VERIZON COMMUNICATIONS INC
Form 11-K
June 27, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

COMMISSION FILE NUMBER 1-8606

VERIZON SAVINGS AND SECURITY PLAN FOR WEST REGION HOURLY EMPLOYEES

VERIZON COMMUNICATIONS INC.

140 WEST STREET

NEW YORK, NEW YORK 10007

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VERIZON SAVINGS AND SECURITY PLAN FOR WEST REGION HOURLY EMPLOYEES

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* All other schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure Under the Employee Retirement Income Security Act of 1974 are omitted as not applicable or not required.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Verizon Employee Benefits Committee:

We have audited the accompanying statements of net assets available for benefits of Verizon Savings and Security Plan for West Region Hourly Employees (the Plan) as of December 31, 2013 and 2012, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2013 and 2012, and the changes in its net assets available for benefits for the year ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2013, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan s management. The information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Mitchell & Titus, LLP

New York, New York

June 27, 2014

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VERIZON SAVINGS AND SECURITY PLAN FOR WEST REGION HOURLY EMPLOYEES

Statements of Net Assets Available for Benefits

As of December 31, 2013 and 2012

(in thousands of dollars)

	2013	2012
Assets		
Investments in Master Trusts (at fair value)	$ 1,206,612	$ 1,121,167
Notes receivable from participants	63,676	62,740
Net assets reflecting investments (at fair value)	1,270,288	1,183,907
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(2,584)	(5,276)
Net assets available for benefits	$ 1,267,704	$ 1,178,631

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

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VERIZON SAVINGS AND SECURITY PLAN FOR WEST REGION HOURLY EMPLOYEES

Statement of Changes in Net Assets Available for Benefits

For the Year Ended December 31, 2013

(in thousands of dollars)

Additions	
Participants contributions	$ 46,393
Employer contributions	23,134
Total contributions	69,527
Net investment gain from investments in Master Trusts	192,326
Total additions	261,853
Deductions	
Benefits paid to participants	170,498
Transfers to other plans and other, net	454
Administrative expenses	1,828
Total deductions	172,780
Net change	89,073
Net assets available for benefits	
Beginning of year	1,178,631
End of year	$ 1,267,704

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

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VERIZON SAVINGS AND SECURITY PLAN FOR WEST REGION HOURLY EMPLOYEES

Notes to Financial Statements

December 31, 2013

1. Description of the Plan

The following description of the Verizon Savings and Security Plan for West Region Hourly Employees (the Plan) provides only general information. Participants should refer to the Summary Plan Description and Plan Document for a more complete description of the Plan s provisions.

Eligibility

The Plan is a defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974 as amended (ERISA). The Plan provides eligible employees, as defined in the Plan Document, of Verizon Communications Inc. (Verizon or Plan sponsor) and certain of its subsidiaries (Participating Affiliates) with a convenient way to save for both medium- and long-term needs.

Covered employees are eligible to make tax-deferred or after-tax contributions to the Plan and to receive matching employer contributions, upon completion of enrollment in the Plan, as soon as practicable following the date of hire. Beginning June 1, 2013, covered employees in certain bargaining groups who are not eligible to earn pension benefits and who are employed by Verizon or its Participating Affiliates on the last day of the year in a position subject to a collective bargaining agreement may receive an employer profit sharing contribution under the Plan.

An individual s active participation in the Plan shall terminate when the individual ceases to be an eligible employee; however, the individual shall remain a participant until the entire account balance under the Plan has been distributed or forfeited.

Investment Options

Participants shall direct their contributions to be invested in any of the current investment options.

Participant Accounts

Each participant s account is credited with the participant s contributions, rollovers, matching contributions, profit sharing contributions, and allocations of Plan income. Allocations of Plan income are based on participant account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account balance.

Administrative Expenses

Plan administrative fees may include legal, accounting, trustee, recordkeeping, and other administrative fees and expenses associated with maintaining the Plan. The cost of administering the Plan is paid by participants through a combination of fees allocated to each participant s account and fees that are paid as part of the investment fees that are allocated to the Plan s investment options. Participants are provided with a detailed schedule of fees in the annual disclosure notice.

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Payment of Benefits

Benefits are recorded when paid. Benefits are payable in a lump sum cash payment unless a participant elects, in writing, one of the three optional forms of benefit payment, which include the following: (1) in Verizon shares for investments in the Verizon Company Stock Fund or the Consolidated Employee Stock Ownership Plan (CESOP) Shares Fund, with the balance in cash; (2) annual, semiannual, quarterly, or monthly installments in cash of approximately equal amounts to be paid out for a period of 2 to 20 years, as selected by the participant; or (3) for those participants eligible to receive their distribution in installments as described in (2) above, a pro rata portion of each installment payment in Verizon shares for investments in the Verizon Company Stock Fund or the CESOP Shares Fund, with the balance of each installment in cash.

Participant Loans

The Plan includes an employee loan provision authorizing participants to borrow an aggregate amount generally not exceeding the lesser of (i) $50,000 or (ii) 50% of their vested account balances in the Plan. The $50,000 limit is reduced by the participant s highest outstanding loan balance during the preceding twelve month period. Loans are generally repaid by payroll deductions. The term of repayment for loans generally will not be less than six months nor more than five years (15 years for a loan to purchase a principal residence). Each new loan will bear interest at a rate based upon the prime rate as of the last business day of the calendar quarter immediately preceding the calendar quarter in which the loan is made. Participant loans have been classified as Notes receivable from participants in the Statements of Net Assets Available for Benefits. Interest rates ranged from 3.25% to 9.50% for the years ended December 31, 2013 and 2012.

Master Trusts

At December 31, 2013 and 2012, the Plan participated in the Verizon Master Savings Trust (the Master Trust) and owned a percentage of the net assets in the Master Trust. This percentage is based on a pro rata share of the net assets in the Master Trust. The Plan owned approximately 4.4% and 5% of the net assets in the Master Trust at December 31, 2013 and 2012, respectively.

Fidelity Management Trust Company (the Trustee or Fidelity) has been designated as the trustee of the Master Trust and is responsible for the control and disbursement of the funds and portfolios of the Plan. Expenses of administering the Plan, including fees and expenses of the Trustee may be charged to the Plan. The Trustee is also responsible for the investment and reinvestment of the funds and portfolios of the Plan, except to the extent that it is directed by Verizon Investment Management Corp. (VIMCO) or by third-party investment managers appointed by VIMCO. Investment fees are charged against the earnings of the funds and portfolios.

At December 31, 2013 and 2012, the Plan also owned a percentage of the net assets in the Bell Atlantic Master Trust (together with the Master Trust, the Master Trusts), for which The Bank of New York Mellon is the trustee. The assets in the Bell Atlantic Master Trust include assets which are pooled between defined benefit plans and defined contribution plans. The fair value of the pooled assets allocated to defined contribution plans in the Bell Atlantic Master Trust at December 31, 2013 and 2012 was $108.9 million and $103.3 million, respectively. The Plan owned approximately 1% of the net assets allocated to defined contribution accounts at both December 31, 2013 and 2012. Other assets of the Plan that are held in separate accounts in the Bell Atlantic Master Trust are included in the table of the Master Trust s net investments set out in Note 7.

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The Plan s participating interest in the investment funds of the Master Trusts is based on account balances of the participants and their elected investment funds. The net assets of the Master Trusts are allocated by assigning to each plan participating in the Master Trusts those transactions (primarily contributions, benefit payments, and plan-specific expenses) that can be specifically identified as relating to such plan and by allocating, in proportion to the fair value of the assets assigned to such plan, income and expenses resulting from the collective investment of the assets of the Master Trusts.

Plan Modification

The Board of Directors of Verizon may amend, terminate or partially terminate the Plan at any time. The most senior Human Resources officer of Verizon also has the right to modify, alter or amend the Plan at any time subject to collective bargaining requirements. No amendment may permit any of the assets held pursuant to the Plan to be used for any purpose other than for the exclusive benefit of Plan participants and their beneficiaries or for paying reasonable expenses of administering the Plan. In the event the Plan terminates, participants will become fully vested in their accounts.

Risks and Uncertainties

The Plan provides investment options for participants, who can invest in combinations of stocks, fixed income securities, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market, equity price, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants account balances and the amounts reported in the financial statements.

2. Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates that affect the amounts reported in the financial statements, accompanying notes and supplemental schedule. Actual results could differ from those estimates.

Notes Receivable from Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2013 or 2012. If a participant ceases to make loan repayments and the Plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a distribution is recorded.

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Investments in Master Trusts

The Plan s interests in the Master Trusts are recorded at fair value. The Statement of Changes in Net Assets Available for Benefits reflects the net investment gain from the Plan s interests in the Master Trusts which consists of the realized gains or losses and the unrealized appreciation (depreciation) in fair value of those investments, as well as interest and dividends earned. Purchases and sales of investments are reflected as of the trade date. Realized gains and losses on sales of investments are determined on the basis of average cost. Dividend income is recorded on the ex-dividend date. Interest earned on investments is recorded on the accrual basis.

Fair Value Measurements

Fair value of financial and non-financial assets and liabilities is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs used in the methodologies of measuring fair value for assets and liabilities, is as follows:

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

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

Level 3 No observable pricing inputs in the market

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

Investment contracts are required to be reported at fair value. However, contract value is the relevant measurement of that portion of net assets attributable to fully benefit-responsive investment contracts, as that is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statements of Net Assets Available for Benefits present net assets at fair value, with an adjustment to contract value for the investment contracts held by the Master Trust. In addition, net assets available for benefits and the changes in net assets available for benefits per the financial statements will be different from those in the Plan s Form 5500 due to the adjustment from fair value to contract value for fully benefit-responsive investment contracts, as reflected in the financial statements (see Note 9).

Recently Adopted Accounting Standards

On January 1, 2013, the Plan adopted Accounting Standards Update (ASU) 2011-11, *Disclosures About Offsetting Assets and Liabilities*, and ASU 2013-01, *Clarifying the Scope of Disclosures About Offsetting Assets and Liabilities*. The Plan evaluated the disclosure provisions under ASU 2011-11 and ASU 2013-01 and determined the impact to the Plan s financial statements was not material.

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3. Non-Participant Directed Investments

Information about the net assets and the significant components of the changes in net assets related to the Plan s non-participant directed investments is as follows (in thousands):

	As of December 31,	
	2013	2012
Net Assets		
Verizon common stock	$ 250	$ 287

Changes in Net Assets	**Year ended December 31, 2013**
Employer contributions	$ 23,132
Net investment gain	58,408
Benefits paid to participants	(57,779)
Increase in diversification adjustment (Note 4)	(15,806)
Other	(7,992)
Net decrease	$ (37)

4. Vesting and Contributions

A participant shall be fully vested in the employer-matching and profit sharing contributions allocated to his or her account or Employee Stock Ownership Plan (ESOP) account and any income thereon, upon completing three years of vesting service or upon death, disability, retirement from Verizon or its Participating Affiliates, attainment of normal retirement age, or involuntary termination (other than for cause or in connection with a business transaction).

A terminated employee s non-vested employer-matching and profit sharing contributions are forfeited and offset against the participating company s obligation to make subsequent employer-matching and profit sharing contributions to the Plan. Forfeitures used to reduce employer-matching contributions for the year ending December 31, 2013 were immaterial. The balance in the forfeiture account was $702 thousand and $605 thousand at December 31, 2013 and 2012, respectively.

The Plan is funded by participant contributions up to a maximum of 16% of compensation (25% of compensation for covered employees in certain bargaining groups effective July 1, 2013), by profit sharing contributions, and by employer-matching contributions in shares of Verizon common stock equal to a percentage specified by the Plan or the participant s collective bargaining agreement, as applicable. For participants eligible to earn pension benefits, the matching contribution percentage may not exceed 82% of the initial 6% of the participants contributions of eligible compensation for each payroll period during the Plan year. Beginning June 1, 2013 for participants in certain bargaining groups who are not eligible to earn pension benefits, the matching contribution

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percentage is 100% of the initial 6% of the participants contributions of eligible compensation for each payroll period during the Plan year. Participants attaining the age of 50 or older can elect to make additional before-tax catch-up contributions to the Plan. Beginning June 1, 2013, Verizon and its Participating Affiliates may make a discretionary, performance-based profit sharing contribution to the Plan in an amount up to 3% of each eligible participant s eligible compensation for the Plan year. Eligible participants are those in certain bargaining groups who are not eligible to earn pension benefits and who are employed by Verizon or its Participating Affiliates on the last day of the year in a position subject to a collective bargaining agreement.

Participant contributions may be made on a before-tax basis (elective contributions) or from currently taxed compensation (after-tax contributions). Each participant s elective contributions for the 2013 Plan year were limited to $17,500. For 2013, the total amount of elective contributions, after-tax contributions, employer-matching contributions and certain forfeitures that may be allocated to a Plan participant was limited to the lesser of (1) $51,000 or (2) 100% of the participant s total compensation; and the compensation on which such contributions were based was limited to $255,000. The catch-up contribution limit is $5,500 for participants eligible to make catch-up contributions.

Employer-matching contributions are made in Verizon common stock. Employer profit sharing contributions may be made in cash or in Verizon common stock as determined by Verizon. The Verizon common stock is held by the Plan in a unitized fund, which means participants do not actually own shares of Verizon common stock but rather own an interest in the unitized fund. For the year ended December 31, 2013, total employer-matching and profit sharing contributions of 475 thousand shares of Verizon common stock were made with a fair value at the date of contribution of $23.1 million.

Participants age 50 and older with one year of service are permitted to redirect up to 50% of these employer-matching contributions (100% after attaining age 55 or retiring). A participant who has completed at least three years of service or who has retired may transfer employer-matching contributions made on or after January 1, 2007 to any other investment option or options under the Plan. The same diversification rules apply to profit sharing contributions made or considered made in Verizon common stock. A participant may transfer CESOP account balances and employer-matching contributions (and related earnings) made before January 1, 2007 to any other investment option or options under the Plan. In Note 3 above, the Diversification Adjustment reflects the employer-matching contributions that a participant may elect to transfer into any investment option available under the Plan, subject to the provisions of the Plan Document.

5. Related-Party Transactions

VIMCO, an indirect, wholly owned subsidiary of Verizon, is the investment advisor for certain investment funds and therefore qualifies as a party-in-interest. VIMCO received no compensation from the Plan other than reimbursement of certain expenses directly attributable to its investment advisory and investment management services rendered to the Plan. In addition, certain investments held by the Master Trusts are managed by Bank of New York Mellon as trustee and Fidelity as trustee and record keeper. Therefore, these investments qualify as parties-in-interest transactions. The Plan also allows investment, through a unitized fund, in Verizon common stock, which is a party-in-interest transaction. All of these transactions are exempt from the prohibited transaction rules.

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6. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated June 27, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trusts are exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trusts are tax exempt.

U.S. GAAP requires Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2010.

7. Investments in Master Trusts

Fair values of publicly traded common stock, commodities and mutual funds are determined by obtaining quoted prices in active markets. The fair values of government securities, corporate debt obligations and other U.S. and international fixed income securities are valued based on yields currently available on comparable securities or issues with similar credit ratings. Fair values of the commingled funds, including the real estate fund, are based on the net asset values (NAV) of the shares held as reported by fund managers, which are determined by the fair values of the underlying investments. Hedge fund investments include those seeking to maximize absolute returns using a broad range of strategies to enhance returns and provide additional diversification. The fair values of hedge funds are estimated using the NAV per share of the investments. The Plan has the ability to redeem these investments at NAV within the near term and thus are classified within Level 2 in the fair value table below. Convertible securities are valued by obtaining dealer quotes, analyzing listed bond and preferred stock prices, and employing sensitivity analysis and adjustments. The real estate fund invests its assets in open-end real estate funds, debt and equity securities of real estate companies, other real estate investments and cash and cash equivalents. The redemption restrictions for the commingled funds, other than the portion of the real estate fund noted below, are summarized as follows:

Liquidation Period	Redemption Frequency	Redemption Notice	Redemption Restrictions
Daily	Daily	Daily	None

For that portion of the real estate fund classified as Level 3 in the fair value table below, redemption requests will be scheduled for payment on the next valuation date which is at least three months after receipt of a written request for redemption (last business day of the quarter). Redemption requests are subject to fund management discretion based on cash available to meet redemption requests. In the event total redemption requests exceed the total cash available to honor such requests, available cash will be pro-rated among the contract-holders eligible for redemption.

The fair value of the fully benefit-responsive guaranteed investment contracts (the Investment Contracts) equals the fair values of the underlying assets and the wrap contracts. The underlying assets consist of government securities, corporate debt obligations and asset backed securities. Fair values of government securities and corporate debt obligations are based on the yields currently available on comparable securities of issues with similar credit ratings. Fair values of asset backed securities are determined using inputs that include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data including market research publications, new issue data, monthly prepayment information and collateral performance.

The wrap contracts within the stable value fund in the Master Trust are held with insurance companies and banks. In a typical wrap contract, the wrap issuer agrees to pay the fund the difference between the contract value and the fair value of the covered assets once the fair value has been totally exhausted. Though relatively unlikely, this could happen if the fund experiences significant redemptions during a time when the fair value of the fund s covered assets is below their contract value and fair value is ultimately reduced to zero. Standard & Poor s (S&P) rated the issuers of these contracts and the contracts underlying the securities from AA- to A+ and AA- to A at December 31, 2013 and 2012, respectively.

The contract value of the Investment Contracts represents contributions plus earnings, less participant withdrawals and administrative expenses. The underlying investments of the Investment Contracts are included in the Master Trust s assets at contract value, which, as reported by the insurance companies and banks, was approximately $1.9 billion at both December 31, 2013 and 2012.

Certain events limit the ability of the Plan to transact at contract value with the issuer. These events include: (1) substantive modification of the Plan, including complete or partial plan termination or merger with another plan; (2) any change in law, regulation, or administrative ruling that could have a material adverse effect on the fund s cash flow; (3) the Plan s failure to qualify under section 401(k) of the Code; (4) bankruptcy of the Plan sponsor or other Plan sponsor events which cause a significant withdrawal from the Plan; and (5) defaults in the debt securities that comprise the covered assets in excess of certain limits. The Plan administrator does not believe the occurrence of any such event is probable at this time.

Wrap contracts accrue interest using a formula called the crediting rate. Wrap contracts use the crediting rate formula to convert market value changes in the covered assets into income distributions in order to minimize the difference between fair value and contract value over time. The crediting rate is reset monthly and has a floor rate of zero.

The wrap contracts impacting the Plan had average yields of 2.12% and 2.45% at December 31, 2013 and 2012, respectively. The crediting interest rates for the wrap contracts were 1.94% and 2.21% at December 31, 2013 and 2012, respectively. No valuation reserve was recorded, or was deemed necessary, at December 31, 2013 and 2012 to adjust contract amounts.

The accounting records of the Master Trusts are maintained in U.S. dollars. Foreign currency denominated assets and liabilities are translated into U.S. dollars at the prevailing rates of exchange at the end of each accounting period with the impact of fluctuations in foreign exchange rates reflected as an unrealized gain or loss in the fair value of the investments.

Cash receipts and payments derived from investment trades involving foreign currency denominated investments are translated into U.S. dollars at the prevailing exchange rate on the respective transaction date. Net realized gains and losses on foreign currency transactions result from the disposition of foreign currency denominated investments as a result of fluctuations in foreign exchange

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rates between the trade and settlement dates and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received.

The foreign exchange effect on foreign currency denominated investments is not segregated from the impact of changes in market prices in the Statement of Changes in Net Assets Available for Benefits.

The Plan s interest in the fair value of the Master Trust and the Bell Atlantic Master Trust and the related investment gains are reported in Investments in Master Trusts (at fair value) and Net investment gain from investments in Master Trusts in the Statements of Net Assets Available for Benefits and in the Statement of Changes in Net Assets Available for Benefits, respectively.

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The following table represents the Master Trust s net investments by investment type measured at fair value on a recurring basis by the fair value measurement levels described in Note 2 as of December 31, 2013 (in thousands):

	Assets at Fair Value as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents	$ 110,755	$ 268,339	$	$ 379,094
Verizon common stock	7,097,529			7,097,529
Mutual funds				
U.S. fixed income	1,316,368			1,316,368
U.S. equity	551,445			551,445
U.S. small cap	352,733			352,733
International equity	298,767			298,767
Global fixed income	226,725			226,725
Commingled funds				
U.S. equity		4,283,572		4,283,572
Cash and cash equivalents		791,047		791,047
International equity		1,285,779		1,285,779
U.S. small cap		1,039,540		1,039,540
U.S. fixed income		634,590		634,590
Real estate		776,381	246,630	1,023,011
Global fixed income		123,555		123,555
Common stock				
International equity	1,615,634	3,958		1,619,592
U.S. equity	2,668,279	211		2,668,490
Fixed income				
Corporate bonds	5,301	531,968		537,269
U.S. treasuries and agencies	427,693	160,607		588,300
Asset-backed securities		21,924		21,924
Stable value fund				
Cash and cash equivalents		16,564		16,564
U.S. treasuries and agencies		913,261		