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Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
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Re: Proposed Accounting Standards Update, Derivatives and Hedging (Topic 815) – *Targeted Improvements to Accounting for Hedging Activities*

Verizon Communications Inc. ("Verizon") appreciates the opportunity to comment on the Proposed Accounting Standards Update, Derivatives and Hedging (Topic 815) – *Targeted Improvements to Accounting for Hedging Activities*. Verizon, one of the world's leading providers of communications services, is a registrant with the Securities and Exchange Commission (the "SEC") and is classified as a Large Accelerated Filer.

Verizon supports the Board's proposed objective of improving the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. We also support the Board's efforts to make targeted improvements to simplify the application of the hedge accounting model and to increase the number of hedging strategies that qualify for hedge accounting. Verizon's comments on selected proposals follows:

Misapplication of Shortcut Method

Verizon supports the Board's proposal to permit an entity to switch to the long-haul method if it subsequently determined that it inappropriately used the short cut method as long as the entity documented at hedge inception the long-haul methodology to be used and the hedge is highly effective when this methodology is used. This is a very significant proposal because the permitted use of the long-haul method instead the total loss of hedge accounting will lessen the risk of restatement.

Initial Assessment of Effectiveness
We also support the Board's proposal to allow entities more time, up to the first quarterly hedge effectiveness assessment date, to complete the initial prospective quantitative hedge effectiveness assessment.

Subsequent Effectiveness Testing
With respect to subsequent effectiveness testing, Verizon supports the Board's proposal to permit subsequent retrospective and prospective effectiveness assessments to be performed on a qualitatively basis if the entity's initial prospective quantitative hedge effectiveness assessment at hedge inception was highly effective and the entity can reasonably support an expectation of high effectiveness on a qualitative basis in subsequent periods. This proposal will eliminate a significant amount of work and cost that is currently required to perform subsequent period quantitative assessment of hedge effectiveness. However, we believe that additional guidance around the factors to consider in justifying the use of a qualitative approach would be helpful.

We disagree with the Board's proposal that would prohibit an entity to return to qualitative testing if in a subsequent period, facts and circumstances changed to the extent that it required a quantitative assessment of effectiveness to be performed. Verizon believes that an entity should be permitted to return to qualitative assessment if it can reasonably support an expectation of high effectiveness. We believe this ability to return to a qualitative assessment would be consistent with the broader objective of simplifying the application of hedge accounting.

Recognition and Presentation
Verizon agrees with the Board's proposal, for qualifying cash flow and net investment hedges, to record the entire change in the fair value of the hedging instrument in OCI, except for amounts excluded from the assessment of hedge effectiveness because it will eliminate the amount of work required and cost to measure ineffectiveness. We also support the Board's proposal that the amounts reclassified to earnings from OCI in cash flow hedges and the changes in fair value of the hedging instrument in fair value hedges should be classified in the same income statement line item as the hedged item because this will ensure consistency and comparability.

Disclosure Requirements
Verizon believes that the Board should reconsider its recommendation to require quantification of hedge accounting goals and whether these goals are met. We believe such a requirement will create more confusion than enhance transparency since these

goals could and often change as a result of many factors. We believe existing disclosures already present users with sufficient details of a company's hedging objectives and impacts.

Transition
We agree with the Boards proposed modified retrospective transition approach to existing hedging relationships as of the date of adoption of the new standard.

Thank you for the opportunity to comment. We would be pleased to discuss our comments in more detail with the members of the Board or Staff.

Respectfully Submitted,

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