

NEWS RELEASE



FOR IMMEDIATE RELEASE
December 13, 2007

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Verizon and FairPoint Reach Settlement Agreement With Maine State Agencies, Other Interested Groups

Agreement is 'Important Step Forward'

NEW YORK – Verizon and FairPoint have reached an agreement with the staff of the Maine Public Utility Commission and the Maine Office of Public Advocate. The two companies have asked the Maine PUC to approve the acquisition of Verizon's access lines and related business in Maine, New Hampshire and Vermont. The agreement submitted to the commission resolves concerns raised among the parties as Maine has considered approving the proposed Verizon-FairPoint transaction.

"This is an important step forward," said Edward Dinan, Verizon president for Maine. "We have provided service to customers in Maine for many years, and we are committed to

providing a sound communications network as we transition to FairPoint. This settlement resolves concerns that were raised, and assures that the new business starts on a sound footing.”

Under the terms of the agreement, FairPoint agrees to reduce its stock dividend by 35 per cent and will make minimum debt repayments annually of \$35 million.

Verizon will make a contribution of \$235.5 million to the working capital of the new company prior to the closing. This will enable FairPoint to incur less debt and to facilitate investment in infrastructure and improved service.

The agreement provides a fair value to Verizon for its wireline properties in the three northern New England states. At the same time, it addresses financial concerns raised in regulatory proceedings in Maine and New Hampshire.

Dinan noted that the proposed settlement will benefit Verizon’s shareholders, who will own approximately 60 percent of the merged FairPoint company, because they will now own shares of a company in a stronger initial financial position.

Dinan added that the proposed Maine settlement would be instrumental in reaching approval from the regulatory commissions in New Hampshire and Vermont.

“We look forward to sharing this agreement with regulators in New Hampshire and Vermont in the hopes that they will agree that concerns raised in those two states are largely accommodated in the terms of the Maine settlement,” he said. “Of course, each state must make its own decision to agree with us that this transaction is appropriate and good for consumers in each state.”

No dates have been set for the decision by the three states or the Federal Communications Commission.

The two companies announced last January definitive agreements that will result in Verizon establishing a separate entity for its local exchange and related business assets in Maine, New Hampshire and Vermont, and then spinning off that new entity to Verizon's stockholders and merging it with and into FairPoint.

Dinan said, "The many parties that took part in the discussions to reach this agreement did so in a professional manner with one purpose in mind – to provide the best communications services for Maine residents and businesses."

Verizon Communications Inc. (NYSE:VZ), headquartered in New York, is a leader in delivering broadband and other wireline and wireless communication innovations to mass market, business, government and wholesale customers. Verizon Wireless operates America's most reliable wireless network, serving 63.7 million customers nationwide. Verizon's Wireline operations include Verizon Business, which delivers innovative and seamless business solutions to customers around the world, and Verizon Telecom, which brings customers the benefits of converged communications, information and entertainment services over the nation's most advanced fiber-optic network. A Dow 30 company, Verizon has a diverse workforce of nearly 238,000 and last year generated consolidated operating revenues of more than \$88 billion. For more information, visit www.verizon.com.

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