge actually included in the accounts to the average monthly book costs of the plant indicated. The average monthly book cost shall be determined by dividing by 12 the sum of the monthly book cost to which the depreciation rates were applied.
5. In column (f) indicate the number of the primary plant account in which the listed subclasses are included.
6. Amounts in columns (k) and (l) shall be reported only to the nearest dollar. Such amounts shall be totaled by primary classes and the appropriate composite rate shall be entered in column (j) opposite the respective totals in order to prove the correctness of the compositing (unless the compositing is by some other process, in which event the procedure used shall be described in a note).

Section II. Subclasses of Depreciable Plant

Line No.	Primary Acct. No. (f)	Name or Description of Subclass (g)	Estimated Service Life in Years (h)	Estimated Net Salvage Factor (i)	Annual Rate End of the Year (j)	Plant Balances Used in Computing Composite Rates (k)	Est. Annual Depreciation for Compositing Purposes (j)x(k) (l)
1	2421	Aerial Cable					
2		Aerial Cable Met.	15	0.00%	3.20%	4,987,003,195	163,127,703
3		Aerial Cable Nmet.	25	0.00%	4.70%	2,482,081,760	115,738,325
4		Total	n/a	n/a	3.73%	7,469,084,955	278,866,028
5	2422	Underground Cable					
6		U.G. Cable Met.	15	0.00%	2.60%	1,938,427,226	51,457,303
7		U.G. Cable Nmet.	25	0.00%	3.40%	1,127,829,612	38,227,995
8		Total	n/a	n/a	2.92%	3,066,256,838	89,685,298
9	2423	Buried Cable					
10		Buried Cable Met.	15	0.00%	2.80%	1,003,326,982	30,550,754
11		Buried Cable Nmet.	25	0.00%	4.70%	498,394,588	21,709,290
		Total	n/a	n/a	3.48%	1,501,721,570	52,260,044
12	2426	Intrabuilding Network Cable					
13		Intrabuilding Cable Met	15	0.00%	3.10%	385,197,805	12,140,038
14		Intrabuilding Cable Nmet	25	0.00%	5.00%	458,033,498	22,643,374
15		Total	n/a	n/a	4.13%	843,231,303	34,783,412
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**21. TELECOMMUNICATIONS ACCOUNTS RECEIVABLE AND ACCOUNTS
RECEIVABLE ALLOWANCE**

Line No.	Item (a)	Number of Accounts (b)	Amount at End of the Year (c)
1	Customers and Agents-Receiving Service	4,771,747	
2	Customers and Agents-Service Discontinued	1,744,127	
3	Total*	6,515,874	659,584,639
4	Less Reserve for Uncollectible Accounts-Cr.	xxxx	54,539,320
5	Balance	xxxx	\$605,045,319

Explain in a note the basis used to determine the accruals charged to account 5301.

Line No.	Particulars (a)	Amount (b)
6	Balance at beginning of the year	72,014,696
7	Accruals charged to account 5300	24,168,004
8	Collection of amounts previously written off	7,486,357
9	Other Credits (explain in a note)	9,465,310
10	Total credits	41,119,671
11	Uncollectible written off during the year	58,595,047
12	Other debits (explain in a note)	
13	Total debits	58,595,047
14	Balance at end of year	\$54,539,320
15	Total operating revenues for the year	\$5,046,000,189
16	Net write offs during the year (line 11 minus line 8)	\$51,108,690
17	Ratio of line 16 to line 15	1.01%
18	Ratio of line 7 to line 15	0.48%
19	Interstate Uncollectible Revenues (Account 5301.1)	7,660,218
20	Intrastate Uncollectible Revenues (Account 5301.2)	15,182,582

* Breakout of dollar amounts for Lines 1 and 2 no longer available due to change in accounting system.

Note: Other includes estimated Uncollectable activity for interexchange carriers under B&C agreements

**22. ACCOUNTS RECEIVABLE FROM AFFILIATED COMPANIES AND
OTHER ACCOUNTS RECEIVABLE**

1. List the information for each affiliate and also the ten largest nonaffiliate debtors at end of year. Aggregate all other nonaffiliate receivables.

2. Report in column (f) the average of the twelve month-end balances for each item in column (a).

Line No.	Name of Debtor (a)	Balance at Beginning of Year (b)	Debits During Year (c)	Credits During Year (d)	Balance End of Year (e)	Average Month-end Balance (f)
	Account 1190.1 Accounts Receivable from Affiliated Companies:					
1	VERIZON WASHINGTON, DC INC	312,277.56	1,132,770.42	(1,405,156.21)	39,891.77	\$176,085
2	VERIZON MARYLAND INC	644,558.92	35,462,076.42	(30,764,500.24)	5,342,135.10	\$2,993,347
3	VERIZON VIRGINIA INC	554,876.02	58,901,166.33	(47,922,031.19)	11,534,011.16	\$6,044,444
4	VERIZON NEW JERSEY INC	1,633,934.01	60,832,391.75	(53,067,342.66)	9,398,983.10	\$5,516,459
5	VERIZON PENNSYLVANIA INC	2,244,215.07	84,963,495.42	(75,035,858.17)	12,171,852.32	\$7,208,034
6	VERIZON DELAWARE INC	127,519.67	6,964,614.27	(5,707,323.67)	1,384,810.27	\$756,165
7	VERIZON SERVICE CORP	4,761,912.83	129,461,720.21	(132,586,038.57)	1,637,594.47	\$3,199,754
8	VERIZON COMMUNICATIONS	776,611.56	294,149.14	(926,156.78)	144,603.92	\$460,608
9	VERIZON GLOBAL NETWORK, INC	1,227,755.33	8,769,719.53	(9,997,474.86)	-	\$613,878
10	VERIZON LONG DIST-CONSUMER	5,351,405.00	43,311,720.52	(40,585,827.88)	8,077,297.64	\$6,714,351
11	VERIZON ONLINE LLC	55,575,623.49	833,161,346.96	(822,491,919.71)	66,245,050.74	\$60,910,337
12	VERIZON NEW ENGLAND INC	8,764,609.57	86,017,945.75	(86,805,569.36)	7,976,985.96	\$8,370,798
13	VERIZON WIRELESS HQ	43,814,268.77	590,606,038.20	(587,473,576.96)	46,946,730.01	\$45,380,499
14	VERIZON CORPORATE SERVICES GROUP	-	3,621,319.32	(3,616,514.48)	4,804.84	\$2,402
15	VERIZON CALIFORNIA INC	1,566,092.88	357,846,224.64	(356,382,849.14)	3,029,468.38	\$2,297,781
16	VERIZON SOUTHWEST INC	138,097.32	1,329,739.32	(1,143,651.35)	324,185.29	\$231,141
17	VERIZON SOUTH INC	248,755.92	413,658.79	(639,988.96)	22,425.75	\$135,591
18	VERIZON FLORIDA INC	429,549.75	2,830,262.02	(3,099,655.00)	160,156.77	\$294,853
19	VERIZON NORTH INC	523,459.73	3,501,649.31	(4,013,656.50)	11,452.54	\$267,456
20	EXCHANGE INDEMNITY COMPANY	-	23,900,000.00	(9,150,000.00)	14,750,000.00	\$7,375,000
21	DISCONTINUED OPERATIONS	222.51	4,624,509.52	(4,624,732.03)	-	\$111
22	VERIZON CUSTOMER NETWORKS	771,590.32	-	(771,590.32)	-	\$385,795
23	VERIZON BUSINESS	(2,635,768.16)	72,474,226.48	(63,201,780.19)	6,636,678.13	\$2,000,455
24	VERIZON ENTERPRISE SOLUTIONS	4,429,760.62	24,562,042.31	(25,524,317.70)	3,467,485.23	\$3,948,623
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38	Aggregate of all Other Items	0	0	0	0	\$0
39	Total Accounts Receivable from Affiliated Companies	\$131,261,329	\$2,434,982,787	(\$2,366,937,512)	\$199,306,603	\$165,283,966

**22. ACCOUNTS RECEIVABLE FROM AFFILIATED COMPANIES AND
OTHER ACCOUNTS RECEIVABLE**

1. List the information for each affiliate and also the ten largest nonaffiliate debtors at end of year. Aggregate all other nonaffiliate receivables.
2. Report in column (f) the average of the twelve month-end balances for each item in column (a).

Line No.	Name of Debtor (a)	Balance at Beginning of Year (b)	Debits During Year (c)	Credits During Year (d)	Balance End of Year (e)	Average Month-end Balance (f)
	Account 1190.2 Other Accounts Receivable:					
40	A/R - VSPB AR	25,755,157.82	1,375,590,648.48	(1,368,656,845.05)	32,688,961.25	\$29,222,060
41	A/R - VSPB Cash Clearing	(546,040.89)	43,255,966.09	(42,741,976.15)	(32,050.95)	(\$289,046)
42	Other A/R - NFC Month End Allocated Cash	(16,280,571.20)	65,503,078.56	(45,384,660.46)	3,837,846.90	(\$6,221,362)
43	Other A/R - Federal USF Schools/Libraries	5,629,648.01	19,319,840.02	(18,734,010.42)	6,215,477.61	\$5,922,563
44	Other A/R - Federal USF High Cost/Lifeline	(0.02)	31,383,189.02	(31,383,189.00)	(0.00)	(\$0)
45	Other A/R - State USF ULTS/Low Income	875.82	1,000.58	-	1,876.40	\$1,376
46	Other A/R - Non-Affiliates-Unbilled Custom Work	(26,192.84)	546,603.60	(524,357.98)	(3,947.22)	(\$15,070)
47	Other A/R - Per Call Comp	1,222,206.00	2,729,233.24	(3,139,633.06)	811,806.18	\$1,017,006
48	Other A/R - Intralata Settlement Accruals	2,493,279.09	128,372.04	(51,301.64)	2,570,349.49	\$2,531,814
49	Other A/R - Miscellaneous	136,311.98	-	-	136,311.98	\$136,312
50	Other A/R - Retail Reserves	(8,430,214.95)	43,525,168.72	(38,891,683.74)	(3,796,729.97)	(\$6,113,472)
51	Other A/R - Due From Employees	42,294.62	463,021.00	(471,318.80)	33,996.82	\$38,146
52	Other A/R - Non-Affiliates - Miscellaneous	28,990,944.11	50,333,574.39	(79,810,126.27)	(485,607.77)	\$14,252,668
53	Other A/R NSI Non-Affiliate	30,683.50	70,625.10	(101,308.60)	0.00	\$15,342
54	Other A/R Non-Affiliate FEMA	204.00	-	(204.00)	-	\$102
55	A/R - Monthly Accruals (Corp Books Only)	(771,590.32)	129,506,886.19	(130,651,381.20)	(1,916,085.33)	(\$1,343,838)
56	A/R- DMS Cash Clearing- Security Deposit	728,379.89	2,333,565.66	(2,495,644.39)	566,301.16	\$647,341
57	Returns To Cash & Misc. Deposits - Treasury	-	56,189,124.11	(56,630,216.74)	(441,092.63)	(\$220,546)
58						
59						
60						
61						
62						
63						
64						
65						
66						
67	Aggregate of all Other Items					
68	Total Other Accounts Receivable	\$38,975,375	\$1,820,879,897	(\$1,819,667,858)	\$40,187,414	\$39,581,394
					\$0	\$0
					0	\$0
					0	\$0
					0	\$0
					0	\$0
					0	\$0
					0	\$0
					0	\$0
					0	\$0
					0	\$0
					0	\$0
					0	\$0
		\$0	\$0	\$0	\$0	\$0

23. ACCOUNTS RECEIVABLE ALLOWANCE - AFFILIATED AND OTHER

Line No.	Particulars (a)	Affiliate (b)	Other (c)
1	Balance at beginning of the year	\$0	\$10,769,748
2	Accruals charged to account 5302		
3	Collection of amounts previously written off		
4	Other credits (explain in a note)		(3,521,806)
5	Total credit	0	(3,521,806)
6	Uncollectibles written off during the year		1,608,409
7	Other debits is (explain in a note)		
8	Total debits	0	1,608,409
9	Balance at end of the year	\$0	\$5,639,533

Explain in a note the basis used to determine the accruals charged to account 5302.

For this schedule the uncollectible accrual is based on open A/R that is less than one year old. The uncollectible allowance amount of the accrual is based on the collection history in the state of New York.

Note for Line 4: Special Projects Billings uncollectibles are charged to Account 6728.

24. NOTES RECEIVABLE AND NOTES RECEIVABLE ALLOWANCE

List the information for each affiliate, and also the ten largest nonaffiliate debtors. Aggregate all other nonaffiliate notes receivable.

Line No.	Name of Debtor (a)	Description of Transaction (b)	Date of Issue (c)	Date of Maturity (d)	Amount at End of the Year (e)	Interest Rate Per Annum (f)
1	Account 1200.1 Notes Receivable from Affiliated Companies:					%
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12	Total				\$0	xxx
13	Account 1200.2 Other Notes Receivable:					
14						
15						
16						
17						
18						
19						
20						
21						
22						
23	Aggregate of all other items					xxx
24	Total				\$0	

Explain in a note the basis used to determine the accruals charged to Account 6790.

Line No.	Particulars (a)	Affiliates (b)	Nonaffiliates (c)
25	Balance at beginning of the year		
26	Accruals charged to account 6790		
27	Collection of amounts previously written off		
28	Other credits (explain in a note)		
29	Total credits	0	0
30	Uncollectibles written off during the year		
31	Other debits (explain in a note)		
32	Total debits	0	0
33	Balance at end of the year	\$0	\$0

25. INVENTORIES

1. Report the amount of inventories at the beginning and at the end of the year under titles which are indicative of the character of the material included.

2. Summarize inventorying practices, indicating particularly the program therefor and the accounting for overages and shortages.

Line No.	Class of Material (a)	Amount at Beginning of Year (b)	Amount at End of Year (c)
1	Subaccount 1220.1, Material and Supplies:		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12	Total	\$0	\$0
13	Subaccount 1220.2, Property Held for Sale or Lease:		
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26	Total	\$0	\$0
27	Grand Total	\$0	\$0

Explanations:

Line #

- 1 Exempt / Minor Material (not subject to inventory) distributed to final account based on target balance and non-exempt disbursal activity. Target balance (supply on hand) reduced.

26. PREPAID TAXES AND TAX ACCRUALS

1. List in column (a) and furnish appropriate data with respect to each type of tax for which the company was liable on its own behalf during the year. When entries with respect to any type of tax are applicable to more than one year, the required information for all columns shall be shown separately for each such year.

2. Taxes should be grouped so as to show whether the taxes are federal, state or local.

Line No.	Particulars (a)	Balance at Beginning of the Year		Taxes Accrued or Charged During the Year		Taxes Paid During the Year (f)	Adjustments Debit or (Credit) (g)	Balance at End of Year	
		Prepaid Taxes (Acct. 1300) (b)	Tax Accruals (Accts. 4070 and 4080) (c)	Acct. Chg.. (d)	Amount (e)			Prepaid Taxes (Acct. 1300) (h)	Tax Accruals (Accts. 4070 and 4080) (i)
1	Federal:								
2	Income Taxes								
3	2011			7220	(842,201,024)	(548,276,829)	(46,567,939)		(247,356,256)
4	2011			7400	(7,963,080)	0	2,693,130		(10,656,210)
5	2010		(6,662,699)	7220	156,614,034	147,149,547	2,801,788		0
6	2010		(2,693,130)	7400			(2,693,130)		0
7									
8									
9									
10	Social Security			8101					0
11									
12									
13	Unemployment								0
14									
15									
16									
17	Other								0
18									
19									
20									
21									
22									
23									
24									
25									
26									
27	Subtotal	\$0	(\$9,355,829)		(\$693,550,070)	(\$401,127,282)	(\$43,766,151)	\$0	(\$258,012,466)

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26. PREPAID TAXES AND TAX ACCRUALS (Continued)

26. PREPAID TAXES AND TAX ACCRUALS (Continued)									
Line No.	Particulars (a)	Balance at Beginning of the Year		Taxes Accrued or Charged During the Year		Taxes Paid During the Year (f)	Adjustments Debit or (Credit) (g)	Balance at End of Year	
		Prepaid Taxes (Acct. 1300) (b)	Tax Accruals (Accts. 4070 and 4080) (c)	Acct. Chg.. (d)	Amount (e)			Prepaid Taxes (Acct. 1300) (h)	Tax Accruals (Accts. 4070 and 4080) (i)
28	State:								
29	State & Local Income Tax								
30	2011			7230	(4,680,479)	(4,596,154)	423,975	0	(508,300)
31	2011			7400	(100,190)	0	72,669	0	(172,859)
32	2010		(16,045,935)	7230	(345,472)	(16,196,671)	(194,736)	0	0
33	2010		(72,669)	7400	0		(72,669)		0
34	Gross Earnings		5,304,431	7240	10,198,941	17,431,524	(3,472,279)		1,544,127
35	Gross Income		5,843,188	7240	71,293,247	91,754,503	(10,754,913)		(3,863,155)
36	Gross Income			7440	3,969,746	0			3,969,746
37	Franchise (NY CAPSTOCK)		62,974	7240	(41,760)	134,535	(241,760)		128,439
38	Unemployment		587	8101			0		587
39	Disability Insurance								
40	NY PSC Assessment	(1,568,642)		7240	3,259,358	5,036,749	(1,777,392)	(31,968)	0
41	Coin, Commercial Rent Tax, etc.		(113,242)	7240	756,156	444,575			198,339
42	Capital Stock		(27,761)	7240	29,707	31,360	0		(29,414)
43	Other		0			0	0		0
44	AUDIT Reserve			7240	24,432,891		24,432,891		0
45	Franchise Tax (FTTP)			7240	33,371,513		33,371,513		0
46	Regulatory FCC			7240	2,583,049		2,583,049		0
47									
48	Local:								
49	Gross Receipts (NYC EXCISE TAX)		2,688,012	7240	22,380,577	22,397,497	0		2,671,092
50	Property	60,052,083	11,815,533	7240	293,712,114	291,313,184	1,756,910	32,928,326	12,457,553
51	Other (NY LGRT)		395,731	7240	1,397,218	1,655,967	0		136,982
52	Other Accrued taxes - Other				(18)		(277)		259
53									
54									
55									
56	Total	\$58,483,441	\$495,020	xxxx	(\$231,333,472)	\$8,279,788	\$2,360,830	\$32,896,358	(\$241,479,070)

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27. DEFERRED INCOME TAXES-Dr.

1. Report the details of operating income tax expense related to current and noncurrent items which have been paid in advance but which are expected to be charged to income in a future period as a result of tax normalization accounting.
2. In column (f) respondents shall report the adjustments, debit or (credit), made to the items in column (a). The Adjustment should be explained in a note if the individual item amounts amounts to more than \$100,000 for Class A companies or \$10,000 for Class B companies.

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	Property Related						
1	Current Deferred Operating Income Taxes-Dr. (Account 1360)	\$0		\$0	\$0	\$0	\$0
2							0
3							0
4							0
5							0
6							0
7							0
8							0
9	Total	\$0	7250	\$0	\$0	\$0	\$0
10	Noncurrent Deferred Operating Income Taxes-Dr. (Account 1510)						\$0
11							0
12							0
13							0
14			4550				0
15							0
16							0
17							0
18	Total	\$0	7250	\$0	\$0	\$0	\$0
19	Total Property Related Deferred Operating Income Taxes-Dr.	\$0		\$0	\$0	\$0	\$0
	Nonproperty Related						
20	Current Deferred Operating Income Taxes-Dr. (Account 1360)						\$0
21							0
22							0
23							0
24			4550				0
25							0
26							0
27							0
28	Total	\$0	7250	\$0	\$0	\$0	\$0

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27. DEFERRED INCOME TAXES-Dr. (Continued)							
Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
29	Nonproperty Related						
30	Noncurrent Deferred Operating Income Taxes-Dr. (Account 1510)						\$0
31							0
32							0
33							0
34							0
35							0
36	Total	\$0	7250	\$0	\$0	\$0	\$0
37	Total Nonproperty Related Deferred Operating Income Taxes - Dr.	\$0		\$0	\$0	\$0	\$0
38	Property Related						
39	Current Deferred Nonoperating Income Taxes-Dr. (Account 1360)		7450				\$0
40							0
41							0
42	Deferred Income Tax Effect of Extraordinary Items		7640				0
43	Total	\$0		\$0	\$0	\$0	\$0
44	Noncurrent Deferred Nonoperating Income Taxes-Dr. (Account 1510)		7450				\$0
45							0
46							0
47							0
48	Deferred Income Tax Effect of Extraordinary Items		7640				0
49	Total	\$0		\$0	\$0	\$0	\$0
50	Total Property Related Deferred Nonoperating Income Taxes-Dr.	\$0		\$0	\$0	\$0	\$0
51	Nonproperty Related						
52	Current Deferred Nonoperating Income Taxes-Dr. (Account 1360)		7450				\$0
53							0
54							0
55	Deferred Income Tax Effect of Extraordinary Items		7640				0
56	Total	\$0		\$0	\$0	\$0	\$0
57	Noncurrent Deferred Nonoperating Income Taxes-Dr. (Account 1510)		7450				\$0
58							0
59							0
60	Deferred Income Tax Effect of Extraordinary Items		7640				0
61	Total	\$0		\$0	\$0	\$0	\$0
62	Total Nonproperty Related Deferred Nonoperating Income Taxes - Dr.	\$0		\$0	\$0	\$0	\$0

28. DEFERRED INCOME TAXES-Cr. AND INVESTMENT TAX CREDIT

1. Report the details of operating income tax expense related to current and noncurrent items which have been paid in advance but which are expected to be charged to income in a future period as a result of tax normalization accounting.
2. In column (f) respondents shall report the adjustments, debit or (credit), made to the items in column (a). The Adjustment should be explained in a note if the individual item amounts amounts to more than \$100,000 for Class A companies or \$10,000 for Class B companies.
3. State below the option selected for the investment tax credit, (1) reduction to rate base, or (2) reduction of cost of service for rate purposes in accordance with Section 46(e) of the Internal Revenue Code.

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	Property Related						
	Current Deferred Operating Income Taxes-Cr. (Account 4100)						
1	Reversal of USOA entries for State purposes	(\$2,046,836)				\$2,046,836	\$0
2							0
3							0
4							0
5							0
6							0
7							0
8							0
9	Total	(\$2,046,836)	7250	\$0	\$0	\$2,046,836	\$0
	Noncurrent Deferred Operating Income Taxes-Cr. (Account 4340)						
10		\$2,370,397,957		\$845,772,613	\$548,106,761	(357,022)	\$2,667,706,787
11							0
12	Reversal of USOA entries for State purposes	(96,649,577)	4550			326,940	(96,322,637)
13							0
14							0
15							0
16							0
17							0
18	Total	\$2,273,748,380	7250	\$845,772,613	\$548,106,761	(\$30,082)	\$2,571,384,150
19	Total Property Related Deferred Operating Income Taxes-Cr.	\$2,271,701,544		\$845,772,613	\$548,106,761	\$2,016,754	\$2,571,384,150
	Nonproperty Related						
	Current Deferred Operating Income Taxes-Cr. (Account 4100)						
20		(\$101,567,955)		\$66,833,332	\$294,902,185	(\$2,046,836)	(\$331,683,644)
21							0
22							0
23							0
24							0
25							0
26							0
27							0
28	Total	(\$101,567,955)	7250	\$66,833,332	\$294,902,185	(\$2,046,836)	(\$331,683,644)

28. DEFERRED INCOME TAXES-Cr. AND INVESTMENT TAX CREDIT (Continued)							
Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
29	Nonproperty Related						
30	Noncurrent Deferred Operating Income Taxes-Cr. (Account 4340)						
31		(\$2,004,027,823)		\$106,098,445	\$549,562,474	81,011	(\$2,447,410,841)
32							0
33							0
34							0
35							0
36	Total	(\$2,004,027,823)	7250	\$106,098,445	\$549,562,474	\$81,011	(\$2,447,410,841)
37	Total Nonproperty Related Deferred Operating Income Taxes - Cr.	(\$2,105,595,778)		\$172,931,777	\$844,464,659	(\$1,965,825)	(\$2,779,094,485)
38	Operating Investment Tax Credit (Account 4320)						
39		\$16,787,001			\$2,743,194		\$14,043,807
40							0
41							0
42							0
43							0
44	Total	\$16,787,001	7210	\$0	\$2,743,194	\$0	\$14,043,807
45	Property Related						
46	Current Deferred Nonoperating Income Taxes-Cr. (Account 4110)						\$0
47							0
48							0
49							0
50							0
51	Total	\$0		\$0	\$0	\$0	\$0
52	Noncurrent Deferred Nonoperating Income Taxes-Cr. (Account 4350)						\$0
53		\$3,719,279	7450			(\$3,719,279)	0
54							0
55							0
56							0
57							0
58	Total	\$3,719,279		\$0	\$0	(\$3,719,279)	\$0
59	Total Property Related Deferred Nonoperating Income Taxes-Cr.	\$3,719,279		\$0	\$0	(\$3,719,279)	\$0

28. DEFERRED INCOME TAXES-Cr. AND INVESTMENT TAX CREDIT (Continued)							
Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
60	Nonproperty Related						
61	Current Deferred Nonoperating Income Taxes-Cr. (Account 4110)		7450				\$0
62							0
63							0
64							0
65							0
66	Total	\$0		\$0	\$0	\$0	\$0
67	Noncurrent Deferred Nonoperating Income Taxes-Cr. (Account 4350)	(3,719,279)	7450			\$3,719,279	\$0
68							0
69							0
70							0
71							0
72							0
73	Total	(\$3,719,279)		\$0	\$0	\$3,719,279	\$0
74	Total Nonproperty Related Deferred Nonoperating Income Taxes - Cr.	(\$3,719,279)		\$0	\$0	\$3,719,279	\$0
75	Nonoperating Investment Tax Credit (Account 4330)						
76							\$0
77							0
78							0
79							0
80							0
81	Total	\$0	7410	\$0	\$0	\$0	\$0

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29. EXCESS/DEFICIENT DEFERRED FEDERAL INCOME TAX BALANCES *

1. Report below the specified excess/deficient accumulated deferred Federal income taxes as of December 31 of the reporting year.
2. Protected amounts are those accumulated deferred taxes that are depreciation related and are protected from rapid write-back by Section 203 (E) of the Tax Reform Act of 1986.
3. Unprotected amounts are those accumulated deferred taxes that are not subject to Section 203(e) of the Tax Reform Act of 1986.
4. Excess/deficient deferred taxes result when there is a reduction/increase in the statutory income tax rate (e.g. TRA-86 and (Revenue Reconciliation Act of 1993) and the deferred tax balances provided are greater/less than the enacted tax rate, all calculated on a vintage year basis.

Line No.	Item (a)	Debits			Credits		
		Account 1360 (b)	Account 1510 (c)	Total (d)	Account 4100 (e)	Account 4340 (f)	Total (g)
1	Protected Excess Deferred FIT Balance			\$0			\$0
2	Unprotected Excess Deferred FIT Balance			0			0
3	Total Excess Deferred FIT Balance	\$0	\$0	\$0	\$0	\$0	\$0
	Excess Deferred FIT Balance Related to:						
4	1986 and Prior Vintage Assets			\$0			\$0
5	1987 to Current Vintage Assets			0			0
6	Deficient Deferred FIT Balance			0			0
	Average Remaining Amortization Period for:						
7	Protected Excess Deferred FIT Balance						
8	Unprotected Excess Deferred FIT Balance						
9	Deficient Deferred FIT Balance						
10	Total Embedded Deferred FIT			\$0			\$0

* NOTE: Do not include deferred Federal income taxes recorded purely from the implementation of FAS-109, "Accounting for Income Taxes"

29A. TEMPORARY INCOME TAX DIFFERENCES - SFAS 109

1. Report below the accumulated deferred Federal income tax assets/liabilities, as of December 31 of the reporting year, that result purely from the implementation of SFAS - 109, "Accounting for Income Taxes", and in accordance with the Commission's associated Policy Statement (Issued January 15, 1993) in Case 92-M-1005.

Line No.	Item (a)	Debits			Credits		
		Account 1360 (b)	Account 1510 (c)	Total (d)	Account 4100 (e)	Account 4340 (f)	Total (g)
	<u>AFUDC</u>						
1	AFUDC - Net of Tax - Plant			\$0			\$0
2	AFUDC - Equity Component - Plant			0			0
3	Other Net of Tax Items (specify)			0			0
				0			0
				0			0
				0			0
				0			0
	<u>Prior Flow-Through Items</u>						
4	Depreciation			0			0
5	Asset Base Difference (non - ITC)			0			0
6	Other (specify)			0			0
				0			0
				0			0
				0			0
				0			0
	<u>ITC</u>						
7	Section 46(f)(1) ITC			0			0
8	Section 46(f)(2) ITC			0			0
	<u>Other Items</u>						
9				0			0
10				0			0
11				0			0
12	Total	\$0	\$0	\$0	\$0	\$0	\$0
13	Gross-up of above amounts for income tax effects, etc.			\$0			\$0

30. Investments in Affiliated Companies

1. List the investments by affiliate company in column (a), and the acquisition cost of the investment in column (c).
2. Data for each investment should continue on the same numbered line on all pages of this schedule.
3. Investments in affiliated companies must be reported using the Equity Method of accounting if the affiliate meets the definition as contained in the Glossary to the USOA at Item 4.
4. Identify the type of security in column (d), by using a (C) for common stock, (P) for preferred, and (L) for long term debt. Additionally, indicate by (*) and describe in a foot note those securities pledged as collateral.
5. Under the cost method, indicate in column (m) any temporary decline in the value of an investment which has been charged to account 4540, Other Capital. A permanent decline in the value of an investment, which has been charged to current period income, should be recorded in column (n).
6. If the respondent considers the information requested on this schedule to be propriety, this schedule as included in the report form may be filed with totals only. However, the respondent is required to file one complete copy of this schedule, including all detail by affiliate, accompanied by a request for proprietary treatment in accordance with General Instruction 2 of this report form.

Line No.	Item (A)	Date of Acquisition (B)	Acquisition Cost (C)	Type Of Security (D)	Amount of Inv. Beg of Year (E)	Invests Retired During Year (F)	Gain or loss on disposition (G)
1	Account 1401, Investment in Affiliated Companies				\$0		
2							
3	Empire City Subway (Limited) - Common	June 1896	36,591,009	C	121,921,951		
4							
5	NYNEX Telesector Resources Group (Verizon Services Group)	Jan. 1985	19,245,036	C	222,018,334		
6							
7							
8							
9							
10	Empire City Subway (Limited) - Promissory Notes	*			10,000,000		
11							
12							
13	LD Verizon Long Distance - Consumer	Dec. 2008			40,806,083		
14							
15	Verizon Enterprise Solutions mapping from BLD/NLD	Dec. 2008			38,799,593		
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26	Total	XXXXXXXX	\$55,836,045	XXXXXXXX	\$433,545,961	\$0	\$0

30. Investments in Affiliated Companies

1. List the investments by affiliate company in column (a), and the acquisition cost of the investment in column (c).
2. Data for each investment should continue on the same numbered line on all pages of this schedule.
3. Investments in affiliated companies must be reported using the Equity Method of accounting if the affiliate meets the definition as contained in the Glossary to the USOA at Item 4.
4. Identify the type of security in column (d), by using a (C) for common stock, (P) for preferred, and (L) for long term debt. Additionally, indicate by (*) and describe in a foot note those securities pledged as collateral.
5. Under the cost method, indicate in column (m) any temporary decline in the value of an investment which has been charged to account 4540, Other Capital. A permanent decline in the value of an investment, which has been charged to current period income, should be recorded in column (n).
6. If the respondent considers the information requested on this schedule to be propriety, this schedule as included in the report form may be filed with totals only. However, the respondent is required to file one complete copy of this schedule, including all detail by affiliate, accompanied by a request for proprietary treatment in accordance with General Instruction 2 of this report form.

proprietary treatment in accordance with General Instruction 2 of this report form.

		Equity Method			Cost Method			
Line No.	Percent of Ownership (H)	Equity in Earnings Of Affiliated Companies Account 7355 (I)	Dividends Declared (J)	Other Adjustments and Amortizations (K)	Dividend Income Account 7310 (L)	Decline in Value of Investments		Amount of Investments End of Year (O)
						Temporary Account 4540 (M)	Permanent (N)	
1								\$0
2								0
3	100.00%	(5,738,881)						116,183,070
4								0
5	66.67%	675,665	0					222,693,999
6								0
7								0
8								0
9								0
10				(4,000,000)				6,000,000
11								0
12								0
13		259,293,309	256,000,000					44,099,392
14								0
15		172,414,429	164,000,000					47,214,022
16								0
17								0
18								0
19								0
20								0
21								0
22								0
23								0
24								0
25								0
26	XXXXXXXX	\$426,644,522	\$420,000,000	(\$4,000,000)	\$0	\$0	\$0	\$436,190,483

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31. INVESTMENTS

1. With respect to each account includible in this schedule in which there was reflected an investment at any time during the year, enter in column (b) the description of each security or other investment. The entries for accounts 1401.2 and 1402 should be identified by company, and separately listed by symbols to be indicated in column (a): A-1 Stocks of active telephone companies; A-2 Stocks of inactive telephone companies; A-3 Stocks of other companies; B Long-term securities owned; C Investment advances; D Other. Subtotals for each of the required classifications and totals for each account shall be shown. The aggregate of all deposits of cash amounting individually to less than \$100,000 each in the case of Class A companies, or \$10,000 in case of class B companies, may be shown as a balancing amount on the line immediately preceding the total of account 1402. (By an inactive company is meant one which has been practically absorbed in a controlling company, and which neither operates properly nor administers its financial affairs; if it maintains an organization, it does so only for the purpose of complying with legal requirements and maintaining title to property or franchises.)

Line No.	Class	Description of Investment (Including nominal interest rate and term when appropriate)	Book Cost of Investment at Beginning of the Year	Book Cost of Investment Made During the Year
(a)	(b)	(c)	(d)	
1		<u>Account 1401.2, Advances to Affiliated Companies:</u>		
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18		Total Account 1401.2	\$0	\$0
19		<u>Account 1402, Investments in Nonaffiliated Companies:</u>		
20	A-3	New York Business Development Corporation - Capital	50,000	
21	B	New York Equity Fund	2,000,000	
22	B	US Treasury Bond - Phone Book Advertising	50,000	
23				
24	C	New York City Investment Fund - Diffusion Fund	666,667	
25	C	Stewart Mueller Contracting Company - Advance	400,000	
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37		Total Account 1402	\$3,166,667	\$0

31. INVESTMENTS (Continued)

2. In column (i), enter an appropriate symbol with respect to each investment that is pledged as security for an obligation of the respondent or is subject to any other restrictions as to disposition, and furnish particulars in a note.
3. If the consideration given or received for any investment reported in the schedule was other than cash, give particulars in a note.
4. The book cost of investments transferred from other accounts shall be reported in column(d). The book cost of investments transferred to other accounts or the amount by which investments are written down shall be reported in column (e). All such entries shall be explained in notes.

Line No.	Book Cost of Investments Disposed of During the Year (e)	INVESTMENTS AT END OF YEAR		% of Total Voting Rights in Affiliates (h)	Lien References (i)	Gain (G) or Loss (L) from Investments Disposed of (j)	Interest or Dividends Credited to Income During the Year Account 7310, 7320 (k)
		Book Cost (f)	Shares of Stock or Face Amount of Other Investments (g)				
1		\$0					
2		0					
3		0					
4		0					
5		0					
6		0					
7		0					
8		0					
9		0					
10		0					
11		0					
12		0					
13		0					
14		0					
15		0					
16		0					
17		0					
18	\$0	\$0				\$0	\$0
19							
20		50,000					
21		2,000,000					
22		50,000					
23							
24		666,667					
25		400,000					
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37	\$0	\$3,166,667				\$0	\$0

32. NONREGULATED INVESTMENTS

1. This account shall include the carrier's investment in nonregulated activities, accounted for as provided in Section 661.14 of the Uniform System of Accounts.

Line No.	Subaccount (a)	Balance Beginning of Year (b)	Debits During Year (c)	Credits During Year (d)	Balance End of Year (e)
1	Subaccount 1406.1 Permanent Investment				\$0
2					0
3					0
4					0
5					0
6					0
7					0
8					0
9					0
10					0
11					0
12	Subaccount 1406.2 Receivable/Payable				0
13					0
14					0
15					0
16					0
17					0
18					0
19					0
20					0
21					0
22					0
23	Subaccount 1406.3 Current Net Income or Loss				0
24					0
25					0
26					0
27					0
28					0
29					0
30					0
31					0
32					0
33					0
34	Total	\$0	\$0	\$0	\$0

33. OTHER DEFERRED CHARGES

1. For any deferred charge being amortized, show the period of amortization and the date of Commission authorization.
2. For all other items, except for telephone plant acquired, report the indicated particulars of each item amounting individually to \$100,000 or more for Class A companies, or \$10,000 or more for Class B companies. For telephone plant acquired, list only the aggregate amount.
3. Show the number and aggregate amount of all other items.
4. Where numerous accounts are affected in the disposition of these charges, the designation "various" may be inserted in column (d) for accounts credited.
5. All transactions for telephone plant acquired included in this account, in accordance with Section 663.2, require analysis on Schedule 15, Analysis of Telephone Plant Acquired.

Line No.	Description of Item (a)	Balance at Beg. of Year (b)	Debits (c)	Credits		Balance at End of Year (f)
				Account Credited (d)	Amount (e)	
1	Adoption of SAB 101	\$67,333,830	\$13,014,539		\$499,705	79,848,664
2	Empire City Subway Billed & Unbilled Accruals	11,725,837	131,985,751		131,514,398	12,197,190
3	Year end accruals for materials	419,807				419,807
4	Realized Uncollectible Billing	500,000				500,000
5	Deferred Costs i/c/w Sale of Various Properties	1,617,071	3,085,873		1,456,308	3,246,636
6	Capital Lease Payments	44,006	112,390		10,129	146,267
7	Clearance of Labor & Engineering Wage	(6,430)	6,430			0
8	Clear Clearing Accounts	1,599,835	1,096,972		1,561,859	1,134,948
9	Inter Unit Transfer	(4,126)				(4,126)
10	Aggregate of All Other	2,341	1,346			3,687
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27	Totals from Insert Pages	0				0
28	Total	\$83,232,170	\$149,303,301		\$135,042,399	\$97,493,072

34. ACCOUNTS PAYABLE

1. List the information for each affiliate.

2. List the information for each nonaffiliate creditor whose individual balance is 5% or more of the total Other Accounts Payable balance at year end.
Do not report more than ten nonaffiliate creditors.

3. Aggregate all other nonaffiliate creditors.

Line No.	Name of Debtor (a)	Balance at Beginning of Year (b)	Debits During Year (c)	Credits During Year (d)	Balance End of Year (e)
	Account 4010.1 Accounts Payable to Affiliated Companies:				
1	VERIZON WASHINGTON DC, INC	16,975	3,654,028	4,092,801	455,747
2	VERIZON MARYLAND INC	1,341,695	12,372,601	11,727,027	696,122
3	VERIZON VIRGINIA INC	811,711	15,728,074	15,975,918	1,059,555
4	VERIZON NEW JERSEY INC.	1,080,663	31,215,271	31,205,226	1,070,618
5	NFC VERIZON NETWORK FUNDING.	-	1,412,574	1,412,574	-
6	VERIZON PENNSYLVANIA INC	1,523,936	29,545,780	29,475,948	1,454,104
7	VERIZON DELAWARE INC	28,171	1,717,937	1,756,165	66,398
8	VERIZON SERVICE CORP	59,457,117	4,869,139,334	4,965,803,882	156,121,665
9	VERIZON COMMUNICATIONS	-	21,775	21,775	-
10	BS - VERIZON TELEPRODUCTS	(10,369)	5,006	5,260	(10,115)
11	LD VERIZON LONG DIST-CONSUMER	86,752,837	3,504,296,673	3,518,976,213	101,432,376
12	VERIZON ONLINE LLC	82,529,525	1,422,076,626	1,405,199,153	65,652,052
13	NIC VERIZON NETWORK INTEGRATION.	429,138	19,159,847	19,276,732	546,024
14	VERIZON NEW ENGLAND INC.	62,503,059	790,513,956	784,735,305	56,724,408
15	VERIZON WIRELESS HQ	264,775	1,316,338,110	1,316,349,920	276,586
16	VERIZON SERVICE GROUP (TRG)	-	20,618	20,618	-
17	VERIZON CORP SERVICES CORP	30,217,193	30,501,687	284,494	(0)
18	VERIZON EMPIRE CITY	21,205,600	535,331,596	555,942,355	41,816,360
19	VERIZON CORPORATE SERVICES GROUP	13,197,293	13,632,255	434,962	(0)
20	VERIZON CALIFORNIA INC.	6,143,957	359,034,536	353,413,847	523,269
21	GTE SOUTHWEST INCORPORATE	509,408	11,634,507	11,426,225	301,127
22	VERIZON SOUTH INC.	898,356	5,245,166	4,690,804	343,994
23	VERIZON FLORIDA INC.	1,452,402	16,171,822	15,876,785	1,157,365
24	VERIZON NORTH INC.	6,492,117	50,882,694	50,110,613	5,720,036
25	VZ DATA SYSTEMS INC.	23,073,960	302,295,862	306,445,040	27,223,138
26	VERIZON FINANCIAL SERVICES LLC	-	-	34,025	34,025
27	BELL ATLANTIC ADMIN SERVICES	-	281,211,495	281,211,495	-
28	VERIZON CORPORATE RESOURCES GROUP LLC	11,113,818	52,479,640	53,310,770	11,944,948
29	VERIZON SERVICE ORG, INC (CSI)	5,302,688	115,828,742	118,725,609	8,199,556
30	VERIZON CREDIT CORP	-	100,436	103,676	3,240
31	VERIZON SVCS OPERATION INC	2,649,315	3,567,994	918,679	0
32	DISCONTINUED OPERATIONS	-	25,349	25,349	-
33	VSSI - CUST NTWKS/STRATEGIC MKTS	35,359,364	815,923,892	808,980,374	28,415,846
34	VERIZON BUSINESS	76,291	9,165,020	9,605,900	517,171
35					
36					
37					
38					
39					
40					
41					
42	Aggregate of all other items				0
43	Total Accounts Payable to Affiliated Companies	\$454,420,995	\$14,620,250,901	\$14,677,575,519	\$511,745,614

34. ACCOUNTS PAYABLE

1. List the information for each affiliate.
2. List the information for each nonaffiliate creditor whose individual balance is 5% or more of the total Other Accounts Payable balance at year end.
Do not report more than ten nonaffiliate creditors.
3. Aggregate all other nonaffiliate creditors.

Line No.	Name of Debtor (a)	Balance at Beginning of Year (b)	Debits During Year (c)	Credits During Year (d)	Balance End of Year (e)
	Account 4010.2 Other Accounts Payable:				
44	Audited Payrolls and Miscellaneous Voucher Refunds	(7,015,382)	4,270,461,773	4,269,347,701	(8,129,454)
45	Interexchange Common Carrier Companies	16,104,679	135,842,789	139,802,263	20,064,152.94
46	Per Call Compensation & Commissions	761,167	1,379,840	1,468,000	849,326.69
47	Federal, State and Local Taxes	16,693,062	218,659,007	216,888,274	14,922,329.24
48	Federal Tax on Telephone Facilities	2,234,455	24,067,767	23,638,285	1,804,972.76
49	Sales and Use Tax	290,154	23,219,486	23,051,246	121,914.21
50					
51					
52					
53					
54					
55					
56					
57					
58					
59					
60					
61					
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71					
72					
73					
74					
75					
76					
77					
78					
79					
80					
81					
82					
83					
84					
85	Aggregate of all other items	32,865,020	874,179,712	854,497,370	13,182,677.73
86	Total Other Accounts Payable	\$61,933,155	\$5,547,810,375	\$5,528,693,139	\$42,815,919

35. NOTES PAYABLE

1. List the information for each affiliate note.

2. List the information for each nonaffiliate note whose balance is 5% or more of the Other Notes Payable balance at year end.
Do not include more than the ten largest nonaffiliate creditors.

3. Aggregate all other nonaffiliate notes.

Line No.	Name of Creditor (a)	Description of Transaction (b)	Date of Issue (c)	Date of Maturity (d)	Amount at End of the Year (e)	Interest Rate per Annum (f)
	Account 4020.1 Notes Payable to Affiliated Companies:					
1	Verizon Financial Services LLC	Monthly Advances	N/A	N/A	\$5,437,338,477	3.48%
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16	Total				\$5,437,338,477	xxxxx
	Account 4020.2 Other Notes Payable:					
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	Aggregate of all other items					
31	Total				\$0	xxxxx

36. Long Term Debt

1. List by balance sheet account debt held in Accounts 4050, 4210, 4260, 4270. Provide the particulars regarding each obligation within those accounts.
2. Explain any interest charged other than to account 7510.1.
3. Explain any debits and credits other than amortizations debited to account 7530, account 7510.2, or credited to account 7510.3.

Line No.	Description of Obligation	Nominal Date of Issue	Date of Maturity	Face Amount Outstanding	Interest		Unamortized Balances			Amortizations		
					Stated Rate	Amount Acct. 7510.1	Debt Exp Acct. 1407	Premium Acct. 4220	Discount Acct. 4230	Debt Exp Acct. 7530	Discount Acct. 7510.2	Premium Acct. 7510.3
1	Account 4050, Current Maturities - Debt											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11	Total			\$0								
12	Account 4210, Funded Debt											
13	20 Year 7% Debenture	05/01/93	05/01/13	100,000,000	7.00%	7,000,000	47,438		(160,186)	32,790	110,593	
14	20 Year 7% Debenture	06/15/93	06/15/13	100,000,000	7.00%	7,000,000	47,585		(124,922)	29,956	78,568	
15	30 Year 6.7% Debenture	11/08/93	11/01/23	250,000,000	6.70%	16,750,000	630,463		(404,192)	33,925	21,765	
16	30 Year 6.5% Debenture	04/15/98	04/15/28	100,000,000	6.50%	6,500,000	231,640		(349,963)	7,796	11,764	
17	30 Year 7.375% Debenture	04/01/02	04/01/32	500,000,000	7.38%	36,875,000	3,458,396		(4,879,297)	71,755	100,884	
18	40 Year 7% Debenture	12/01/93	12/01/33	200,000,000	7.00%	14,000,000	728,807		(693,380)	13,692	13,030	
19	10 Year 6.875% Debenture - \$1B	04/01/02	11/28/11	0	6.88%	62,447,917	0		0	503,791	629,439	
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30												
31												
32												
33												
34												
35												
36												
37												
38	Subtotal			\$1,250,000,000		\$150,572,917	\$5,144,330	\$0	(\$6,611,941)	\$693,704	\$966,044	\$0

36. Long Term Debt												
Line No.	Description of Obligation	Nominal Date of Issue	Date of Maturity	Face Amount Outstanding	Interest		Unamortized Balances			Amortizations		
					Stated Rate	Amount Acct. 7510.1	Debt Exp Acct. 1407	Premium Acct. 4220	Discount Acct. 4230	Debt Exp Acct. 7530	Discount Acct. 7510.2	Premium Acct. 7510.3
38	Account 4210, Funded Debt (Continued)											
39												
40												
41												
42												
43												
44												
45	Total			\$1,250,000,000								
46												
47	Account 4260, Advances from Affiliated Companies											
48												
49												
50												
51												
52												
53												
54	Total			\$0								
55												
56	Account 4270, Other Long-Term Debt											
57												
58												
59												
60												
61												
62												
63												
64												
65												
66												
67												
68												
69												
70												
71												
72												
73												
74												
75	Total			\$0								
76												
77												
78												
79	Grand Total			\$1,250,000,000		\$150,572,917	\$5,144,330	\$0	(\$6,611,941)	\$693,704	\$966,044	\$0

37. CAPITAL STOCK AND FUNDED DEBT REACQUIRED OR RETIRED DURING THE YEAR

1. In column (a) the description of the security should include, as appropriate, the dividend rate (if any) or the interest rate, term and maturity date.
2. In columns (b) and (c) report the cost per unit of the reacquired securities, i.e., the call rate per unit in the case of called securities, the face amount per unit of matured debt, or the average purchase price per unit in the case of other securities required.
3. If securities are reacquired in one year and retired in another, only the data called for in columns (a), (f), and (g) shall be reported for the year in which they are retired.
4. With respect to columns (i) to (n), inclusive: (a) Report disposition of discounts, premiums, and expenses in the year in which the dispositions are made. Do not report normal amortization of amounts includible in accounts 1407, Unamortized Debt Issuance Expense, or 4220, Premium on Long-Term Debt, and 4230, Discount on Long Term Debt, Through charges or credits to accounts 7530, 7510.3 and 7510.2 and (b) if any amounts are to be amortized, state the fact in a note, describe the plan of amortization (including the period thereof), and give references to (1) the public authorities (if any) having jurisdiction over each transaction, (2) their authorization (e.g., case or docket number), and (3) this Commission's approval of the proposed accounting.
5. In the case of securities reacquired or retired in connection with refinancing, identify in a note the year and schedule of the annual report in which the refunding issue is described.

Line No.	Description of Security (a)	REACQUIRED DURING THE YEAR				RETIRED DURING YEAR		
		REACQUISITION COST		Book or Face Amount (d)	No. of Shares of Stock (e)	Book or Face Amount (f)	No. of Shares of Stock (g)	
		Per \$100 of Debt (b)	Per Share of Stock (c)					
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12	Total	xxxxxx	xxxxx	\$0	xxxxx	\$0	xxx	
Line No.	Effective Date of Call (if any) (h)	DISPOSITION OF						Remarks (o)
		Unamortized Discount (D) or Premium (P)		Redemption Premium (P) or Discount (D) and Expense		Reacquisition or Redemption Expenses		
		Acct. (i)	Amount (j)	Acct (k)	Amount (l)	Acct (m)	Amount (n)	
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12	xxxx	xxxx	\$0	xxxx	\$0	xxxx	\$0	

38. Other Long-Term Liabilities

Show separately, by subsidiary record category, amounts accrued to provide for such items as unfunded pensions, death benefits, deferred compensation costs and other long-term liabilities not provided for elsewhere

Line No.	Account (or description of item) (a)	Balance at Beginning of Year (b)	Credits During Year		Debits During Year		Balance at End of Year (g)
			Contra Acct. No. (c)	Amount (d)	Contra Acct. No. (e)	Amount (f)	
1	Pension - Associates	\$922,047,942		\$951,048,808		\$181,407,808	1,691,688,942
2	Post Retirement Benefits Other Than						
3	Pensions (SFAS #106)	4,458,213,998		597,968,070		57,866,487	4,998,315,580
4	SFAS #112	488,111,540		1,601,807		72,039,035	417,674,312
5	Income Deferral Plan	2,905,471		323,950		197,176	3,032,245
6	Founders Grant Restricted Stock	8,518,883		3,240,154		3,656,733	8,102,304
7	Stock Options	1,910,554		8,414		610,306	1,308,662
8	Executive Deferral Plan	3,148,108		1,048,334		799,488	3,396,954
9	Tax Contingencies	41,044,208		11,017,038		30,029,603	22,031,643
10	Accrued Operating Rents - Non affiliated	2,528,735		910,018		428,295	3,010,459
11	Recording of Franchise Fees	11,600,353		803,390		2,419,883	9,983,860
12	LT-Environmental Remediation	5,256,265					5,256,265
13	Pension - Management	0				6,127,000	(6,127,000)
14	Aggregate of All Other	3,563					3,563
15							
16							
17							
18							
19							
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32							
33							
34							
35							
36	Totals	\$5,945,289,620		\$1,567,969,982		\$355,581,814	\$7,157,677,788

39. OTHER DEFERRED CREDITS

1. For any deferred credit being amortized, show the period of amortization and the date of Commission authorization.
 2. For all other items, report the indicated particulars of each item amounting individually to \$100,000 or more for Class A companies, or \$10,000 or more for Class B companies.
 3. Show the number and aggregate amount of all other items.
 4. Where numerous accounts are affected in the disposition of these credits, the designation "various" may be inserted in column (c) for accounts debited.

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Debits		Credits (e)	Balance at End at End of Year (f)
			Acct. Dr. (c)	Amount (d)		
1	UR Tax Ben-Fed N-Current-Fin48	\$110,115,543		\$38,980,763	\$875,571	\$72,010,351
2	UR Tax Ben-Int N-Current-Fin48	19,750,977		6,592,092	931,133	14,090,018
3	UR Tax Ben-State N-Current-Fin48	637,798			229,239	867,037
4	Adoption of SAB 101	67,333,830		499,705	13,014,539	79,848,664
5	Special Projects Billing Misc Charges	3,411,499		498,080	30,049	2,943,468
6	Special Projects Billing Loss of Use	2,174,276		253,304	117,846	2,038,818
7	Deposits Received in connection with Custom Work Jobs	32,100,556				32,100,556
8	Survey and/or Make Ready Work	(14,046)			14,046	0
9	Misc Interexchange Carrier Billing Adjustments	45,945,558		45,945,558		0
10	Sale of Property - Various Locations	1,969,366		1,969,366		(0)
12						
13						
14						
15						
16						
17						
18						
19						
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28						
29						
30		\$283,425,357	x x x	\$94,738,868	\$15,212,423	\$203,898,912

40. CAPITAL STOCK

1. Report below the particulars called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show totals separately for common and preferred stock.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.
3. Give particulars concerning shares of any class and series of stock authorized to be issued by the Commission which have not yet been issued.
4. The designation of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.
5. Give particulars of any issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.
6. For columns (g) and (h) indicate by footnote if stock held by respondent is held in sinking or other funds.

Line No.	Class and Series of Stock (a)	Number of shares authorized by Articles of Incorporation (b)	OUTSTANDING PER BALANCE SHEET*				HELD BY RESPONDENT		DIVIDENDS DURING YEAR	
			Number of shares (c)	Par or stated value per share (d)	Amount (e)	Additional Paid in Capital (Acct. 4520) (f)	Shares (g)	Cost (Account 4530) (h)	Declared (i)	Paid (j)
1	<u>Account 4510.1 Capital Stock-Common</u>	1	1	no par	\$1,000,010	\$4,365,667,928			\$0	
2										
3										
4										
5										
6										
7										
8										
9	TOTALS (Account 4510.1)	1	1	xxxxxxx	\$1,000,010	\$4,365,667,928	0	\$0	\$0	\$0
10	<u>Account 4510.2 Capital Stock-Preferred</u>									
11										
12										
13										
14										
15										
16										
17										
18	TOTALS (Account 4510.2)	0	0	xxxxxxx	\$0	\$0	0	\$0	\$0	\$0

41. ANALYSIS OF ENTRIES IN OTHER CAPITAL AND RETAINED EARNINGS ACCOUNTS

- Report separately by accounts particulars with respect to the major items entered in any of the following accounts during the year: Account 4520, Additional Paid-in Capital; Account 4530, Treasury Stock; Account 4540, Other Capital; and Account 4550.5, Appropriations of Retained Earnings, and Account 4550.8, Adjustments to Retained Earnings.
- With respect to prior period adjustments included in Account 4550.8, Adjustments to Retained Earnings, show in column (a) a description of the item, the reason for the adjustment, and the amount applicable to each year.
(See also Section 661.17, ' General Instructions of the Uniform System of Accounts).
For all items in this account cite the date of Commission approval and authorization (e.g., Case or Docket No.).
- The aggregate of all other items in each account shall be reported on a separate line immediately preceding the total for the account.

Line No.	Particulars (a)	Account Included In (b)	Debits (c)	Credits (d)
1				
2	Transfer of Capitalized Software from GO North	4520	0	120,339,482
3	Total		0	120,339,482
4				
5				
6	Dividends received	4550.8		420,000,000
7	Mark to Market Adjustment		3	0
8				
9				
10	Total		3	420,000,000
11				
12				
13				
14				
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42. OPERATING REVENUES			
Line No.	Item (a)	This Year Total (b)	Last Year Total (c)
	LOCAL NETWORK SERVICES REVENUES		
1	5001 Basic Area	1,157,213,695	\$1,298,198,705
2	5002 Optional Extended Area Service	0	0
3	5003 Cellular Mobile	44,648,429	49,150,992
4	5004 Other Mobile Services	0	0
5	5010 Public Telephone	0	0
6	5040 Local Private Line	54,945,586	64,212,404
7	5050 Customer Premises	0	0
8	5060 Other Local Exchange	286,124,067	319,370,391
9	5069 Other Local Exchange Settlements	0	0
10	Total Local Network Services Revenues	1,542,931,776	1,730,932,492
	NETWORK ACCESS SERVICES REVENUES		
11	5081 End User	374,901,594	416,015,350
12	5082 Switched Access	114,755,514	136,321,373
13	5083 Special Access	1,519,146,310	1,414,376,283
14	5084 State Access	123,867,316	142,448,586
15	Total Access Services Revenues	2,132,670,734	2,109,161,592
	LONG DISTANCE NETWORK SERVICES REVENUES		
16	5100 Long Distance Message	41,272,677	47,088,999
17	5111 Long Distance Inward-Only	(5,807)	(4,160)
18	5112 Long Distance Outward-Only	575,834	1,183,354
19	5121 Subvoice Grade Long Distance Private Network	672,512	1,043,856
20	5122 Voice Grade Long Distance Private Network	10,164,706	10,733,945
21	5123 Audio Program Grade Long Distance Private Network	0	0
22	5124 Video Program Grade Long Distance Private Network	0	0
23	5125 Digital Transmission Long Distance Private Network	47,580,056	51,996,841
24	5126 Long Distance Private Network Switching	0	0
25	5128 Other Long Distance Private Network	0	0
26	5129 Other Long Distance Private Network Settlements	0	0
27	5160 Other Long Distance	0	0
28	5169 Other Long Distance Settlements	629,188	825,218
29	Total Long Distance Network Services Revenues	100,889,165	112,868,052
	MISCELLANEOUS REVENUES		
30	5230 Directory	26,387,437	28,494,375
31	5240 Rent	271,004,494	286,814,761
32	5250 Corporate Operations	0	0
33	5261 Special Billing Arrangements	291,087	448,129
34	5262 Customer Operations	284	62
35	5263 Plant Operations	751,160	855,563
36	5264 Other Incidental Regulated	27,916,816	34,497,979
37	5269 Other Settlements	0	0
38	5270.1 Interstate Billing and Collection	43,341,576	54,428,193
39	5270.2 Intrastate Billing and Collection	15,625,440	17,890,143
40	5280 Nonregulated	884,190,220	660,086,132
41	Total Miscellaneous Revenues	1,269,508,513	1,083,515,337
	UNCOLLECTIBLE REVENUES		
42	5301 Uncollectible-Telecommunications	24,009,580	48,078,481
43	5302 Uncollectible-Other	158,425	6,054,219
44	Total Uncollectible Revenues	24,168,004	54,132,700
45	TOTAL OPERATING REVENUES	5,021,832,185	\$4,982,344,773
46	FOOTNOTE: USF Revenues \$.....	XXXXXXXXXX	XXXXXXXXXX
47	Recorded in Account:	XXXXXXXXXX	XXXXXXXXXX

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44. OPERATING EXPENSES BY CATEGORY

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)	Rents (d)
<u>Plant Specific Operations</u>				
	<u>Network Support Expenses</u>			
1	6112 Motor Vehicle	0	0	1,285,306
2	Clearance	0	0	1,220,313
3	Net Balance	0	0	64,993
4	6113 Aircraft	0	0	0
5	Clearance	0	0	0
6	Net Balance	0	0	0
7	6114 Special Purpose Vehicles	110	56	0
8	Clearance	0	0	0
9	Net Balance	110	56	0
10	6115 Garage Work Equipment	0	0	0
11	6116 Other Work Equipment	0	0	0
12	Clearance	0	0	0
13	Net Balance	0	0	0
14	6110 Network Support Expenses	110	56	64,993
	<u>General Support Expenses</u>			
15	6121 Land and Building	3,294	1,579	33,278,667
16	6122 Furniture and Artworks	9,881	2,604	170,010
17	6123 Office Equipment	1,717,515	1,134,919	1,694,199
18	6124 General Purpose Computers	8,153,824	5,542,684	5,437,156
19	6120 General Support Expenses	9,884,515	6,681,787	40,580,032
	<u>Central Office Switching Expenses</u>			
20	6211 Analog Electronic	3,187,051	2,075,277	1,096
21	6212 Digital Electronic	81,551,822	52,458,440	52,259
22	6215 Electro-Mechanical	0	0	0
23	6210 Central Office Switching Expenses	84,738,873	54,533,717	53,355
24	6220 Operator Systems Expense	61,626	28,115	0
	<u>Central Office Transmission Expenses</u>			
25	6231 Radio Systems	1,179,918	716,994	968
26	6232 Circuit Equipment	63,652,165	41,095,344	3,342,474
27	6230 Central Office Transmission Expenses	64,832,083	41,812,338	3,343,442
	<u>Information Origination/Termination Expenses</u>			
28	6311 Station Apparatus	0	0	0
29	6321 Customer Premises Wiring	0	0	0
30	6341 Large Private Branch Exchange	0	0	0
31	6351 Public Telephone Terminal Equipment	4,528,417	3,087,820	8,137
32	6362 Other Terminal Equipment	216,464,313	157,158,092	206,105
33	6310 Information Origination/Termination Expenses	220,992,730	160,245,912	214,243

44. OPERATING EXPENSES BY CATEGORY (Continued)				
Item (a)	Other Expenses (e)	This Year Total (f)	Last Year Total (g)	Line No.
<u>Plant Specific Operations</u>				
<u>Network Support Expenses</u>				
6112 Motor Vehicle	78,489,732	79,775,038	46,374,841	1
Clearance	72,409,849	73,630,162	44,920,495	2
Net Balance	6,079,883	6,144,876	1,454,346	3
6113 Aircraft	1,699,417	1,699,417	1,697,066	4
Clearance	0	0	0	5
Net Balance	1,699,417	1,699,417	1,697,066	6
6114 Special Purpose Vehicles	445,280	445,445	613,194	7
Clearance	0	0	0	8
Net Balance	445,280	445,445	613,194	9
6115 Garage Work Equipment	0	0	0	10
6116 Other Work Equipment	0	0	0	11
Clearance	0	0	0	12
Net Balance	0	0	0	13
6110 Network Support Expenses	8,224,580	8,289,739	3,764,606	14
<u>General Support Expenses</u>				
6121 Land and Building	112,090,601	145,374,143	177,461,860	15
6122 Furniture and Artworks	1,737,753	1,920,248	3,857,891	16
6123 Office Equipment	1,540,465	6,087,098	9,911,829	17
6124 General Purpose Computers	178,519,129	197,652,794	188,897,706	18
6120 General Support Expenses	293,887,949	351,034,283	380,129,286	19
<u>Central Office Switching Expenses</u>				
6211 Analog Electronic	287,886	5,551,309	7,275,975	20
6212 Digital Electronic	9,027,331	143,089,853	184,494,664	21
6215 Electro-Mechanical	0	0	0	22
6210 Central Office Switching Expenses	9,315,217	148,641,162	191,770,638	23
6220 Operator Systems Expense	27,733	117,473	138,541	24
<u>Central Office Transmission Expenses</u>				
6231 Radio Systems	125,653	2,023,533	2,517,966	25
6232 Circuit Equipment	3,291,544	111,381,526	132,551,491	26
6230 Central Office Transmission Expenses	3,417,197	113,405,060	135,069,457	27
<u>Information Origination/Termination Expenses</u>				
6311 Station Apparatus	0	0	(2)	28
6321 Customer Premises Wiring	0	0	0	29
6341 Large Private Branch Exchange	0	0	0	30
6351 Public Telephone Terminal Equipment	1,026,812	8,651,187	12,956,181	31
6362 Other Terminal Equipment	505,076,515	878,905,025	781,113,565	32
6310 Information Origination/Termination Expenses	506,103,327	887,556,211	794,069,743	33

44. OPERATING EXPENSES BY CATEGORY (Continued)

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)	Rents (d)
	Plant Specific Operations (cont.)			
	<u>Cable and Wire Facilities Expenses</u>			
34	6411 Poles	6,174,692	3,166,260	11,572,776
35	6421 Aerial Cable	254,463,941	166,878,505	380,784
36	6422 Underground Cable	88,051,222	58,463,846	303,464
37	6423 Buried Cable	37,511,641	24,944,976	79,055
38	6424 Submarine Cable	34,095	18,712	20
39	6425 Deep Sea Cable	0	0	0
40	6426 Intrabuilding Network Cable	5,783,241	4,179,410	5,989
41	6431 Aerial Wire	0	0	0
42	6441 Conduit Systems	370,421	174,313	40,563,378
43	6410 Cable and Wire Facilities Expenses	392,389,253	257,826,022	52,905,465
44	Total Plant Specific Operations Expense	772,899,189	521,127,946	97,161,529
	Plant Nonspecific Operations			
	<u>Other Property, Plant & Equipment Expenses</u>			
45	6511 Property Held for Future Telephone Use	0	0	0
46	6512 Provisioning	53,743	5,086	0
47	Clearance	0	0	0
48	Net Balance	53,743	5,086	0
49	6510 Total Other Property, Plant & Equipment Expenses	53,743	5,086	0
	<u>Network Operations Expenses</u>			
50	6531 Power	0	0	1,011
51	6532 Network Administration	8,477,864	3,485,477	914
52	6533 Testing	52,339,622	34,596,557	9,238
53	6534 Plant Operations Administration	175,522,574	145,060,372	1,023,295
54	Clearance	0	0	0
55	Net Balance	175,522,574	145,060,372	1,023,295
56	6535 Engineering	22,190,808	5,403,420	301
57	Clearance	0	0	0
58	Net Balance	22,190,808	5,403,420	301
59	6530 Network Operations Expense	258,530,867	188,545,826	1,034,758
60	6540 Access Expense	0	0	
	<u>Depreciation & Amortization Expenses</u>			
61	6561 Depreciation-TPIS			
62	6562 Depreciation-Property Held for Future Tel.. Use			
63	6563 Amortization-Tangible			
64	6564 Amortization-Intangible			
65	6565 Amortization-Other			
66	6560 Depreciation & Amortization Expenses			
67	Total Plant Nonspecific Operations Expense	258,584,611	188,550,913	1,034,758

44. OPERATING EXPENSES BY CATEGORY (Continued)				
Item (a)	Other Expenses (e)	This Year Total (f)	Last Year Total (f)	Line No.
Plant Specific Operations (cont.)				
<u>Cable and Wire Facilities Expenses</u>				
6411 Poles	9,561,165	30,474,892	43,660,398	34
6421 Aerial Cable	31,374,278	453,097,508	503,727,184	35
6422 Underground Cable	13,735,970	160,554,502	168,089,926	36
6423 Buried Cable	11,015,013	73,550,685	83,962,388	37
6424 Submarine Cable	3,125	55,952	37,949	38
6425 Deep Sea Cable	0	0	0	39
6426 Intrabuilding Network Cable	366,466	10,335,106	10,778,677	40
6431 Aerial Wire	20,626,428	20,626,428	0	41
6441 Conduit Systems	82,952,026	124,060,139	97,951,653	42
6410 Cable and Wire Facilities Expenses	169,634,472	872,755,212	908,208,176	43
Total Plant Specific Operations Expense	990,610,476	2,381,799,139	2,413,221,662	44
Plant Nonspecific Operations				
<u>Other Property, Plant & Equipment Expenses</u>				
6511 Property Held for Future Telephone Use	0	0	10,198	45
6512 Provisioning	1,298,193	1,357,023	1,065,790	46
Clearance	0	0	0	47
Net Balance	1,298,193	1,357,023	1,065,790	48
6510 Total Other Property, Plant & Equipment Expenses	1,298,193	1,357,023	1,075,988	49
<u>Network Operations Expenses</u>				
6531 Power	104,239,116	104,240,126	132,113,304	50
6532 Network Administration	13,850,029	25,814,284	32,024,428	51
6533 Testing	2,248,572	89,193,989	116,434,026	52
6534 Plant Operations Administration	38,881,457	360,487,698	1,337,266,333	53
Clearance	0	0	0	54
Net Balance	38,881,457	360,487,698	1,337,266,333	55
6535 Engineering	22,294,110	49,888,639	35,476,128	56
Clearance	0	0	0	57
Net Balance	22,294,110	49,888,639	35,476,128	58
6530 Network Operations Expense	181,513,283	629,624,736	1,653,314,219	59
6540 Access Expense	89,991,000	89,991,000	89,744,189	60
<u>Depreciation & Amortization Expenses</u>				
6561 Depreciation-TPIS	1,144,655,319	1,144,655,319	1,179,224,125	61
6562 Depreciation-Property Held for Future Tel.. Use	0	0	2	62
6563 Amortization-Tangible	11,637,615	11,637,615	18,626,310	63
6564 Amortization-Intangible	57,212,598	57,212,598	20,116,555	64
6565 Amortization-Other	0	0	0	65
6560 Depreciation & Amortization Expenses	1,213,505,532	1,213,505,532	1,217,966,993	66
Total Plant Nonspecific Operations Expense	1,486,308,008	1,934,478,290	2,962,101,389	67

44. OPERATING EXPENSES BY CATEGORY (Continued)

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)	Rents (d)
	<u>Customer Operations</u>			\$
	<u>Marketing</u>			
68	6611 Product Management	86,117,522	12,943,694	
69	6612 Sales	0	0	
70	6613 Product Advertising	(686,395)	(7,005,675)	
71	6610 Marketing	85,431,127	5,938,019	
	<u>Services</u>			
72	6621 Call Completion Services	4,085,511	3,101,176	
73	6622.1 Number Services-Directory Assistance	19,948,086	12,413,017	
74	6622.2 Number Services-Directory Publishing	0	0	
75	6623.1 Customer Services-Order Processing & Instruction	169,525,554	104,128,503	
76	6623.2 Customer Services-Billing and Collections	69,291,004	42,560,949	
77	6623.3 Customer Services-Public Telephone Expenses	1,797,376	1,104,011	
78	6620 Services	264,647,531	163,307,657	
79	Total Customer Operations Expense	350,078,658	169,245,676	
	<u>Corporate Operations Expense</u>			
	<u>Executive and Planning</u>			
80	6711 Executive	9,014,830	4,281,499	
81	6712 Planning	576,763	147,369	
82	6710 Executive and Planning	9,591,592	4,428,868	
	<u>General & Administrative</u>			
83	6721 Accounting & Finance	11,554,010	2,817,261	
84	6722 External Relations	4,184,805	1,113,406	
85	6723 Human Resources	8,862,820	2,998,320	
86	6724 Information Management	761,997	246,865	
87	6725 Legal	1,108,658	181,107	
88	6726 Procurement	0	0	
89	6727 Research and Development	75,722	19,713	
90	6728 Other General & Administrative	22,728,419	1,771,372,029	
91	6720 General & Administrative	49,276,432	1,778,748,701	
92	6790 Provision for Uncollectible Notes Receivable			
93	Total Corporate Operations Expenses	58,868,024	1,783,177,569	
94	TOTAL OPERATING EXPENSES	\$1,440,430,483	\$2,662,102,103	\$98,196,287

223-88

44. OPERATING EXPENSES BY CATEGORY (Continued)				
Item (a)	Other Expenses (e)	This Year Total (f)	Last Year Total (f)	Line No.
<u>Customer Operations</u>				
<u>Marketing</u>				
6611 Product Management	83,195,668	182,256,884	204,561,110	68
6612 Sales	0	0	0	69
6613 Product Advertising	124,245,119	116,553,049	102,392,376	70
6610 Marketing	207,440,787	298,809,933	306,953,486	71
<u>Services</u>				
6621 Call Completion Services	1,807,491	8,994,178	20,163,172	72
6622.1 Number Services-Directory Assistance	6,317,429	38,678,532	55,812,232	73
6622.2 Number Services-Directory Publishing	0	0	0	74
6623.1 Customer Services-Order Processing & Instruction	6,745,062	280,399,119	330,759,729	75
6623.2 Customer Services-Billing and Collections	2,756,942	114,608,896	149,973,921	76
6623.3 Customer Services-Public Telephone Expenses	71,514	2,972,901	4,346,874	77
6620 Services	17,698,437	445,653,625	561,055,928	78
Total Customer Operations Expense	225,139,224	744,463,558	868,009,414	79
<u>Corporate Operations Expense</u>				
<u>Executive and Planning</u>				
6711 Executive	14,248,452	27,544,781	24,871,937	80
6712 Planning	424,044	1,148,176	5,082,284	81
6710 Executive and Planning	14,672,496	28,692,957	29,954,221	82
<u>General & Administrative</u>				
6721 Accounting & Finance	30,390,367	44,761,638	52,426,368	83
6722 External Relations	9,404,999	14,703,210	21,205,459	84
6723 Human Resources	16,519,349	28,380,489	23,006,803	85
6724 Information Management	170,841,262	171,850,124	130,793,231	86
6725 Legal	23,440,688	24,730,453	19,193,124	87
6726 Procurement	6,717,833	6,717,833	9,552,007	88
6727 Research and Development	(4,039)	91,396	215,119	89
6728 Other General & Administrative	214,365,690	2,008,466,137	710,097,107	90
6720 General & Administrative	471,676,148	2,299,701,281	966,489,217	91
6790 Provision for Uncollectible Notes Receivable	0	0	0	92
Total Corporate Operations Expenses	486,348,644	2,328,394,237	996,443,439	93
TOTAL OPERATING EXPENSES	\$3,188,406,352	\$7,389,135,225	\$7,239,775,904	94

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45. TAXES CHARGED DURING YEAR

1. Show the account distribution of total taxes charged to operations and to other final accounts during the year. Taxes charged to Account 7240 must be separated into intrastate and interstate operations.
2. Do not include gasoline and other sales taxes which have been charged to accounts to which was charged the material on which the tax was levied.
3. For taxes charged to telecommunications plant, show only the number of the appropriate balance sheet plant account.

Line No.	Kind of Tax (a)	Total taxes charged during year (b)	Account 7220 (c)	Account 7420 (d)	Account 7630 (e)	Account 7240 Intrastate (f)	Account 7240 Interstate (g)
	Federal Taxes:						
1	Income	(693,550,069)	(685,586,990)	(7,963,079)			
2	FICA-Contribution						
3	Unemployment						
4	FCC Video Copyright Fees	7,769,731				0	7,769,731
5	FCC Regulatory Fees	2,623,565				0	2,623,565
6	Total	(\$683,156,773)	(\$685,586,990)	(\$7,963,079)	\$0	\$0	\$10,393,296
	State Taxes:						
7	Franchise-Gross Income-186a	\$71,293,247				\$43,417,587	\$27,875,660
8	Franch.-Gross Inc.-Access Charges						
9	Franchise-Gross Earnings-184	10,198,941				\$6,211,155	\$3,987,786
10	Franchise-Excess Div.-186						
11	Temporary Surcharges-						
12	Sec. 186a (Gross Income)						
13	Sec. 184 (Gross Earnings)						
14	Sec. 186 (Excess Dividend)						
15	MTA Surcharge						
16	Unemployment Insurance						
17	Disability Insurance						
18	Sales and Use	13,859,973				8,440,724	\$5,419,249
19	Other	4,053,114				2,468,346	\$1,584,768
20	Total	\$99,405,275	\$0	\$0	\$0	\$60,537,812	\$38,867,463
21	Local Taxes:						
22	Real Estate	271,331,208				\$165,240,705	\$106,090,502
23	Franchise Fees	58,465,419				\$35,605,440	\$22,859,979
24	Municipal Gross Income	1,397,218				850,906	546,312
25	NYC-Spec. Franchise	22,380,577				13,629,771	8,750,806
26	Motor Vehicle						
27	Other						
28							
29	Total	\$353,574,422	\$0	\$0	\$0	\$215,326,823	\$138,247,599
30	Other (list):						
31							
32							
33	Totals	(\$230,177,076)	(\$685,586,990)	(\$7,963,079)	\$0	\$275,864,635	\$187,508,357

45. TAXES CHARGED DURING YEAR (Continued)

4. For any tax which it was necessary to apportion to more than one of the accounts shown, state hereunder the basis of apportioning such tax.
5. Taxes not includable in the accounts listed below should be itemized in column (l) along with the applicable account to be charged indicated in column (k).
6. Itemize significant amounts included under the "Other" caption in column (a). Class A companies must itemize individual charges greater than \$1,000,000, and Class B companies must itemize amounts greater than \$25,000.

Line No.	Kind of Tax (a)	Account 7440 (h)	Account 2003 2004 (i)	Account 2001 (j)	Other	
					Account Number (k)	Amount (l)
	Federal Taxes:					
1	Income					
2	FICA-Contribution					
3	Unemployment					
4	Other					
5						
6	Total	\$0	\$0	\$0	XXXXXXX	\$0
	State Taxes:					
7	Franchise-Gross Income-186a	3,969,746				
8	Franch.-Gross Inc.-Access Charges					
9	Franchise-Gross Earnings-184					
10	Franchise-Excess Div.-186					
11	Temporary Surcharges-					
12	Sec. 186a (Gross Income)					
13	Sec. 184 (Gross Earnings)					
14	Sec. 186 (Excess Dividend)					
15	MTA Surcharge					
16	Unemployment Insurance					
17	Disability Insurance					
18	Sales and Use					
19	Other				7230	(5,025,951)
					7430	(100,190)
20	Total	\$3,969,746	\$0	\$0	XXXXXXX	(\$5,126,141)
21	Local Taxes:					
22	Real Estate					
23	Special Franchise					
24	Municipal Gross Income					
25	NYC-Spec. Franchise					
26	Motor Vehicle					
27	Other					
28						
29	Total	\$0	\$0	\$0	XXXXXXX	\$0
30	Other (list):					
31						
32						
33	Totals	\$3,969,746	\$0	\$0	XXXXXXX	(\$5,126,141)

46. MISCELLANEOUS TAX REFUNDS

1. Report below particulars concerning all tax refunds received or used as a reduction of taxes payable during the year which are not more than \$1.5 million or do not exceed \$1,000 and 0.2% of the utility's operating revenues. This information is requested in compliance with Section 89.3, Notification Concerning Tax Refunds, of 16 NYCRR. This report shall be inapplicable to ordinary operating refunds that are not attributable to negotiation or to new legislation, adjudication, or rulemaking (such as refunds for overpayment of estimated taxes, and carrybacks of net operating losses and investment tax credits).
2. In determining whether a refund exceeds 0.2% of operating revenues for purposes of this report, the operating revenues of a telecommunication utility shall not include interstate revenues.
3. In determining whether a refund meets the criteria stated in Instruction 1 above, multiple refunds shall be treated as a single refund if they share a common cause such as a common act of negotiation, legislation, adjudication or rulemaking. In this report, the utility also shall either propose a method of distributing to its customers the entire amount refunded or show why it should not make such a distribution.

Line No.	Description of Item (a)			Amount (b)
1	Date	Category	Tax Yr / Municipality	
2	01/2011	LITIGATION SETTLEMENT	2010/11 - RICHFIELD SPRINGS CSD	100
3	01/2011	LITIGATION SETTLEMENT	2010/11 - CATTARAUGUS-LITTLE VALLEY CSD	737
4	01/2011	LITIGATION SETTLEMENT	2010/11 - CAMDEN CSD	770
5	01/2011	LITIGATION SETTLEMENT	2010/11 - FRANKLINVILLE CSD	1,520
6	01/2011	LITIGATION SETTLEMENT	2010/11 - JEFFERSON CSD	1,803
7	01/2011	MISCELLANEOUS REFUND	2010/11 - GOWANDA CSD	16
8	01/2011	LITIGATION SETTLEMENT	2010/11 - HOOSICK FALLS CSD	295
9	01/2011	LITIGATION SETTLEMENT	2010/11 - PIONEER CSD	2,247
10	02/2011	LITIGATION SETTLEMENT	2010/11 - WELLSVILLE CSD	190
11	02/2011	LITIGATION SETTLEMENT	2010/11 - BERLIN CSD	3,903
12	02/2011	LITIGATION SETTLEMENT	2010/11 - SCIO CSD	2,835
13	02/2011	LITIGATION SETTLEMENT	2010/11 - AVERILL PARK CSD	190
14	02/2011	LITIGATION SETTLEMENT	2010/11 - CLINTON CSD	3,202
15	03/2011	LITIGATION SETTLEMENT	2010/11 - WEEDSPORT CSD	1,680
16	03/2011	LITIGATION SETTLEMENT	2010/11 - SARASOTA SPRINGS CITY CSD	1,103
17	03/2011	LITIGATION SETTLEMENT	2010/11 - BREWSTER VILLAGE	3,172
18	03/2011	LITIGATION SETTLEMENT	2010/11 - CUBA-RUSHFORD CSD	1,967
19	03/2011	LITIGATION SETTLEMENT	2011 - DEERFIELD TOWN	902
20	03/2011	LITIGATION SETTLEMENT	2011 - ASHLAND TOWN	90
21	03/2011	LITIGATION SETTLEMENT	2011 - ASHLAND TOWN	808
22	03/2011	LITIGATION SETTLEMENT	2010/11 - WHITESBORO CSD	1,655
23	04/2011	LITIGATION SETTLEMENT	2010/11 - NEW YORK CITY	6,230,898
24	05/2011	LITIGATION SETTLEMENT	2011 - ROCKLAND TOWN	476
25	05/2011	LITIGATION SETTLEMENT	2010/11 - BREWSTER VILLAGE	645
26	05/2011	LITIGATION SETTLEMENT	2010/11 - NEW YORK CITY	42,243
27	06/2011	LITIGATION SETTLEMENT	2010/11 - NEW YORK CITY	1,980
28	06/2011	LITIGATION SETTLEMENT	2010/11 - NEW YORK CITY	4,998
29	06/2011	LITIGATION SETTLEMENT	2010/11 - NEW YORK CITY	67,049
30	06/2011	LITIGATION SETTLEMENT	2009/10 AND 2010/11 - NEW YORK CITY	824,765
31	06/2011	LITIGATION SETTLEMENT	2010/11 - BARKER CSD	781
32	06/2011	LITIGATION SETTLEMENT	2011 - HARTLAND TOWN	1,391
33	07/2011	LITIGATION SETTLEMENT	2010/11 - WINDHAM-ASHLAND JEWETT CSD	767
34	07/2011	LITIGATION SETTLEMENT	2010/11 - GILBOA-CONESVILLE CSD	140
35				

46. MISCELLANEOUS TAX REFUNDS

1. Report below particulars concerning all tax refunds received or used as a reduction of taxes payable during the year which are not more than \$1.5 million or do not exceed \$1,000 and 0.2% of the utility's operating revenues. This information is requested in compliance with Section 89.3, Notification Concerning Tax Refunds, of 16 NYCRR. This report shall be inapplicable to ordinary operating refunds that are not attributable to negotiation or to new legislation, adjudication, or rulemaking (such as refunds for overpayment of estimated taxes, and carrybacks of net operating losses and investment tax credits).
2. In determining whether a refund exceeds 0.2% of operating revenues for purposes of this report, the operating revenues of a telecommunication utility shall not include interstate revenues.
3. In determining whether a refund meets the criteria stated in Instruction 1 above, multiple refunds shall be treated as a single refund if they share a common cause such as a common act of negotiation, legislation, adjudication or rulemaking.
4. In this report, the utility also shall either propose a method of distributing to its customers the entire amount refunded or show why it should not make such a distribution.

Line No.	Description of Item (a)			Amount (b)
1	Date	Category	Tax Yr / Municipality	
2	07/2011	LITIGATION SETTLEMENT	2010/11 - MEDINA CSD	68
3	07/2011	LITIGATION SETTLEMENT	2010/11 - LIVINGSTON MANOR CSD	503
4	07/2011	MISCELLANEOUS REFUND	2011 - BETHLEHEM TOWN	733
5	08/2011	LITIGATION SETTLEMENT	2010 - DOVER TOWN	148
6	08/2011	MISCELLANEOUS REFUND	2007 - ESSEX COUNTY	122
7	08/2011	LITIGATION SETTLEMENT	2009/10 - HAVERSTRAW TOWN	10,687
8	08/2011	LITIGATION SETTLEMENT	2008/09 AND 2009/10 - NORTH ROCKLAND CSD	50,660
9	08/2011	LITIGATION SETTLEMENT	2006/07 THRU 2010/11 - LYNBROOK VILLAGE	51,000
10	08/2011	LITIGATION SETTLEMENT	1992 THRY 2002 - NORTH HEMPSTEAD TOWN	1,586,313
11	09/2011	LITIGATION SETTLEMENT	2009/10 - HAVERSTRAW TOWN	6,876
12	09/2011	MISCELLANEOUS REFUND	2010/11 - DOVER UNION CSD	369
13	09/2011	LITIGATION SETTLEMENT	2005/06 THRU 2009/10 - ISLIP TOWN	43,516
14	09/2011	LITIGATION SETTLEMENT	2003/04 THRU 2010/11 - MAMARONECK VILLAGE	60,493
15	10/2011	LITIGATION SETTLEMENT	2010/11 - ISLIP TOWN	8,742
16	10/2011	MISCELLANEOUS REFUND	2011/12 - WESTPORT CSD	129
17	10/2011	LITIGATION SETTLEMENT	2010/11 - TULLY CSD	502
18	10/2011	LITIGATION SETTLEMENT	1997/98 AND 2000/01 - NORTH HEMPSTEAD CSD	74,894
19	10/2011	LITIGATION SETTLEMENT	2005/06 THRU 2010/11 - ISLIP TOWN	123,797
20	11/2011	MISCELLANEOUS REFUND	2011/12 - NORTH COLLINS CSD	55
21	11/2011	MISCELLANEOUS REFUND	2011/12 - LAKE SHORE CSD	115
22	11/2011	LITIGATION SETTLEMENT	2004/05 THRU 2010/11 - PLEASANTVILLE VILLAGE	37,573
23	11/2011	LITIGATION SETTLEMENT	2004/05 THRU 2007/08 - GREENBURGH TOWN	274,270
24	11/2011	LITIGATION SETTLEMENT	2003/04 THRU 2008/09 - YONKERS CITY	347,599
25	11/2011	MISCELLANEOUS REFUND	2011/12 - FORESTVILLE CSD	112
26	11/2011	MISCELLANEOUS REFUND	2011/12 - FORESTVILLE CSD	476
27	11/2011	LITIGATION SETTLEMENT	2006/07 THRU 2010/11 - ISLIP TOWN	7,063
28	12/2011	LITIGATION SETTLEMENT	2011/12 - FABIUS TOWN	822
29	12/2011	MISCELLANEOUS REFUND	2011/12 - SILVER CREEK CSD	1,147
30				
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32				
33				
34				
35	Total			\$9,894,098

47. RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report hereunder a reconciliation of reported net income for the year with taxable income used in computing Federal Income tax accruals and show computation of such tax accruals. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount.
2. If the telecommunication company is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.	Particulars (a)	Amount (b)
1	Net Income for the Year per Income Statement (Schedule 12, line 48)	(\$1,638,090,791)
	Income Taxes Accrued:	
2	7210	(2,743,195)
3	7220	(685,586,990)
4	7230	(5,025,951)
5	7250 & 7240	(373,816,100)
6	7400	(8,063,268)
7	7430	0
8	7450	0
9	7630	0
10	Less: Nonregulated Income	0
11		
12		
13		
14	Other reconciling amounts (list first additional income and unallowable deductions, followed by additional deductions and nontaxable income):	xxxxxxxxxxxx
15	Additional Income & Unallowable Deductions:	xxxxxxxxxxxx
16	Depreciation Flow-Through	
17		
18	50% Meal Expenses not Deductible	362,584
19	Dues	0
20	Fines	4,700,000
21	Audit Interest	0
22	Other	0
23		
24	Additional Deductions & Non-Taxable Income:	xxxxxxxxxxxx
25	Equity in Subsidiary	\$426,644,522
26	Section 199	0
27	Medicare Subsidy	22,544,000
28		
29		
30		
31		
32		
33	Federal tax net income	(\$3,157,452,233)
	Computation of tax:	xxxxxxxxxxxx
34	Tax @ 35%	(\$1,105,108,281)
35	Deferred Tax on ITC	960,118
36	Amortization of Investment Tax Credit	(2,743,193)
37	True-ups & Prior Year Audit	32,184,836
38	Federal Benefit on State Tax	282,057
39	Computed Federal Income Tax	(\$1,074,424,463)

48. SPECIAL CHARGES

Report below all expenditures incurred during the year for the purpose of lobbying (see paragraph (1) of account in USOA); contributions for charitable, social or community welfare purposes; penalties and fines paid on account of violations of statutes; and abandoned construction projects. Amounts of less than \$25,000 may be grouped by subsidiary categories for each of the items for Class A companies and less than \$2,000 for Class B companies.

Line No.	Description of Item (a)	Amount (b)
1	Charitable contributions	4,848
2		
3	Membership Fees and Dues:	
4	Telephone Pioneers activities	22,600
5		
6	Penalties and Fines	5,225,903
7		
8	Abandoned Construction Projects	364,270
9		
10	Entertainment	67,415
11		
12	Other	1,816
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44	Totals from Insert Pages	
45	Total	\$5,686,851

49. OTHER INTEREST DEDUCTIONS

- From each affiliated company to which interest on debt was incurred during the year show the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, and (e) other debt, and total interest. Explain the nature of the other debt on which interest was incurred during the year.
- Report the amount and interest rate for each class of debt on which other interest charges were incurred during the year.

Line No.	Description of Item (a)	Amount (b)
1	Account 7540.1 Other Interest Deductions-Affiliated Companies	
2	Other Interest Expense - Affiliates*	\$149,775,324
3	* Interest expense to VZ Financial Services LLC: \$149.8M	
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11		
12		
13	Total Other Interest Deductions-Affiliated Companies	\$149,775,324
	Account 7540.2 Other Interest Deductions	
14	Other Interest Deduction - Customer Deposits	\$362,214
15	Other Interest Expense - Non-Affiliates	35,882
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33	Total Other Interest Deductions	\$398,096

50. OTHER NONOPERATING INCOME

Give the nature and source of each item recorded in this account, before taxes, and the amount thereof for the year.
 Amounts of less than \$25,000 may be grouped by subsidiary categories for each of the items for Class A companies and less than \$2,000 for Class B companies.

Line No.	Description of Item (a)	Amount (b)
1	Reclassify Affiliate Charges from Operating to Nonoperating	(15,150,862)
2	Verizon Sourcing LLC - Reclass of Charges	(3,260,628)
3	Other less than \$25,000	(2,386)
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45	Total	(\$18,413,876)

51. EXTRAORDINARY ITEMS

1. Show in column (a), separately by accounts, a brief description of each item in accounts 7610, Extraordinary Income Credits, and 7620, Extraordinary Income Charges. Report the applicable income tax effect in column (d).
2. For each item, cite the date of Commission approval and authorization (e.g. Case or Docket No.). Also, see section 661.17 of the Uniform System of Accounts.

Line No.	Particulars (a)	Debit Amounts (b)	Credit Amounts (c)	Tax Effect Incl. in Accounts	
				7630	7640
				(d)	
1	None				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18	Totals	\$0	\$0	\$0	\$0

51A. CONTINGENT LIABILITIES

1. Describe in column (e) the details of all contingent liabilities.
2. In columns (f) through (i) report the accounts used to record the contingent liabilities and the amounts.
3. For each item, cite the date of Commission approval and authorization (e.g. Case or Docket No.). Also, see section 661.17 of the Uniform System of Accounts.

Line No.	Particulars (e)	Debits		Credits	
		Account (f)	Amount (g)	Account (h)	Amount (i)
19			\$0		\$0
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35	Total	X X X	\$ 0	X X X	\$ 0

52. MEMBERSHIP FEES AND DUES

Line No.	Particulars (a)	NUMBER OF		Amounts (d)
		Organizations (b)	Memberships (c)	
	EXPENDITURES CHARGED TO OPERATING EXPENSES			
1	Associations of telecommunications companies			
2	Trade, technical and professional associations	5	7	\$13,779
3	Other organizations (specify types):			
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14	Total	5	7	\$13,779
	EXPENDITURES CHARGED TO ACCOUNT 7370			
15	Social and athletic clubs	0	0	\$0
16	Service clubs	0	0	\$0
17	Other organizations (specify type):			
18	Telephone Pioneers activities	1	1	\$22,600
19				
20				
21				
22				
23				
24				
25				
26				
27				
28	Total	1	1	\$22,600

53. Employee Protective Plans

Report a summary of each employee program in effect at any time during the year. This schedule is intended to cover pension, profit sharing, group life insurance, accident and sickness, medical, hospital, prescription drugs, guaranteed annual wage, severance pay, and any other plan maintained for employees (or retirees), but it is not intended to cover such a plan required by law, (e.g. social security).

For each plan report:

1. the identity thereof, and the employee group covered (e.g. management, non-management, executive officers, etc.)
2. whether the benefits are provided through an insurance carrier or directly by the company.
3. the total cost for the year.

Note: If any important change is made with respect to any such plan during the year, give brief particulars.

NAME OF PLAN		BENEFITS	2011 YTD Incurred
MANAGEMENT	NON-MANAGEMENT	PROVIDED	AMOUNT
The Plan for Group Insurance	Verizon Sickness & Accident Disability Benefit Plan for New York Associates	The Company	62,431,457
The Plan for Group Insurance	Verizon Long Term Disability Plan for New York and New England Associates	The Company	82,627
The Plan for Group Insurance	Verizon Group Life Insurance Plan for New York and New England Associates	Insurance Carrier	2,270,704
The Plan for Group Insurance	Verizon Dental Expense Plan for New York and New England Associates	Insurance Carrier	Cost Included with Medical
The Plan for Group Insurance	Verizon Medical Expense Plan for New York and New England Associates	Insurance Carrier	267,312,340
Verizon Management Pension Plan	Verizon Pension Plan for New York and New England Associates	Trusteed Plan	1,188,389,315
Verizon Savings Plan for Management Employees	Verizon Savings and Security Plan for New York and New England Associates	Trusteed Plan	53,877,673

53. Employee Protective Plans (Continued)	

54. ANALYSIS OF PENSION COST

Non-Management Pension Plan

1. On lines 1-21 report the terms of the Pension Plan for the holding company or parent company; on lines 22-32 report details for the reporting company. If the reporting company has more than one pension plan, report each using separate forms.
2. Report on line 1 the actuarial present value of benefits determined as of a specific date during the calendar year according to the terms of a pension plan and based on employees' compensation and service to that date (salary progression is not considered in making this computation).
3. Report on line 2 the actuarial present value of all benefits attributed to employee service up to a specific date, based on the terms of the plan including salary progression factor for final pay and career average pay plans.
4. Report on line 3 the amount the pension plan could expect to receive for investments in a sale between a willing buyer and a willing seller, other than in a forced or liquidation sale.
5. Report on line 8 the discount rate which was used to calculate the obligations reported on Lines 1 and 2.
6. Report on Line 9 the expected long-term return on plan assets.
7. Report on line 14 the net asset gain or loss deferred during the reporting year for later recognition. Do not include in this amount amortization of previously deferred gains or losses as these amounts are to be reported on line 17.
8. Report on lines 19 thru 21 and lines 29 thru 32 the number of persons covered by the plan at the BEGINNING of the policy year.
9. Report on line lines 21 and 32 the numbers of persons having vested pension rights but who are no longer employed by the company and not yet drawing a pension allowance.
10. On line 22, the term "Minimum Required Contribution" shall mean the payment by the employer to its employees' pension fund necessary to meet the requirement set forth in the Employee Retirement Income Security Act of 1974.
11. On line 24, the term "Maximum Amount Deductible" shall mean the amount of pension expense that is allowable under Section 415 of the Internal Revenue Code.
12. Report on line 26 the dollar amount applicable to the reporting company which has been included in the amount on line 18.
13. Report on line 27 the dollar amount included on line 26 which has been capitalized.

For the above plan, specify and explain in the space below any accounting changes or changes in assumptions or elected options made during the reporting year. Quantify the effects of each such revision on each of the amounts reported on page 85. Use a separate insert sheet if more space is required.

Change in Assumptions/Methods

*Discount rate changed from 6.25% in 2010 to 5.75% in 2011

*Mortality Table changed from RP 2009 in 2010 to RP 2011 in 2011

*Expected Return on Assets changed from 8.5% in 2010 to 8.0% in 2011

*Salary scale changed from 4.0% in 2010 to 3.0% in 2011

*Future band increases for associates changed from 1.5% in 2010 to 1.0% in 2011

Projected Benefit Obligation	\$646,500,000)
Unrecognized Gains / (Losses)	\$(646,500,000)
Service Cost	\$ 18,600,000
Interest Cost	(\$4,400,000)
Actual Return on Plan Assets 1	\$31,800,000
Amortization of Gains or Losses	<u>\$646,500,000</u>
Total Pension Cost	\$692,500,000

1 The amounts provided are the increase in pension costs due to the decrease in expected rate of return assumption.

54. ANALYSIS OF PENSION COST**Management Pension Plan**

1. On lines 1-21 report the terms of the Pension Plan for the holding company or parent company; on lines 22-32 report details for the reporting company. If the reporting company has more than one pension plan, report each using separate forms.
2. Report on line 1 the actuarial present value of benefits determined as of a specific date during the calendar year according to the terms of a pension plan and based on employees' compensation and service to that date (salary progression is not considered in making this computation).
3. Report on line 2 the actuarial present value of all benefits attributed to employee service up to a specific date, based on the terms of the plan including salary progression factor for final pay and career average pay plans.
4. Report on line 3 the amount the pension plan could expect to receive for investments in a sale between a willing buyer and a willing seller, other than in a forced or liquidation sale.
5. Report on line 8 the discount rate which was used to calculate the obligations reported on Lines 1 and 2.
6. Report on Line 9 the expected long-term return on plan assets.
7. Report on line 14 the net asset gain or loss deferred during the reporting year for later recognition. Do not include in this amount amortization of previously deferred gains or losses as these amounts are to be reported on line 17.
8. Report on lines 19 thru 21 and lines 29 thru 32 the number of persons covered by the plan at the BEGINNING of the policy year.
9. Report on line lines 21 and 32 the numbers of persons having vested pension rights but who are no longer employed by the company and not yet drawing a pension allowance.
10. On line 22, the term "Minimum Required Contribution" shall mean the payment by the employer to its employees' pension fund necessary to meet the requirement set forth in the Employee Retirement Income Security Act of 1974.
11. On line 24, the term "Maximum Amount Deductible" shall mean the amount of pension expense that is allowable under Section 415 of the Internal Revenue Code.
12. Report on line 26 the dollar amount applicable to the reporting company which has been included in the amount on line 18.
13. Report on line 27 the dollar amount included on line 26 which has been capitalized.

For the above plan, specify and explain in the space below any accounting changes or changes in assumptions or elected options made during the reporting year. Quantify the effects of each such revision on each of the amounts reported on page 85. Use a separate insert sheet if more space is required.

Change in Assumptions/Methods

*Discount rate changed from 6.25% in 2010 to 5.75% in 2011

*Mortality Table changed from RP 2009 in 2010 to RP 2011 in 2011

*Expected Return on Assets changed from 8.5% in 2010 to 8.0% in 2011

*Salary scale changed from 4.0% in 2010 to 3.0% in 2011

Projected Benefit Obligation	\$ 496,300,000
Unrecognized Gains / (Losses)	(\$ 496,300,000)
Service Cost	\$ 200,000
Interest Cost	(\$22,500,000)
Actual Return on Plan Assets 1	\$44,300,000
Amortization of Gains or Losses	<u>\$496,300,000</u>
Total Pension Cost	\$ 517,300,000

1 The amounts provided are the increase in pension costs due to the decrease in expected rate of return assumption.

54. ANALYSIS OF PENSION COST (Continued)		
Non-Management Pension Plan		
Line No.	Item (a)	Current Year (b)
	<u>PLAN</u>	
1	Accumulated Benefit Obligation	\$ 9,766,814,000
2	Projected Benefit Obligation	\$ 10,141,302,000
3	Fair Value of Plan Assets	\$ 9,217,988,000
4	Unrecognized Transition Amount	\$ 0
5	Unrecognized Prior Service Costs	\$ 319,913,000
6	Unrecognized Gains or (Losses)	\$ 0
7	Date of Valuation Reported on Lines 1 through 6	1/1/2011
8	Discount Rate	5.75% %
9	Expected Long-Term Rate of Return on Assets	8.00% %
10	Salary Progression Rate (if applicable)	N/A %
	Net Periodic Pension Cost:	
11	Service Cost	\$ 168,911,000
12	Interest Cost	558,946,000
13	Actual Return on Plan Assets [(Gain) or Loss]	(441,570,000)
14	Deferral of Asset Gain or (Loss) ¹	(284,356,000)
15	Amortization of Transition Amount	-
16	Amortization of Unrecognized Prior Service Cost	38,890,000
17	Amortization of Gains or Losses ¹	1,502,504,000
18	Total Pension Cost	\$ 1,543,325,000
19	Number of Active Employees Covered by Plan	29,370
20	Number of Retired Employees Covered by Plan	56,466
21	Number of Previous Employees Vested but Not Retired	15,928
	<u>REPORTING COMPANY</u>	
22	Minimum Required Contribution ²	\$ 321,732,000
23	Actual Contribution ²	\$ 190,941,000
24	Maximum Amount Deductible ⁴	\$ 5,645,146,000
25	Benefit Payments ³	\$ N/A
26	Total Pension Cost	\$ 960,582,000
27	Pension Cost Capitalized	\$ 40,425,928
28	Accumulated Pension (Asset)/Liability at Close of Year	\$ 1,691,688,642
29	Total Number of Company Employees at Beginning of Policy Year	54,118
30	Number of Active Employees Covered by Plan.	14,869
31	Number of Retired Employees Covered by Plan.	32,132
32	Number of Previous Employees Vested but Not Retired.	7,117
<p>* Specify in the space below the reason(s) for any difference between the amounts reported on lines 23(b) and 24(b).</p> <p>¹Gain/loss is recognized immediately under mark to market accounting, so unrecognized amount as of 1/1 is \$0 as shown in item (6) and 2011 gain/loss recognized is shown in item (17).</p> <p>²Plan Total Minimum Required Contribution due in 2012. Actuals reflect calendar year 2011 contributions.</p> <p>³Annuity benefit payments are not available for plans that pay lump sum cashouts.</p> <p>⁴Plan Total</p>		

54. ANALYSIS OF PENSION COST (Continued)		
Management Pension Plan		
Line No.	Item (a)	Current Year (b)
	<u>PLAN</u>	
1	Accumulated Benefit Obligation	\$ 11,617,624,000
2	Projected Benefit Obligation	\$ 11,617,624,000
3	Fair Value of Plan Assets	\$ 10,476,649,000
4	Unrecognized Transition Amount	\$ 0
5	Unrecognized Prior Service Costs	\$ 13,992,000
6	Unrecognized Gains or (Losses)	\$ 0
7	Date of Valuation Reported on Lines 1 through 6	1/1/2011
8	Discount Rate	5.75% %
9	Expected Long-Term Rate of Return on Assets	8.00% %
10	Salary Progression Rate (if applicable)	3.00% %
	Net Periodic Pension Cost:	
11	Service Cost	\$ 1,275,000
12	Interest Cost	630,461,000
13	Actual Return on Plan Assets [(Gain) or Loss]	(489,372,000)
14	Deferral of Asset Gain or (Loss) ¹	(299,089,000)
15	Amortization of Transition Amount	-
16	Amortization of Unrecognized Prior Service Cost	3,644,000
17	Amortization of Gains or Losses ¹	1,463,266,000
18	Total Pension Cost	\$ 1,310,185,000
19	Number of Active Employees Covered by Plan	22,310
20	Number of Retired Employees Covered by Plan	57,901
21	Number of Previous Employees Vested but Not Retired	26,109
	<u>REPORTING COMPANY</u>	
22	Minimum Required Contribution ²	\$ 392,409,000
23	Actual Contribution ²	\$ 6,127,000
24	Maximum Amount Deductible ⁴	\$ 7,938,472,000
25	Benefit Payments ³	\$ N/A
26	Total Pension Cost	\$ 225,051,000
27	Pension Cost Capitalized	\$ 5,102,824
28	Accumulated Pension (Asset)/Liability at Close of Year	\$ (186,828,715)
29	Total Number of Company Employees at Beginning of Policy Year	15,243
30	Number of Active Employees Covered by Plan.	1,636
31	Number of Retired Employees Covered by Plan.	12,121
32	Number of Previous Employees Vested but Not Retired.	1,486
<p>* Specify in the space below the reason(s) for any difference between the amounts reported on lines 23(b) and 24(b).</p> <p>¹Gain/loss is recognized immediately under mark to market accounting, so unrecognized amount as of 1/1 is \$0 as shown in item (6) and 2011 gain/loss recognized is shown in item (17).</p> <p>²Plan Total Minimum Required Contribution due in 2012. Actuals reflect calendar year 2011 contributions.</p> <p>³Annuity benefit payments are not available for plans that pay lump sum cashouts.</p> <p>⁴Plan Total</p>		

55. ANALYSIS OF PENSION SETTLEMENTS, CURTAILMENTS, AND TERMINATIONS

1. Report the amount of gains or losses arising from employee termination benefits or settlements, partial settlements, curtailments or suspensions of pensions or pension obligations during the year. If none have occurred, or they qualified as "small settlements" under SFAS-88 and the company elected not to recognize the gain or loss, state "none" on line 5 and complete the applicable sections on the bottom of the form. Use separate forms to report the effect of each event and, if the event affected more than one plan, use separate forms for each plan. These events include:
 - a. purchases of annuity contracts.
 - b. lump-sum cash payments to plan participants.
 - c. other irrevocable actions that relieved the company or the plan of primary responsibility for a pension obligation and eliminates significant risks related to the obligation and assets.
 - d. an event that significantly reduces the expected of years future service for present employees who are entitled to receive benefits from that plan or that eliminates the accrual of benefits for some or all of the future services of a significant number of those employees.

If this is the first year the company is subject to the reporting requirements of this schedule, complete separate forms for each reportable event having occurred since the company's adoption of SFAS-87 and include those forms in the current Annual Report.

2. In line 1-15 report activities for holding company or parent company; on line 16-18 report details for the reporting company.
3. Report on line 1 the amount of overfunding remaining (excess of plan assets, adjusted for accrued or prepaid pension costs, over the Pension Benefit Obligation), if any, from when the company first complied with SFAS-87. The amount should be adjusted by the year-to-date amortization.
4. Report on line 2 the actuarial gains and losses that occurred in prior fiscal years following compliance with SFAS-87 but have not yet been amortized. The amount should be adjusted by the year-to-date amortization.
5. Report on line 3 the actual return on plan assets (the sum of investment income and appreciation).
6. Report on line 4 the expected return on plan assets (a component of the current-year expense calculation, which should be prorated for the elapsed portion of the current year).
7. Report on line 6 the Pension Benefit Obligation (PBO) updated from the previous year-end figure to the settlement date. This amount should reflect the addition of a pro rata portion of the service cost and interest cost and the subtraction of benefit payments. It should also reflect any plan changes made during the year.
8. Convert the basis points and percentages reported on line 7 and 8 to their decimal equivalents before entering them in the formula on line 9.
9. Report on line 17 the applicable Federal income tax rate. Although no tax is currently payable on the gain and loss, it should be reflected because it represents a reduction of future pretax pension expense.

State separately below for each reportable event having occurred since the company's initial compliance with SFAS87, and for which amortization of deferred gains or losses was not completed by December 31 of last year, the (1) type of event, e.g. settlement or curtailment, (2) date of occurrence, (3) amount of gain or loss originally deferred, (4) period of amortization specified by beginning and ending dates, and (5) amount of the current year's amortization.

In 4Q 2010 VZ Mgt. pension lump sum pension distributions surpassed the settlement threshold equal to the sum of service costs and interest costs requiring settlement recognition per SFAS88. In addition, in 3Q and 4Q, the NYNE associate plan received settlement allocations of \$348.4M and \$86.5M - in Q2 received \$80.7M and \$323.4M as Curtailment and termination benefit charges.

In 2009, Verizon's Management Non-Parco pension plan lump sum pension distributions surpassed the settlement threshold equal to the sum of service cost and interest cost requiring settlement recognition per SFAS 88. In addition, (\$ 73.4M) and (\$ 6.0M) were allocated to Verizon New York in Q4 2009 as Curtailment and Special Termination Benefit charges and a settlement charge of (\$38.7M) was allocated in Q3 09.

In 2008, as a result of planned work force reductions, the Company incurred additional pension costs of \$27,000,000 for management employees comprised of a charge for special termination benefits of \$3,000,000, settlements of \$24,000,000 and a curtailment gain of \$0. There were no additional pension costs, charges for special termination benefits or curtailment gains associated with nonmanagement employees.

SEE INSERT (PAGE 86-A)

55. ANALYSIS OF PENSION SETTLEMENTS, CURTAILMENTS, AND TERMINATIONS

In 2007 the Company incurred no additional pension costs for management employees related to the special termination benefits, settlements or curtailments.

In 2006, as a result of planned work force reductions, the Company incurred additional pension costs of \$4,000,000 for management employees comprised of a charge for special termination benefits of \$2,000,000, settlements of \$2,000,000 and a curtailment gain of \$0. In 2006, as a result of planned work reductions, the Company incurred additional pension costs of \$0 for nonmanagement employees comprised of a charge for special termination benefits of \$0 and a curtailment gain of \$0.

In 2005, as a result of planned work force reductions, the Company incurred additional pension costs of \$66,990,000 for management employees comprised of a charge for special termination benefits of \$0, settlements of \$0, and a curtailment gain of \$(66,990,000). In 2005, as a result of planned work force reductions, the Company incurred additional pension costs of \$0 for associate employees comprised of a charge for special termination benefits of \$0, settlements of \$0, and a curtailment gain of \$0.

In 2004, as a result of planned work force reductions, the Company incurred additional pension costs of \$42,374,000 for management employees comprised of a charge for special termination benefits of \$0, settlements of \$42,374,000, and a curtailment gain of \$0. In 2004, as a result of planned work force reductions, the Company incurred additional pension costs of \$0 for associate employees comprised of a charge for special termination benefits of \$0, settlements of \$0, and a curtailment gain of \$0.

In 2003, as a result of planned work force reductions, the Company incurred additional pension costs of \$128,063,000 for management employees comprised of a charge for special termination benefits of \$118,239,000, settlements of \$0, and a curtailment gain of \$(9,824,000). In 2003, as a result of planned work force reductions, the Company incurred additional pension costs of \$230,589,000 for associate employees comprised of a charge for special termination benefits of \$230,589,000, settlements of \$0, and a curtailment gain of \$0.

In 2002, as a result of planned work force reductions, the Company incurred additional pension costs of \$ 235,000 for management employees comprised of a charge for special termination benefits of \$ 235,000, settlements of \$0, and a curtailment gain of \$ 0. In 2002, as a result of planned work force reductions, the Company incurred additional pension costs of \$ 322,207,000 for associate employees comprised of a charge for special termination benefits of \$ 189,520,000, settlements of \$89,894,000, and a curtailment gain of \$ 42,793,000.

In 2001, as a result of planned work force reductions, the Company incurred additional pension costs of \$ 0 for management employees comprised of a charge for special termination benefits of \$ 0 and a curtailment gain of \$ 0. In 2001, as a result of planned work reductions, the Company incurred additional pension costs of \$ 354,000,000 for associate employees comprised of a charge for special termination benefits of \$ 354,000,000 and a curtailment gain of \$ 0. In accordance with the commission order effective August 12, 1999, in case 92-C-0665, the Company amortized \$ 185,103,912 of additional OPEB TBO.

In 2000, as a result of planned work force reductions, the Company incurred additional pension costs of \$0 for management employees comprised of a charge for special termination benefits of \$0 and a curtailment gain of \$0. In 2000, as a result of planned work reductions, the Company incurred additional pension costs of \$0 for nonmanagement employees comprised of a charge for special termination benefits of \$0 and a curtailment gain of \$0. In accordance with the Commission order effective August 12, 1999, in case 92-C-0665, the Company amortized \$245,778,084 of additional OPEB TBO.

In 1999, as a result of planned work force reductions, the Company incurred additional pension costs of \$0 for management employees comprised of a charge for special termination benefits of \$0 and a curtailment gain of \$0. In 1999, as a result of planned work reductions, the Company incurred additional pension costs of \$35,127,305 for nonmanagement employees comprised of a charge for special termination benefits of \$409,487,296 and a curtailment gain of \$(54,359,991). In accordance with the Commission order effective August 12, 1999, in case 92-C-0665, the Company amortized \$71,038,236 of additional OPEB TBO.

In 1998, as a result of planned work force reductions, the Company incurred additional pension costs of \$0 for management employees comprised of a charge for special termination benefits of \$0 and a curtailment gain of \$0. In 1998, as a result of planned work reductions, the Company incurred additional pension costs of \$262,437,113 for nonmanagement employees comprised of a charge for special termination benefits of \$303,541,367 and a curtailment gain of \$(41,104,254).

55. ANALYSIS OF PENSION SETTLEMENTS, CURTAILMENTS, AND TERMINATIONS (Continued)

Line No.	ESTIMATE OF SETTLEMENT GAIN OR LOSS (a)	(b)	(c)
PLAN			
1	Unrecognized net asset		1. _____
2	Unrecognized net actuarial gain or (loss)		2. <u>-</u>
	Year-to-date asset gain or (loss):		
3	Actual return	3. <u>407,605,000</u>	
4	Expected return	4. <u>788,461,000</u>	
5	Gain or (loss): (3)-(4)		5. <u>(380,856,000)</u>
	Year-to-date liability gain or (loss):		
6	PBO at settlement date	6. <u>11,460,469,000</u>	
7	Year-to-date increase (or decrease) in actuarial discount rate	7. <u>-75</u>	basis points
8	Percentage decrease in PBO for each 100 basis-point increase in the discount rate	8. <u>-8.49%</u>	
9	Liability gain or (loss): {(6) x (7) x (8)} x 100 -- see instructions		9. <u>(730,081,000)</u>
	Settlement gain or (loss):		
10	Accounting value of obligation which was settled	10. <u>65,454,000</u>	
11	Settlement cost (e.g., price of purchased annuity contract)	11. <u>73,614,000</u>	
12	Settlement gain or (loss): (10)-(11)		12. <u>(8,160,000)</u>
13	Total accumulated gain or (loss): (1)+(2)+(5)+(9)+(12)		13. <u>(1,119,096,000)</u>
14	Settlement ratio: (10)/(6)		14. <u>0.57%</u>
15	Pretax gain recognizable in current income: (13) x (14)		15. <u>(6,379,000)</u>
REPORTING COMPANY			
16	Portion of amount on line 15 allocated to reporting company		16. <u>(672,000)</u>
	Tax-affected gain:		
17	Tax rate	17. <u>35.17%</u> %	
18	Gain or (loss) after provision for income tax: 16 x [100% - (17)]		18. <u>(435,658)</u>

Explain the basis of allocation used to derive the amount reported on line 16 from that reported on line 15:

The amount on line 16 was determined based on the proportion of New York's actual lump sum payouts compared to the total plan lump sum payouts.

For the amount reported on line 16 specify:

a. the amount recorded as income for the current year

(672,000)

b. the amount deferred on the balance sheet

0

c. amortization period for the deferred amount (specify beginning and ending dates).

N/A

Briefly describe the event (e.g., settlement, curtailment or termination with short description of the change) and the date of its occurrence.

In Q4 2011, Verizon's Management pension plan lump sum pension distributions surpassed the settlement threshold equal to the sum of service cost and interest cost requiring settlement recognition per SFAS 88. In addition, in Q3, Verizon New York received a settlement charge of \$.9M.

If the event involves the purchase of an annuity contract(s), state whether they are participating or nonparticipating contracts. If they are participating, explain the terms and state the cost difference between the contract(s) purchased and identical contracts without the participating feature.

If the event qualified as a "small settlement" under SFAS 88, and the company elected not to recognize the gain or loss, state:

a. number of employees affected

b. the cost of the settlement

c. the amount of PBO settled

56. ANALYSIS OF OPEB COSTS, FUNDING, AND DEFERRALS

1. Report on Pages 88 through 91, the requested data concerning Postretirement Benefits Other than Pensions (OPEB). For these schedules, the measurement date, calculation of the data requested, and separate reporting for different types of OPEB plans shall be consistent with the disclosure requirements specified in SFAS-106 (Paragraphs 72-89). If the reporting company's OPEB benefits are provided through a joint plan with its parent company or holding company, report under the columnar heading "Total Company" the data applicable to the total plan (i.e., that of the parent or holding company. The columnar heading "New York State Jurisdiction" refers to the New York State jurisdictional operations of the reporting company, exclusive of amounts applicable to subsidiary companies which are subject to the Commission's jurisdiction but are separately reported.
2. The quantification of amounts reported on Lines 1 - 12 shall be as of the date reported on Line 13.
3. Report on Lines 1 - 3 the actuarial present value of benefits attributed employees' service rendered to the date reported on Line 13.
4. Report on Line 4 the amount the OPEB plan(s) could expect to receive for investments in a sale between a willing buyer and a willing seller, other than in a forced or liquidation sale.
5. Report on Lines 5 and 6, the amounts applicable to OPEB that are recorded in internal reserves, net of their related deferred income tax effect. For New York State Jurisdictional Operations, creation of an internal reserve was required by the Commission's "Statement of Policy and Order Concerning the Accounting and Ratemaking Treatment for Pensions and OPEB" (issued September 7, 1993).
6. Report on Line 10 the amount of unrecognized net gain or loss (including plan asset gains and losses not yet reflected in the market-related value of the plan assets).
7. Report on Line 11 the amount of unrecognized net asset gain or loss not yet reflected in the market-related value of plan assets.
8. In certain instances, a portion of the New York State Jurisdiction OPEB internal reserve may not be subject to the accrual of interest (e.g. in the company's last rate case a portion of the reserve may have been used to reduce rate base). Report on Line 12 the balance of the reserve, net of its related deferred income tax effect, which is subject to the accrual of interest.
9. Report on Line 14 the discount rate which was used to calculate the obligations reported on Lines 1-3.
10. Report on Line 15 the expected long-term return on plan assets reported on Line 4.
11. Report on Line 21 the net asset gain or loss deferred during the reporting year for later recognition. Do not include in this amount amortization of previously deferred gains or losses as these amounts are to be reported on Line 24.
12. The amount reported on Line 24 is to include the amortization of gains and losses arising from changes in assumptions.

For each plan, specify and explain in the space below any accounting changes or changes in assumptions or elected options made during the reporting year. Quantify the effects of each revision on each of the amounts reported on Page 89. Use a separate insert sheet if more space is necessary.

The medical trend assumption increased from (Pre-65/Post-65): 8.50%/7.50% in 2010, 7.50%/6.50% in 2011, 6.50%/5.50% in 2012, 5.50%/5.00% in 2013, and 5.00%/5.00% ultimate in 2014 to the following schedule (Pre-65/Post-65): 8.00%/7.50% in 2011, 7.50%/7.25% in 2012, 7.00%/6.75% in 2013, 6.50%/6.00% in 2014, 6.00%/5.00% in 2015, and 5.00%/5.00% ultimate in 2016.

The discount rate was decreased from 6.25% in 2010 to 5.75% in 2011.

The expected return on assets decreased from 8.25% in 2010 to 6.00% in 2011.

The mortality rates changed from the RP-2000 Combined Healthy Mortality Table projected to 2010 using Scale AA in 2010 to the RP-2000 Combined Healthy Mortality Table projected to 2011 using Scale AA for 2011.

In addition to the assumption changes listed above a change was made in the postretirement accounting to eliminate asset smoothing and the corridor for gain/loss amortization so that the entire gain/loss at year-end is recognized in the prior year's fourth quarter expense.

These changes had the following effects on page 89:

Accumulated Postretirement Benefit Obligation (APBO)	\$	1,309,115,000
Unrecognized Gains/(Losses)		0
Service Cost	\$	24,646,000
Interest Cost		8,482,000
Expected Return on Assets (EROA)		17,322,000
Amortization of (Gains)/Losses		825,056,000
Total OPEB Cost	\$	875,506,000

56A. ANALYSIS OF OPEB COSTS, FUNDING AND DEFERRALS (Continued)

Line No.	Item (a)	Total Company (b)
	<u>ANALYSIS OF OPEB COSTS</u>	
	Accumulated Benefit Obligation Attributable to:	
1	Retirees Covered by the Plan	\$ 10,142,849,000
2	Other Fully Eligible Plan Participants	\$ 647,157,000
3	Other Active Plan Participants	\$ 2,235,064,000
4	Fair Value of Plan Assets Held in an Exterior Fund or Trust	\$ 971,940,000
	Plan Assets Held in an Internal Reserve (net of tax):	
5	New York State Jurisdiction	\$
6	Other	\$
7	Other Plan Assets (Specify)	\$
8	Unrecognized Transition Obligation	\$ 0
9	Unrecognized Prior Service Costs	\$ (226,456,000)
10	Unrecognized Gains or (Losses)	\$ 0
11	Gains or (Losses) Unrecognized in Market Related Value of Assets	\$ 0
12	NYS Jurisdiction Internal Reserve Balance Subject to Accrual of Interest (net of tax)	\$
13	Date of Valuation for Amounts Reported on Lines 1 - 12.	1/1/2011
14	Discount Rate	5.75%
15	Expected Long-Term Rate of Return on Assets (Exterior Fund)	6.00%
16	Interest Rate Applied to NYS Jurisdiction Internal Reserve Balance	
17	Salary Progression Rate (if applicable)	
	<u>NET PERIODIC OPEB COST</u>	
18	Service Cost	\$ 145,757,000
19	Interest Cost	718,784,000
20	Actual Return on Plan Assets [(Gain) or Loss]	(21,685,000)
21	Deferral of Asset Gain or (Loss)	(23,947,000)
22	Amortization of Transition Amount	0
23	Amortization of Unrecognized Prior Service Cost	(9,130,000)
24	Amortization of (Gains) or Losses from Earlier Periods	825,056,000
25	(Gain) or Loss Due to a Temporary Deviation From a Substantive Plan	0
26	Net Periodic OPEB Cost	\$ 1,634,835,000

¹ Note: This analysis includes the former Bell Atlantic South Management plan which merged with the North Management plan as of January 1, 1999.

² 2011 amortization reflects entire actuarial loss calculated as of December 31, 2011 under Mark to Market accounting

Jurisdictional Breakdown of Net Periodic OPEB Cost:

	Intrastate	Interstate	Other
Service Cost	49,799,820	24,712,979	12,050,416
Interest Cost	201,021,058	99,755,968	48,642,493
Return On Assets	(7,832,994)	(3,887,095)	(1,895,405)
Amortization of Prior Service Cost	6,797,630	3,373,299	1,644,871
Amortization of Net (Gain) Loss	<u>275,664,764</u>	<u>136,797,636</u>	<u>66,704,561</u>
Total	<u>525,450,277</u>	<u>260,752,787</u>	<u>127,146,936</u>

56B. ANALYSIS OF OPEB COSTS, FUNDING AND DEFERRALS (Continued)

1. pension trust fund to an account set up under Section 401 (h) of the Internal Revenue Code.
2. Report on Line 5 items of income (e.g., dividends and interest).
3. The amount reported on Line 9 should be the same amount as that reported on Line 4 on Page 89.

Line No.	Item (a)	Total Company (b)
EXTERNALLY HELD OPEB DEDICATED FUNDS OR TRUSTS		
1	Fair Value of Plan Assets at Beginning of Period	\$ 971,940,000
	Contributions to the Fund:	
2	Deposits of Company Funds	0
3	Transfers from Pension Related Funds	0
4	Other *	0
5	Income or (Loss) Earned on Fund Assets	20,874,000
6	Capital Appreciation or (Depreciation) of Fund Assets	24,442,000
7	Cost Benefits Paid from the Fund To or For Plan Participants	319,070,000
8	Other Expenses Paid By the Fund **	23,631,000
9	Fair Value of Plan Assets at End of the Period	\$674,555,000

* Specify the source of any amount reported on Line 4.

** Specify the type and amount of any expenses reported on Line 8.

56C. ANALYSIS OF OPEB COSTS, FUNDING AND DEFERRALS (Continued)

1. The data requested on Lines 1 through 12 are for the internal reserve, the establishment of which is required by the Commission's "Statement of Policy and Order Concerning the Accounting and Ratemaking Treatment for Pensions and Postretirement Benefits Other Than Pensions" (Case 91-M-0890, issued and effective September 7, 1993). The amounts reported below are to be consistent with the definitions and intent contained in that Statement.
2. The "rate allowance" to be reported on Line 2 is the amount which was projected to be charged to expense accounts (i.e., not charged to construction, depreciation, nor the rate base allowance related to capitalized OPEB costs) in the company's latest rate proceeding, adjusted to actual Kwh (etc.) sales as per the above Policy Statement.
3. The amount reported on Line 9 less the amount on Line 10 should total the amount reported on Line 5 of Page 89.
4. In certain instances, a portion of the OPEB internal reserve may not be subject to the accrual of interest (e.g., in the company's last rate case, a portion of the reserve may have been used as a rate base reduction). Report on Line 12 the balance of the reserve, net of its related deferred income tax effect, which is subject to the accrual of interest.
5. The Commission's September 7, 1993 Policy Statement on pensions and OPEB stated that, except under certain circumstances, the difference between 1) the rate allowance for OPEB expense, plus any pension related or other funds or credits the company is directed to use for OPEB purposes, and 2) OPEB expense determined as required therein, are to be deferred for future recovery. Report on Lines 13 through 17 the amounts relating to this requirement.

Line No.	Item (a)	New York State Jurisdiction (b)
OPEB RELATED ASSETS RECORDED IN AN INTERNAL RESERVE		
1	Balance in Internal Reserve at Beginning of the Period - [(Debit) / Credit]	N/A
2	Amount of the Company's Latest Rate Allowance for OPEB Expense	N/A
3	Amount of OPEB costs actually charged to Construction	N/A
4	Pension Related or Other Funds or Credits this Commission Directed the Company to Use for OPEB Purposes	N/A
5	Interest Accrued on Fund Balance	N/A
6	Cost Benefits Paid to or for Plan Participants	N/A
7	Amount Transferred to an External OPEB Dedicated Fund	N/A
8	Other Debits or Credits to the Internal Reserve *	N/A
9	Balance in Internal Reserve at End of the Period	N/A
10	Balance of Deferred Income Tax Applicable to the Internal Reserve	N/A
11	Interest Rate Applied to Internal Reserve Balances	N/A
12	Internal Reserve Balance Subject to Accrual of Interest (net of tax)	N/A
ACCUMULATED DEFERRED OPEB EXPENSE		
13	Accumulated Deferred Balance Beginning of Period - [Debit / (Credit)]	N/A
14	Deferral Applicable to Current Year Variation	N/A
15	Amortization of Previous Deferrals	N/A
16	Accumulated Deferred Balance at End of Period	N/A
17	Balance of Deferred Income Tax Applicable to Deferred OPEB Expense at the End of Period	N/A
	* Briefly explain any amounts reported on Line 8.	

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**59. GENERAL SERVICES AND LICENSES,
ADVISORY, MANAGEMENT, ENGINEERING, OR PURCHASING SERVICES**

1. Respondents shall report all services rendered by or provided to affiliated and nonaffiliated companies under a license agreement, a general service contract, or other arrangement for furnishing of general accounting, advisory, engineering, financial, legal, patent, purchasing or other general services of a continuous nature.
2. Report the valuation method used; tariffed rate or cost.
3. Aggregate all Other Company items under \$100,000 for Class A and \$25,000 for Class B Telecommunications Companies.

Line No.	Name of Affiliate or Other Company (a)	Valuation Method (b)	Account No. (c)	Service Provided For/To (d)	Amount (e)
	Affiliates:				
1	Cellco Partnership			Provided to Affiliates	27,561,544
2	Empire City Subway Co			Provided to Affiliates	1,039,288
3	Vz Business Global LLC			Provided to Affiliates	35,872,529
4	Vz Global Networks Inc.			Provided to Affiliates	2,109,718
5	Vz Corporate Services Corp			Provided to Affiliates	27,978,979
6	GTE Wireless			Provided to Affiliates	118,353
7	Vz Data Services Inc			Provided to Affiliates	12,167,875
8	Vz Online LLC			Provided to Affiliates	835,426,679
9	Vz Long Distance LLC			Provided to Affiliates	59,352,645
10	Vz Select Services Inc			Provided to Affiliates	4,948,903
11	Vz Services Corp			Provided to Affiliates	42,539,593
12	Vz California Inc			Provided to Affiliates	1,668,673
13	Vz New England Inc			Provided to Affiliates	14,468,367
14	Vz New Jersey Inc			Provided to Affiliates	148,798
15	Vz Pennsylvania Inc			Provided to Affiliates	14,726,762
16	Vz Virginia LLC			Provided to Affiliates	130,084
17	Vz Florida LLC			Provided to Affiliates	1,241,296
18	Vz North LLC			Provided to Affiliates	118,237
19	GTE Southwest Incorporated			Provided to Affiliates	661,615
20	Vz South Inc.			Provided to Affiliates	141,402
21	All Other Affiliates under 100K			Provided to Affiliates	337,896
22	Total Affiliates				\$ 1,082,759,236
23	Other Companies				
24	Total Other Companies				-
25	Total General Services and Licenses				\$ 1,082,759,236
26					
27	Cellco Partnership			Purchased from Affiliates	\$ 3,962,922
28	Empire City Subway Co			Purchased from Affiliates	98,770,549
29	Exchange Indemnity Co			Purchased from Affiliates	60,458,904
30	Telesector Resources Group Inc			Purchased from Affiliates	1,076,310
31	Vz Federal Inc.			Purchased from Affiliates	513,772
32	Vz Business Network Services Inc			Purchased from Affiliates	50,185,931
33	Vz Corporate Services Corp			Purchased from Affiliates	249,926,990
34	Vz Corporate Services Group			Purchased from Affiliates	175,013,993
35	Vz Corporate Resources Group			Purchased from Affiliates	128,025,481
36	Vz Data Services Inc			Purchased from Affiliates	293,667,681
37	Bell Atlantic Administrative Services Inc			Purchased from Affiliates	999,598
38	Vz Select Services Inc			Purchased from Affiliates	3,248,160
39	Vz Services Corp			Purchased from Affiliates	1,291,997,458
40	Vz Services Operations Inc			Purchased from Affiliates	20,871,285
41	Vz Services Organization Inc			Purchased from Affiliates	114,139,267
42	Vz North LLC			Purchased from Affiliates	1,876,431
43	GTE Southwest Incorporated			Purchased from Affiliates	586,416
44	Vz California Inc			Purchased from Affiliates	574,531

**59. GENERAL SERVICES AND LICENSES,
ADVISORY, MANAGEMENT, ENGINEERING, OR PURCHASING SERVICES**

Line No.	Name of Affiliate or Other Company (a)	Valuation Method (b)	Account No. (c)	Service Provided For/To (d)	Amount (e)
45	Vz Florida LLC			Purchased from Affiliates	2,100,425
46	Vz New England Inc			Purchased from Affiliates	83,187,741
47	Vz Maryland Inc			Purchased from Affiliates	622,986
48	Vz New Jersey Inc			Purchased from Affiliates	8,849,925
49	Vz Pennsylvania Inc			Purchased from Affiliates	4,523,925
50	Vz Virginia LLC			Purchased from Affiliates	9,297,266
51	All Other Affiliates under 100K				88,163
52	Total Affiliates				2,604,566,110
53					
54	Other Companies:				
55	ADC CONSTRUCTION INC			Professional Services	\$6,462,430
56	AETNA LIFE INSURANCE CO			Legal	107,160
57	ATLANTIC DETROIT DEISEL			Professional Services	585,814
58	AT&T MOBILITY			Professional Services	2,320,629
59	AVALINO CONSTRUCTION INC			Professional Services	187,301
60	B&B COMPUTER SYSTEMS INC			Professional Services	369,413
61	BANCKER CONSTRUCTION CORP			Professional Services	2,334,867
62	BARTECH GROUP INC			Professional Services	\$3,282,166
63	BIBEAU CONSTRUCTION			Professional Services	1,066,242
64	BILL MALLINS			Professional Services	186,744
65	BON SECOURS ST FRANCIS MEDICAL CENTER			Legal	125,712
66	BRIDGEWELL RESOURCES LLC			Professional Services	370,198
67	BYERS ENGINEERING CO			Professional Services	113,046
68	C F RUTHERFORD AND ASSC.			Professional Services	108,348
69	C W BROWN INC			Professional Services	212,884
70	CAC INDUSTRIES INC			Professional Services	2,656,995
71	CAREFUL CONSTRUCTION CORP			Professional Services	779,197
72	CARELLI CONSTRUCTION CORP			Professional Services	1,576,918
73	CITY OF NY ENVIROMENTAL CONTROL			Professional Services	300,250
74	CITY OF YONKERS			Professional Services	229,713
75	COMPTROLLER OF THE CITY OF NEW YORK			Professional Services	185,160
76	CORBEL COMMUNICATIONS INDUSTRIES			Professional Services	1,907,325
77	CORZO CONTRACTING CO INC			Professional Services	2,031,577
78	CRESCENT UTILITIES			Professional Services	2,673,388
79	CROSS COUNTRY TELECOMMUNICATIONS			Professional Services	267,682
80	CUSTOM CREWS INC			Professional Services	538,793
81	DELANY ASSOCIATES LP			Professional Services	446,751
82	DEPARTMENT OF TRANSPORTATION			Professional Services	149,770
83	DEWBERRY-GOODKIND			Professional Services	172,459
84	DEXTER SYSTEMS			Professional Services	122,762
85	DIFAZIO INDUSTRIES			Professional Services	4,815,171
86	DONALD DUMONT			Professional Services	178,442
	(Continued on Page 94-B)				

**59. GENERAL SERVICES AND LICENSES,
ADVISORY, MANAGEMENT, ENGINEERING, OR PURCHASING SERVICES**

Line No.	Name of Affiliate or Other Company (a)	Valuation Method (b)	Account No. (c)	Service Provided For/To (d)	Amount (e)
87	DOUGLAS R DYER & SON			Professional Services	446,678
88	DYNASERV INDUSTRIES			Professional Services	644,111
89	E E ROOT LLC			Professional Services	536,175
90	EARTH CARE INC			Professional Services	123,969
91	EAST JORDAN IRON WORKERS INC			Professional Services	110,775
92	ECSM UTILITY CONTRACTORS INC			Professional Services	626,602
93	EIC ASSOCIATES INC			Professional Services	175,000
94	ELEMCO SERVICES INC			Professional Services	263,737
95	ENVIROMENTAL CONTROL BOARD			Professional Services	106,210
96	EPL CONSULTING			Professional Services	100,914
97	ERSC INC			Professional Services	493,851
98	ERSON SERVICES INC			Professional Services	280,372
99	EXAMINATION MANAGEMENT SERVICES INC			Legal	102,443
100	FOLEY,SMIT,OBOYLE AND WEISMAN			Legal	174,296
101	GIBBONS PC			Legal	445,352
102	GIBSON DUNN & CRUTCHER LLP			Legal	284,395
103	GRANITE AVENUE UTILITY CORPORATION			Professional Services	3,551,526
104	H M HUGHES CO INC			Professional Services	103,867
105	H O PENN MACHINERY COMPANY INC			Professional Services	122,801
106	HAWKEYE LLC			Professional Services	416,166
107	HIGHLANDS INDUSTRIAL TURBINE			Professional Services	156,883
108	INJURED WORKERS PHARMACY INC			Legal	106,624
109	J&R CONTRACTING OF HUDSON			Professional Services	342,107
110	JAT CONSTRUCTION CO INC			Professional Services	184,283
111	JD NORTHRUP CONST INC			Professional Services	\$312,841
112	JOHNSON CONTROLS INC			Professional Services	100,000
113	JRCRUZ CORP			Professional Services	299,093
114	KINSLEY POWER SYSTEMS			Professional Services	168,191
115	LEHTONEN CONTRACTING CORP			Professional Services	229,293
116	LOURDES INDUSTRIES INC			Professional Services	280,423
117	M&S MECHANICAL SERVICES			Professional Services	166,016
118	MCCOY ENTERPRISES			Professional Services	147,123
119	MCKINNEEY MARKETING PARTNERS			Professional Services	139,162
120	MCNELIS INVESTIGATIVE SERVICES INC			Legal	148,146
121	MH KANE CONSTRUCTION CORP			Professional Services	142,827
122	MORRISONVILLE CONST INC			Professional Services	299,928
123	NAMOW INC			Professional Services	129,548
124	NEIL H GREENBERG & ASSOCIATES PC			Legal	500,000
125	NEMSCHICK SILVERMAN ARCHITECTS			Professional Services	226,781
126	NETWORK INFRASTRUCTURE INC			Professional Services	2,514,883
127	NEW YORK STATE LINEMANS SAFTEY			Professional Services	129,320
128	NORTHERN BAY CONTRACTORS INC			Professional Services	151,597
	(Continued on Page 94-C)				

**59. GENERAL SERVICES AND LICENSES,
ADVISORY, MANAGEMENT, ENGINEERING, OR PURCHASING SERVICES**

Line No.	Name of Affiliate or Other Company (a)	Valuation Method (b)	Account No. (c)	Service Provided For/To (d)	Amount (e)
129	ON TRAC CONSTRUCTION ASSOCIATION INC			Professional Services	226,864
130	ONE CALL CONCEPTS INC			Professional Services	495,619
131	OXFORD HOME CARE SVCS INC			Legal	287,041
132	P&T CONTRACTING CORP			Professional Services	1,135,920
133	PATIENT CARE ASSOCIATES LLC			Legal	108,098
134	PAUL S SCARIANO INC			Professional Services	131,250
135	PEGAS PCARD - FEDERAL EXPRESS			Professional Services	152,150
136	PERFETTO CONTRACTING INC			Professional Services	800,223
137	PERIPHERAL PARTS SUPPORT			Professional Services	658,470
138	PIPELINE CONSTRUCTION LLC			Professional Services	207,937
139	POSILLCO CIVIL INC			Professional Services	229,114
140	RADIODETECTION			Professional Services	187,604
141	RJE TELECOM LLC			Professional Services	958,064
142	RKB CONSTRUCTION COMPANY			Professional Services	101,025
143	ROBSON FORENSIC INC			Professional Services	171,909
144	S&W SERVICES INC			Professional Services	201,820
145	SECURITAS SECURITY SERVICES USA			Professional Services	362,836
146	SENIOR CARE COMPANIONS INC			Legal	134,820
147	SILVER LAKE SPECIALIZED CARE CENTER			Legal	191,649
148	SKYCREEK CORPORATION			Professional Services	105,053
149	SMITH MCCORD INC			Professional Services	213,759
150	SOLOMON & SOLOMON PC			Legal	281,979
151	SOUTHERN NEW ENGLAND ELECTRIC			Professional Services	104,408
152	SUGRUE CONTRACTING CORP			Professional Services	333,996
153	SUPERIOR PRINTING CO			Professional Services	163,284
154	SYRACUSE UTILITIES INC			Professional Services	722,456
155	TEK SYSTEMS			Professional Services	117,520
156	TIOGA BLD COMPANY INC			Professional Services	488,540
157	TISHMAN INTERIORS CORPORATION			Professional Services	4,035,228
158	TRIMBLE NAVIGATION LTD			Professional Services	463,201
159	TRIUMPH CONSTRUCTION CORP			Professional Services	275,083
160	TROCOM CONST CORP			Professional Services	507,318
161	TULLY CONSTRUCTION CO			Professional Services	386,604
162	TURBINE ENGINE SERVICE CO INC			Professional Services	117,027
163	VENTANTONIO & WILDENHAIN			Legal	591,677
164	VNA UTILITY CONSTR CO			Professional Services	2,378,503
165	WALGREEN CO			Legal	309,884
166	WB ENGINEERING AND CONSULTING PLLC			Professional Services	186,116
167	WHITEROCK DEV CORP			Professional Services	157,567
168	WILLIAM F COLLINS AIA ARCHITECTS LLP			Professional Services	103,413
169	WILLIS OF CONNECTICUT LLC			Professional Services	308,719
170	WIRELESS MATRIX			Professional Services	446,411
	Total Other Companies				\$ 72,389,778
	Total General Services and Licenses				\$ 2,676,955,888

60. LIFELINE TELEPHONE SERVICES

1. Show separately, by month, the amount of customers for each Lifeline service.
2. The total shown in column (d) is the total customers receiving Lifeline services, column (a)+(b)+(c).

	Number of Customers				
	Flat Rate (a)	Basic Message Rate (b)	Locality Waivers (c)	Total Lifeline (d)	Link-Up Customers (e)
January	37,726	185,463		223,189	696
February	37,448	184,488		221,936	826
March	37,033	183,361		220,394	863
April	36,664	182,282		218,946	1,414
May	36,353	181,721		218,074	1,629
June	35,951	180,735		216,686	1,560
July	35,719	180,329		216,048	1,710
August	35,314	178,922		214,236	1,435
September	34,878	177,588		212,466	1,455
October	34,441	176,554		210,995	1,722
November	34,046	175,288		209,334	1,725
December	33,711	174,286		207,997	1,570

61. ACCESS LINES IN SERVICE

1. Access lines are any and all facilities appearing at a customer's premises for which an access line charge is made as provided for in company tariffs.
2. Multi-line business access lines shall include all access lines provided to businesses with two or more lines on the same premises (i.e., two line service, key telephone system services, PBX system services).
3. Public access lines shall include all access lines provided to serve public coin telephones, semi-public coin telephones, customer owned coin operated telephones (COCOTS) and credit card telephones.
4. Private Line Circuits are telephone facilities furnished under contracts providing exclusive service, i.e., service not requiring central office switching operations.

Line No.	Division of Territory (a)	Number of Access Lines			
		At Beginning of the Year (b)	During the Year		At End of the Year (e)
			Added (c)	Discontinued (d)	
1	Trade Secret	Trade Secret	Trade Secret	Trade Secret	Trade Secret
2					
3					
4					
5					
6					
7					
8					
9					
10					
		4,665,881	488,310	1,071,262	4,116,624

NUMBER AT END OF THE YEAR

Line No.	Access Lines Classified by Type						Mobile Access Lines (l)	Private Circuits (Instr. 4) (m)
	Business		Public	Residential				
	Single Line (f)	Multi-Line (Instr. 2) (g)	(Instr. 3) (h)	One Party (i)	Two Party (j)	Four or More Parties (k)		
1	Trade Secret	Trade Secret	Trade Secret	Trade Secret	Trade Secret	Trade Secret	Trade Secret	Trade Secret
2								
3								
4								
5								
6								
7								
8								
9								
10	0	1,785,491	38,164	2,289,197	1,435	2,337	0	187,138

62. TELEPHONE CALLS

1. Show the particulars called for concerning telephone calls originating from respondent's stations in each of the general divisions of territory in which telephone service is given by the respondent within the State of New York. Divisions of territory lying wholly outside the State of New York may be grouped under one heading.
2. The numbers shown in column (c) may be based on an actual count taken periodically during the year. Describe in a note the general characteristics of the methods employed in arriving at the numbers shown.
3. As used in this schedule, a "local call" means one between two points, both of which are within the local service area of the calling telephone; and a "toll call" means one to a point outside of the local service area of the calling telephone.

2008		NUMBER OF CALLS ORIGINATING FROM COMPANY PROVIDED SWITCHED ACCESS LINES							
Line No.	State or Territory (a)	Total Local Calls (b)	IntraLATA Intrastate Toll Calls		InterLATA Intrastate Toll Calls		InterLATA Interstate Toll Calls		Total Calls (i)
			Messages (c)	Billed Minutes (d)	Messages (e)	Billed Minutes (f)	Messages (g)	Billed Minutes (h)	
1	Trade Secret	Trade Secret	Trade Secret	Trade Secret	Trade Secret	Trade Secret	Trade Secret	Trade Secret	Trade Secret
2									
3									
4									
5									
6									
7									
8									
9									
10									
		5,354,776,871	99,002,351	571,869,749	1,402,962,807	7,002,773,056	2,873,257,586	6,601,874,762	9,729,999,615

63. STATISTICS RELATING TO TELEPHONE SERVICE QUALITY

1. To calculate the Average for the Year for column (b) below, add together each of the monthly company-wide results and divide by 12.
2. Measurement Opportunities are the total number of monthly measurements for the year taken at the appropriate entity reporting level (e.g., central office entity for Customer Trouble Report Rate; Maintenance Center for Percent Out-of-Service Over 24 Hours, etc.).
3. "Objective Level", "Weakspot Level", and "Surveillance Level Failure" are defined in the Commission's Telephone Service Standards (Section 603 of 16NYCRR). Certain smaller companies may not be required to report on all of the following service measurements. Please refer to the Service Standards before completing the following schedule.
4. For Business Office Answer, Repair Service Answer, Directory Assistance Answer, Intercept Answer, and Toll & Assistance Answer specify which of the two alternative standards the company used during the year. (See Section 603.12 (d) of 16 NYCRR.)

Line No.	Service Measurement (a)	TOTAL COMPANY SERVICE QUALITY DATA						Number of Surveillance Level Failures (h)
		Average for the Year (b)	Measurement Opportunities					
			Cumulative Annual Total (c)	At Objective Level		At Weakspot Level		
				Number (d)	Percent (e)	Number (f)	Percent (g)	
1	Customer Trouble Report Rate Per 100 Access Lines	2	6153	4842	78.7%	*	*	80
2	Percent Missed Repair Appointments	12	60	48	80.0%			0
3	Percent Out-of-Service Over 24 Hours	19	60	55	91.7%			0
4	Percent Regular Orders Installed Within 5 Days	N/A						
5	Percent Installation Appointments Not Met	N/A						
6	Business Office Answer (Standard:_____)	N/A						
7	Repair Service Answer (Standard:_____)		24	1	4.2%			21
8	Directory Assistance Answer (Standard:_____)	N/A						
9	Intercept Answer (Standard:_____)	N/A						
10	Toll and Assistance Answer (Standard:_____)	N/A						
11	Dial Tone Speed							
12	Blockages and Failures							
13	Orders for Regrades Held Over 30 Days	N/A						
14	TOTAL		6297	4946		0		101
15	Number of Customer Complaints to the Public Service Commission During the Year:			1472				

64. PLANT EXTENSIONS TO SERVE NEW RESIDENTIAL SUBDIVISIONS

Report on telephone facilities constructed during the year to serve new residential subdivisions pursuant to 16 NYCRR Part 604.

Line No.	Underground Plant Constructed Within Subdivisions (a)	Amount (b)
	A. Direct Buried (Plowed) Lines	
1	Total Length	0 ft.
2	Cost of Plowing Only	\$0.00
3	Average Cost of Plowing Only	/ft.
	B. Sole Occupancy Trenched Lines	
4	Total Length	6,647 ft.
5	Cost of Trenching Only	\$62,961
6	Average Cost of Trenching Only	\$9.47 /ft.
	C. Shared Occupancy Trenched Lines	
7	Total Length	44,521 ft.
8	Cost of Trenching (telephone portion) Only	\$ 634,043
9	Average Cost of Trenching (telephone portion) Only	\$14.24 /ft.
II. Plant Constructed To Connect Subdivisions To The Existing Telephone Distribution System		
	A. Facilities Placed Underground	
10	Total Length	1,517 ft.
11	Total Cost	\$ 18,544
12	Average Total Cost	12.22 /ft.
	B. Facilities Placed Overhead	
13	Total Length	0 ft.
14	Total Cost	0
15	Average Total Cost	/ft.
NOTE: The data reported in Part II of this Schedule is based on data for one region. Data for other regions, and the information requested in lines 13-15 of Part II, are not available at this time.		

65. DISTRIBUTION OF TOTAL COMPENSATION OF EMPLOYEES

Line No.	Account Group (a)	Amount (b)
1	Operating Expenses	\$1,440,430,483
2	Telecommunications Plant In Service	126,361,144
3	Telecommunications Plant Under Construction	75,250,525
4	Accumulated Depreciation	16,625,747
5	Other (specify):	
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	Total Compensation of Officers and Employees	\$1,658,667,899
65A. NUMBER OF EMPLOYEES		
21	Network Operations	427
22	Operator Services & Business Office	2,994
23	Accounting & Finance	13
24	Engineering	684
25	General & Administrative	65
26	Plant	12,040
27		
28		
29		
30		
31		
32	Total Employees	16,223

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STATE OF NEW YORK
Public Service Commission
5 Year Book Data
VERIZON NEW YORK INC.
For the period ending DECEMBER 31, 2011

Annual Report of VERIZON NEW YORK INC.

For the period ending DECEMBER 31, 2011

COMPARATIVE BALANCE SHEET

CURRENT ASSETS	Annual Report	
	Source	
Sch 11, Pg 16 (C)		
1 Cash and Temporary Cash Investments	L1-4	\$5,265,453
2 Accounts Receivable (Net)	L(5,7,8) - L(6,9)	838,899,803
3 Current Deferred Income Taxes	L21	0
4 Other Current Assets	(Formula)	123,012,423
5 Total Current Assets	L22	967,177,679
NON-CURRENT ASSETS		
6 Investments	L23-26	439,357,149
7 Unamortized Debt Issuance Costs	L27	5,144,330
8 Deferred Charges	L30-31	97,493,072
9 Other Jurisdictional Assets - Net	L32	
10 Non-Current Deferred Income Taxes	L33	0
11 Other Non-Current Assets	(Formula)	248,439,490
12 Total Non-Current Assets	L 34	790,434,042
REGULATED PLANT		
13 Total Telecommunications Plant	L42	29,803,697,976
14 Less: Accumulated Depreciation and Amort.	L43-44	19,187,261,951
15 Net Regulated Plant	(Formula)	10,616,436,025
16 Total Assets & Other Debits	(Formula)	12,374,047,746

CURRENT LIABILITIES		Source
		Sch 11, Pg 17 (C)
17 Accounts Payable	L1-2	554,561,533
18 Notes Payable	L3-4	5,437,338,477
19 Advanced Billings	L5	169,589,740
20 Customer Deposits	L6	3,445,603
21 Current Maturities - Long-Term Debt	L7-8	1,319,039
22 Current Deferred Income Taxes	L11-12	-331,683,644
23 Other Current Liabilities	(Formula)	159,723,435
24 Total Current Liabilities	L15	5,994,294,183
LONG-TERM DEBT		
25 Long-Term Debt	L23	1,250,713,781
OTHER LIAB. & DEFERRED CREDITS		
26 Unamortized ITC	L25-26	14,043,807
27 Non-Current Deferred Taxes	L27-28	123,973,310
28 Other Deferred Credits	L29	203,898,912
29 Other Jurisdictional Differences - Net	L30	
30 Other Liabilities	(Formula)	7,157,677,788
31 Total Other Liab. and Def. Credits	L31	7,499,593,818
STOCKHOLDER'S EQUITY		
32 Common Stock	L32	1,000,010
33 Preferred Stock	L33	0
34 Other Paid in Capital	L34-36	4,365,667,928
35 Retained Earnings	Formula	-6,737,221,974
36 Total Stockholder's Equity	L40	-2,370,554,036
37 Total Liab. and Stockholder's Equity	(Formula)	\$12,374,047,746

INCOME STATEMENT

OPERATING REVENUES		Source	
		Sch 42, Pg 65 (b)	
1 Local Network Services	L10		\$1,542,931,776
2 Network Access Services	L15		2,132,670,734
3 Long Distance Network Services	L29		100,889,165
4 Miscellaneous Revenues	L41		1,269,508,513
5 Less: Uncollectible Revenues	L44		24,168,004
6 Total Operating Revenues	(Formula)		5,021,832,185
OPERATING EXPENSES		Sch 44, Pg 67 (F)	
7 Network Support Expenses	L14		8,289,739
8 General Support Expenses	L19		351,034,283
9 Central Office Switching	L23		148,641,162
10 Operator Systems Expense	L24		117,473
11 Central Office Transmission	L27		113,405,060
12 Info. Origination/Termination	L33		887,556,211
13 Cable & Wire Facilities	L43		872,755,212
14 Total Plant Specific Operations	(Formula)		2,381,799,139
	Sch 44, Pg 69 (F)		
15 Other Plant, Property & Equipment	L49		1,357,023
16 Network Operations	L59		629,624,736
17 Access Expense	L60		89,991,000
18 Depreciation and Amortization	L66		1,213,505,532
19 Total Plant Non-Specific Operations	(Formula)		1,934,478,290
	Sch 44, Pg 71 (F)		
20 Marketing Expense	L71		298,809,933
21 Services Expense	L78		445,653,625
22 Total Customer Operations	(Formula)		744,463,558
	Sch 44, Pg 73 (F)		
23 Executive & Planning	L82		28,692,957
24 General & Administrative	L91		2,299,701,281
25 Provision - Uncollectible Notes Rec.	Less L92		0
26 Other			
27 Total Corporate Operations	(Formula)		2,328,394,237
28 Total Operations Expense	(Formula)		7,389,135,225
	Sch 12, Pg 20 (C)		
29 Other Operating Income & Expenses	L9		25,400,215
30 State & Local Income Taxes	L12		(5,025,951)
31 Other Taxes	L13		463,372,993
32 Net Operating Income Before FIT	(Formula)		(2,800,249,867)
33 Investment Tax Credits - Net	L10		2,743,195
34 Federal Income Taxes	L11		(685,586,990)
35 Provision - Def. Operating Income Taxes - Net	L14		(373,816,100)
36 Net Operating Income	(Formula)		(\$1,738,103,582)

INCOME STATEMENT

	Source	
1 Net Operating Income	From Above	(\$1,738,103,582)
NON-OPERATING INCOME & EXPENSES	Sch 12, Pg 20 (C)	
2 Dividend Income	L17	0
3 Interest Income	L18	(21,197,867)
4 Income - Sinking and Other Funds	L19	0
5 Allowance for Funds Used During Construction	L20	17,632,408
6 Gains/Losses - Disposal of Property	L21	0
7 Equity in Earnings of Affiliated Companies	L22	426,644,522
8 Other Non-Operating Income	L23	(18,413,876)
9 Special Charges	L24	5,686,851
10 Total Non-Operating Income & Expenses	(Formula)	398,978,336
NON-OPERATING TAXES	Sch 12, Pg 20 (C)	
11 Federal Income Taxes	L26+L27+L30	(7,963,079)
12 Other	L28+L29	3,869,557
13 Total Non-Operating Taxes	(Formula)	(4,093,522)
14 Income Available Before Interest Charges	(Formula)	(1,335,031,724)
INTEREST CHARGES		
15 Interest on Funded Debt	L34	151,538,961
16 Other Interest Expense	(Formula)	151,520,105
17 Total Interest Charges	L38	303,059,066
18 Income Before Extraordinary & Nonregulated Items	(Formula)	(1,638,090,791)
Extraordinary & Nonregulated Items	Sch 12, Pg 21 (C)	
19 Extraordinary Items	L44	0
20 Nonregulated Revenues	L46	0
21 Total Extraordinary & Nonregulated Items	(Formula)	0
22 Net Income	(Formula)	(\$1,638,090,791)

RETAINED EARNINGS STATEMENT**Sch 12, Pg 21 (C)**

Unappropriated Retained Earnings:		
23 Beginning Year Balance	L49	(\$5,466,841,095)
24 Transferred from Income	L50	(2,064,735,313)
25 Appropriations	L51	0
Dividends Declared:		
26 Preferred Stock	L52	0
27 Common Stock	L53	0
28 Adjustments	L54	(419,999,997)
29 Ending Year Balance	(Formula)	(7,951,576,405)
30 Appropriated/Undistributed Affiliated Retained Earnings	L57+L60-L61+L62)	374,354,437
31 Total Retained Earnings	(Formula)	(\$7,577,221,968)

CASH FLOW STATEMENT

		Source
Cash Flows from Operating Activities		
1 Net Income	Formula	(\$1,638,090,791)
Non-Cash Items Included in Net Income		
	Sch 13, Pg 22 (B)	
2 Depreciation, Depletion & Amortization	L2+L3	1,213,505,532
3 Changes in Accumulated Deferred Income Taxes	L4	(376,559,295)
4 Changes in Working Capital	L6+L7+L8+L10+L11	(235,726,795)
5 Capitalized AFDC - Equity	L5	0
6 Other	(Formula)	1,338,773,118
7 Total Non-Cash Items	L17	1,939,992,560
8 Net Cash Provided by (Used In) Operating Activities	(Formula)	301,901,769
Cash Flows from Investing Activities		
	Sch 13, Pg 22 (B)	
9 Cash Flows from Construction	L28	(1,137,412,255)
10 Purchase of Other Investments	L29+L30+L31+L32	0
11 Sale of Other Investments	L33+L34+L35+L36	31,703,000
12 Other	L37+L38+L39	0
13 Net Cash Provided by (Used In) Investing Activities	(Formula)	(1,105,709,255)
Cash Flows from Financing Activities		
	Sch 13, Pg 23 (B)	
Net Proceeds (Payments)		
14 Long-Term Debt	L43+L49	(1,000,000,000)
15 Common Stock	L41+L47	0
16 Preferred Stock	L42+L48	0
17 Short-Term Debt	L44	1,818,684,493
18 Dividends Paid	L50+L51	0
19 Other Financing	(Formula)	(2,615,124)
20 Net Cash Provided by (Used In) Financing	L59	816,069,369
21 Net Increase (Decrease) in Cash & Equivalents	(Formula)	12,261,883
22 Cash & Equivalents at Beginning of Year	L61	0
23 Cash & Equivalents at End of Year	(Formula)	\$12,261,883

DISTRIBUTION OF TELEPHONE REVENUES

1	Revenues	Source Formula Sch 61	\$5,021,832,185
2	Access Lines	Pg 96, L10 (e)	4,116,624

DOLLAR AMOUNTS

3	Wages and Benefits	Sch 44 Pg 71, L94 (b) (c)	\$4,102,532,586
4	Depreciation and Amortization	(Formula)	1,213,505,532
5	Other Operations Expense	(Formula)	2,073,097,107
6	Total Operation Expenses	(Formula)	7,389,135,225
7	Income Taxes - Operating Taxes	(Formula)	-1,067,172,236
8	Other Taxes - Operating Taxes	(Formula)	463,372,993
9	Capital Costs	(Formula)	-1,763,503,797
10	Total	(Formula)	\$5,021,832,185

PERCENT OF REVENUES

11	Wages and Benefits	(Formula)	81.7
12	Depreciation and Amortization	(Formula)	24.2
13	Other Operations Expense	(Formula)	41.3
14	Income Taxes - Operating Taxes	(Formula)	(21.3)
15	Other Taxes - Operating Taxes	(Formula)	9.2
16	Capital Costs	(Formula)	(35.1)
17	Total	(Formula)	100.0

DOLLARS PER ACCESS LINE

18	Wages and Benefits	(Formula)	996.58
19	Depreciation and Amortization	(Formula)	294.78
20	Other Operations Expense	(Formula)	503.59
21	Income Taxes - Operating Taxes	(Formula)	(259.23)
22	Other Taxes - Operating Taxes	(Formula)	112.56
23	Capital Costs	(Formula)	(428.39)
24	Total	(Formula)	1,219.89

TELECOMMUNICATIONS PLANT AND SELECTED RATIOS

Plant In Service		Source	
		Sch 14, Pg 24, 25	
1 General Support Assets	L13		\$3,311,665,669
2 Central Office Assets	L25		9,235,659,759
3 Information Origination/Termination	L31		189,115,838
4 Cable And Wire Facilities	L41		15,841,309,270
5 Amortizable Assets	L45		907,063,296
6 Total Plant In Service	(Formula)		29,484,813,830
7 Property Held For Future Use	L47		0
Plant Under Construction -			
8 Short & Long Term	L48,49		309,454,674
9 Telecommunications Plant Adjustment:			
10 Tel. Acquisition	L51		0
11 Other Plant	L52		0
12 Nonoperating Plant	L53		9,429,471
13 Goodwill	L54		0
14 Total Telecommunications Plant	(Formula)		29,803,697,975
15 Less Acc. Prov. For Depreciation & Amort.	(Formula)		19,187,261,951
16 Net Total Utility Plant	(Formula)		\$10,616,436,024

SELECTED RATIOS AND STATISTICS

17	Current Assets / Current Liabilities	(Formula)	0.16
18	Total Capitalization	(Formula)	\$4,318,817,262
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>			
19	Long-Term Debt	(Formula)	29.0%
20	Preferred Stock	(Formula)	0.0%
21	Common Stock & Retained Earnings	(Formula)	-54.9%
22	Short-Term Debt	(Formula)	125.9%
23	Pretax Coverage of Interest Expense	(Formula)	-7.92
24	Com. Stock Dividends as a % of Earnings	(Formula)	0.0%
25	Return on Common Equity	(Formula)	69.1%
26	Internal Cash Generated as a % of Cash Outflows for Construction	(Formula)	26.5%
27	CWIP as a % of Plant	(Formula)	1.0%
	Number of Employees	(Formula)	16,223
	Source		
	Current Assets	(Formula)	967,177,679
	Current Liabilities	(Formula)	5,994,294,183
	Total Capitalization	(Formula)	4,318,817,262
	Long-Term Debt	(Formula)	1,250,713,781
	Preferred Stock	(Formula)	0
	Common Stock and Retained Earnings (Excl. Preferred Stock)	(Formula)	-2,370,554,036
	Short-Term Debt	(Formula)	5,438,657,517
	Pretax Income	See Below	-2,401,271,531
	Interest Expense	(Formula)	303,059,066
	Common Dividends Paid	(Formula)	0
	Net Income (Excl. Preferred Stock Dividends)	See Below	-1,638,090,791
	Internal Cash	(Formula)	301,901,769
	Cash Outflows for Construction	(Formula)	-1,137,412,255
	CWIP	(Formula)	309,454,674
	Total Plant	(Formula)	29,803,697,975
	Shares Outstanding	Pg. 63, Ln 9 (c)	1
	Number of Employees	Pg. 100, Ln 32	16,223

Additional Calculations

Data used for "Pretax Income":	NOI Before FIT	-2,800,249,867
	Non-Oper. Inc. & Exp.	398,978,336
	Non-Oper. Tax - Other	0
	Total	(\$2,401,271,531)
Data used for "Net Income":	Net Income	-1,638,090,791
	Pref. Dividends	0
	Total	-1,638,090,791