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

Thursday, December 13, 2007

Agreement is 'Important Step Forward'

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."

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