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May 29, 2009

VIA ELECTRONIC MAIL AND FEDERAL EXPRESS

Public Utilities Commission of Oregon
Attention: Filing Center
550 Capitol Street N.E., Suite 215
Salem, OR 97301-2551

***Re: Joint Application of Verizon Communications Inc. and Frontier
Communications Corporation for an Order Declining to Assert Jurisdiction
Over, or, in the Alternative, Approving the Indirect Transfer of Control of
Verizon Northwest Inc.***

Dear Filing Center:

Enclosed for filing is the original Joint Application of Verizon Communications Inc. and Frontier Communications Corporation for an Order Declining to Assert Jurisdiction Over, or, in the Alternative, Approving the Indirect Transfer of Control of Verizon Northwest Inc. Please note that Exhibits C-1, C-2, E-1 and E-2 contain confidential information, and therefore are printed on yellow paper and sealed in envelopes.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg - M".

Gregory M. Romano

GMR:pl

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

In the Matter of the Joint Application of)
Verizon Communications Inc. and)
Frontier Communications Corporation)
For An Order Declining to Assert)
Jurisdiction Over, or, in the Alternative,)
Approving the Indirect Transfer of)
Control of Verizon Northwest Inc.)

Docket No. _____

JOINT APPLICATION

Verizon Communications Inc. (“Verizon”) and Frontier Communications Corporation (“Frontier” or “the Company”) (collectively, “Joint Applicants”) respectfully request that the Commission decline to assert jurisdiction over the indirect transfer of control of Verizon Northwest Inc. (“Verizon Northwest”) from Verizon to Frontier as described in more detail below (the “Transaction”) or, in the alternative, approve this Application under ORS 759.375, ORS 759.380, OAR 860-027-0025, and any other applicable law or rule the Commission deems necessary to effect the Transaction.¹ The Joint Applicants request that the Commission issue a protective order to govern the review of confidential information considered in this docket, including confidential information in the attached exhibits and submitted in response to data requests likely to be issued by the Commission Staff.

¹ Applicants do not specifically request approval under OAR 860-032-0020(7) for the transfer of certain long distance customers from Verizon Long Distance, LLC and Verizon Enterprise Solutions, LLC to a newly formed company entitled New Communications Online and Long Distance, Inc. (“NewLD”) because both VLD and VES will continue to provide long distance services after completion of the Transaction. Accordingly, neither VLD nor VES will “abandon” such services, which is defined under OAR 860-032-0020(1) to mean to “discontinue or cease providing” a service. If, however, the Commission determines that approval for the transfer of long distance customers as described in this Application is required, the Applicants respectfully request that the Commission consider this Application to include a request for such approval.

Executive Summary

1. As discussed in greater detail below, the essence of the Transaction as it relates to Oregon is that Verizon Northwest's incumbent local exchange carrier (ILEC) operations will become controlled by Frontier pursuant to a parent-company merger. Likewise, certain long distance customers of Verizon Long Distance, LLC ("VLD") and Verizon Enterprise Solutions, LLC ("VES") in Oregon will be transferred to Frontier. Upon closing, Frontier and its board of directors and management will own, control and manage both the Verizon business transferred to it as part of this Transaction as well as Frontier's current operating businesses. Upon completion of the Transaction, Verizon Northwest will operate as a Frontier subsidiary with a different name but will have the same tariffs and will offer substantially the same regulated retail and wholesale services under the same rates, terms, and conditions that exist today.

2. With this Transaction, consumers in service areas to be acquired by Frontier (the "Territory") will join consumers across Frontier's territories and become a key strategic focus of Frontier. Frontier is a wireline communications company dedicated primarily to serving rural, suburban and small market areas, where it has a proven track record of success. This Transaction will allow Frontier to build on that success over much broader areas and generate substantial public interest benefits.

3. The proposed Transaction will promote broadband deployment and investment in the rural areas of the acquired Territory in Oregon. Frontier has a strong record of deploying broadband in communities it serves. Indeed, increasing broadband availability in the rural areas of its new footprint will be a business imperative for Frontier in order to retain customers and to reduce the access line loss Verizon has recently been experiencing in these areas. Frontier will also bring to these communities its innovative customer service programs, such as its program to

assist new subscribers for broadband services by sending a technician to a customer's home to set up service and ensure that consumers are comfortable navigating and using high-speed services in the home. Frontier believes that through a combination of investment and high-quality customer service, the proposed Transaction will make Frontier a stronger, more focused company to the benefit of consumers in the areas it serves.

4. Just as significantly, the Transaction will provide Frontier with a stronger financial structure and will not result in any competitive harm. None of the local exchanges being acquired by Frontier from Verizon overlap with any of the local exchanges already served by Frontier, and Frontier and Verizon do not currently compete for customers in any of the affected exchanges. As a result, the Transaction will not reduce the number of competitors in any region. Moreover, this Transaction will be seamless for retail and wholesale customers. On the retail side, Frontier will honor existing tariffs and contracts. As to wholesale customers, Frontier will honor all obligations under Verizon's current interconnection agreements, tariffs, and other existing arrangements.

5. Further, because Frontier will not need to convert billing and other operational systems, customers have no reason to fear disruption to the services they are receiving. Frontier will use the same support systems Verizon uses today to serve its customers – these systems will be transferred to Frontier. In short, the Transaction will be seamless and transparent to the affected Oregon customers, and after the merger these customers will be served by Frontier, which has extensive experience in such operations and will become the largest provider of voice, broadband and video services focused on rural, suburban and smaller city markets in the United States.

I. The Parties and the Transaction

A. The Parties.

6. Verizon is a corporation organized under the laws of the state of Delaware and is a publicly traded company with its stock listed on the New York Stock Exchange under the symbol "VZ." At the end of the first quarter of 2009, Verizon's telephone operating company subsidiaries served approximately 35.2 million wireline access lines in 25 states and the District of Columbia.

7. Frontier is a corporation organized under the laws of the state of Delaware and is a publicly traded holding company with its stock listed on the New York Stock Exchange under the symbol "FTR." Frontier is a full-service communications provider and is one of the largest rural and suburban local telephone exchange companies in the country. The Company offers telephone, television and Internet services, as well as bundled offerings, wireless Internet data access, data security solutions and specialized bundles for small/medium/large businesses and home offices to customers in 24 states. In 2008, the revenue of Frontier was \$2.2 billion, with a net income of \$182.7 million.² The Company has approximately 5,600 employees and serves a total of 2.8 million voice and broadband connections, including 2.3 million access lines. Frontier controls incumbent local exchange operations in 24 states, including Citizens Telecommunications of Oregon ("Frontier Oregon"). Frontier Communications of America, Inc. is a subsidiary of Frontier and is a reseller of interexchange service in Oregon.

8. New Communications Holdings, Inc. ("NCH"), New Communications ILEC Holdings, Inc. ("NCIH") and NewLD are Delaware corporations formed for the purpose of

² Frontier Communications' most recent 10-K (filed February 27, 2009 for year ended December 31, 2008) and 10-Q (filed May 07, 2009 for quarter ended March 31, 2009) filings with the Securities and Exchange Commission are available at: <http://www.sec.gov/Archives/edgar/data/20520/000002052009000009/form10k4q2008.txt> and <http://www.sec.gov/Archives/edgar/data/20520/000002052009000023/form10q1q09.txt>, respectively.

effecting the Transaction. NCH is a direct, wholly-owned subsidiary of Verizon Communications, and NCIH and NewLD are direct, wholly-owned subsidiaries of NCH.³

9. Verizon Northwest is a certificated telecommunications utility in Oregon, and provides local exchange services in forty-four exchanges throughout the state. As of December 31, 2008, Verizon Northwest served approximately 310,000 access lines in Oregon. Verizon Northwest is an indirect, wholly-owned subsidiary of Verizon Communications (through GTE Corporation).

10. Frontier Oregon is a certificated telecommunications utility in Oregon, and provides local exchange service in ten exchanges throughout the state. Frontier Oregon has approximately 12,000 access lines in Oregon. Frontier Oregon is an indirect, wholly-owned subsidiary of Frontier.

11. At the completion of the Transaction, Verizon Northwest will be renamed and will be an indirect, wholly-owned subsidiary of Frontier. Verizon Northwest will be renamed because Frontier will not operate under the Verizon name in any state. For purposes of this Application, however, the name "Verizon Northwest" is used in describing the pre- and post-Transaction structures.

B. The Transaction.

12. On May 13, 2009, Frontier, Verizon and NCH entered into an Agreement and Plan of Merger (the "Merger Agreement") under which Frontier, through the acquisition of stock, will acquire approximately 4.8 million access lines (and certain related assets) currently owned by subsidiaries of Verizon in Arizona, Idaho, Illinois, Indiana, Michigan, Nevada, North Carolina, Ohio, Oregon, South Carolina, Washington, Wisconsin and West Virginia as well as a

³ NewLD will apply for a certificate of authority to provide telecommunications services in Oregon as a "Competitive Telecommunications Provider" offering long distance services after it has registered with the Corporation Division and the Transaction approaches closing.

small number of access lines in California bordering Arizona, Nevada and Oregon. The Merger Agreement filed with the Securities and Exchange Commission (SEC) is attached as Exhibit 1 and is available for review online at:

<http://www.sec.gov/Archives/edgar/data/20520/000095015709000266/ex2-1.htm>. On the same date, Verizon and NCH entered into a Distribution Agreement. A copy of the Distribution Agreement filed with the SEC is attached as Exhibit 2 and is available for review online at <http://www.sec.gov/Archives/edgar/data/20520/000095015709000266/ex10-1.htm>.

13. The Merger Agreement and Distribution Agreement are designed to: (a) establish a separate entity (i.e., NCH) as the holding company for Verizon's local exchange, long distance and related business activities in the acquired Territory described above; (b) spin-off the stock of that new entity to Verizon shareholders; and then (c) immediately merge the new entity into Frontier.

14. More specifically, the Transaction will be completed through several steps:

(a) NCH will serve as the holding company for the local exchange, long distance and related businesses in Oregon and the other affected states that are being transferred to Frontier. As noted above, NCH currently is a subsidiary of Verizon; after the transactions described below, it will be merged into Frontier. Frontier will be the surviving entity, and will then own and control the Verizon assets being transferred to it through the Transaction at issue here as well as its current properties in the state.

(b) NCH has two newly formed subsidiaries: (a) NCIH, which will own the stock of Verizon Northwest and the other operating ILECs in the affected states; and (b) NewLD, which will hold the accounts receivables, liabilities, and customer relationships related to the long distance operations (and other operations) in Oregon and the other affected states.

(c) Through a series of intra-corporate stock transfers, Verizon will transfer (or cause to be transferred) the stock of Verizon Northwest and the other affected ILECs to NCIH.⁴ Similarly, VLD and VES will transfer their accounts receivables and customer relationships related to their long distance operations in Oregon and the other affected states to NewLD.⁵

(d) The stock of NCH will then be distributed to Verizon shareholders – that is, NCH will be “spun off” from Verizon to Verizon’s shareholders. Immediately following this spin-off, NCH will be merged into Frontier, and Frontier will be the surviving holding company operating under its existing name and corporate structure, but also owning all of the stock of NCH’s subsidiaries, NCIH and NewLD. Once the merger is completed, NCH will cease to exist; thus, NCIH and NewLD will be direct subsidiaries of Frontier, and Verizon Northwest will be an indirect subsidiary.

15. At the completion of the Transaction, the former Verizon Northwest will be a wholly-owned, indirect subsidiary of Frontier and provide local exchange service in the service territory of Verizon Northwest. Frontier also will own and control NewLD, which will provide long distance services in Oregon.

16. Immediately following the completion of the Transaction, Verizon Northwest will simply change the name on the tariffs.

17. Upon completion of the Transaction, the Commission will retain the same regulatory authority over the provision of services by Verizon Northwest and NewLD that the Commission possesses prior to the consummation of the Transaction.

⁴ The assets and business to be transferred to NCIH (as well as the assets and business that are not being transferred) are more fully described in the Distribution Agreement between Verizon and NCH. See Exhibit 2.

⁵ In addition to acquiring Verizon’s local exchange and long distance business in the affected states, Frontier also will acquire high speed internet and, where provided, wireline video and broadband data (e.g., Verizon FiOS) services provided in these areas. These services and the transfers, however, are not regulated by the Commission. All the business to be transferred (and those that are not to be transferred) is more fully described in the Distribution Agreement.

18. Verizon Northwest will retain all its wholesale obligations, including contracts, to Oregon wholesale customers and to other carriers to the extent applicable.

19. Verizon Northwest and NewLD will conduct business in Oregon in accordance with all applicable laws, rules and Commission orders. Upon completion of the Transaction, Frontier will change the name of Verizon Northwest and NewLD; and it will make all necessary filings to accomplish the name changes. Similarly, any subsequent service or price changes will be made in accordance with all applicable laws, rules and Commission orders.

20. No change will occur with respect to Frontier's existing operating entities in Oregon, including Frontier Oregon and Frontier Communications of America, Inc. These companies will not be impacted by the Transaction and will continue to operate as separate entities under Commission regulatory requirements immediately following the Transaction.

21. At the completion of the Transaction, Frontier will own and control and its board of directors will manage both the Verizon assets being transferred to it through the Transaction at issue here, as well as its current properties in the state. Specifically, Frontier will own and control two incumbent local exchange companies in Oregon: Verizon Northwest and Frontier Oregon. In addition, Frontier will own and control two long distance companies operating in Oregon: Frontier Communications of America, Inc. and NewLD. Frontier's pre- and post-Transaction corporate structure is illustrated in Exhibit 3, attached to this Application.

II. Correspondence and Communications

22. All communications and correspondence concerning this Application should be addressed or directed to:

VERIZON

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and

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III. ORS 759.375, 759.380

23. The Applicants respectfully request that the Commission decline to assert jurisdiction over the indirect transfer of control of Verizon Northwest or, in the alternative, approve the Transaction under ORS 759.375, ORS 759.380, and OAR 860-027-0025. Until the Commission considered the CenturyTel/Embarq transaction in UM 1416, it had not reviewed a telecommunications transaction of this nature between two non-Oregon parent corporations. But Order No. 09-169 in UM 1416 (May 11, 2009) ("*CenturyTel Order*") interpreted Commission jurisdiction over that transaction under the following statutory provisions:

ORS 759.375(1) provides that a telecommunications utility doing business in Oregon shall not, without first obtaining Commission approval:

(c) By any means whatsoever, directly or indirectly, merge or consolidate any of its lines, plant, system or other property whatsoever, or franchise or permit to maintain or operate any telecommunications utility property, or perform any service as a telecommunications utility, or any part thereof, with any other ... telecommunications utility.

ORS 759.380 provides that:

(1) No telecommunications utility, shall directly or indirectly, purchase, acquire or become the owner of any of the stocks or bonds or property utilized for utility purposes ... of any other ... telecommunications utility unless authorized by the ... Commission.

(2) Every contract by any telecommunications utility for the purchase, acquisition, assignment or transfer to it of any of the stock of any other telecommunications utility ... without the approval of the commission shall be void

24. In the *CenturyTel Order*, the Commission found that these statutes applied because the CenturyTel and Embarq telecommunications utilities in Oregon were ultimately being merged “through the stock swap of their respective parent holding companies.” *CenturyTel Order* at 5-6. The Applicants respectfully request that the Commission revisit that rationale, as to the Transaction here. Specifically, the two telecommunications utilities relevant here are Verizon Northwest and Frontier Oregon, and they will not be merged or consolidated by virtue of the Transaction; accordingly ORS 759.375 does not apply. ORS 759.380 is inapplicable because no stock of either telecommunications utility (Verizon Northwest and Frontier Oregon) will be acquired by or transferred to the other. Verizon Northwest and Frontier Oregon will remain separate entities after the closing of the Transaction, and the only real effect of the Transaction is that Verizon Northwest will undergo a name change and have a different ultimate parent company (Frontier).

25. If, however, the Commission concludes that the Transaction is subject to its jurisdiction, the Applicants respectfully request that the Commission grant approval expeditiously. The standard for approval is whether the transaction satisfies the public interest by causing “no harm.” *CenturyTel Order* at 3. The proposed Transaction does no harm, and thus clearly is in the public interest.

26. Frontier currently has approximately 2.3 million access lines in 24 states, and is a leading and respected provider of telecommunications services to rural, suburban and small urban markets across the country. Frontier and its operating companies are dedicated to providing their customers high quality service at reasonable rates, and have a rich history in serving customers in Oregon and elsewhere. To ensure that it places the customer first, the Company has pursued a strategy of focusing on and enhancing its local presence in the

communities in which it operates. With the proposed Transaction, the residential and business consumers in the service areas it is acquiring from Verizon will become a key strategic focus for Frontier.

27. The Proposed Transaction will accelerate Frontier's growth, creating a much larger company with increased financial strength and flexibility. Frontier will be the fifth-largest ILEC in America, serving predominantly rural communities and suburban markets, and it will have 8.6 million voice and broadband connections, including more than 7 million access lines and \$6.5 billion in revenues. It will be the largest provider of voice, broadband and video services focused on rural and suburban markets in the United States.

28. Frontier also has a highly successful track record of acquiring, operating and investing in telecommunications properties nationally, including over 750,000 access lines it purchased from Verizon between 1993 and 2000. And in more recent years, Frontier has successfully integrated other telecommunications companies, including Rochester Telephone in New York, Commonwealth Telephone Company in Pennsylvania, and Global Valley Networks in California. In these transactions, Frontier successfully integrated its operations and consolidated different operating systems, including five different billing systems.

29. As noted above, the Transaction will be transparent to the current customers of Verizon Northwest, VLD and VES in Oregon. And Frontier will use the same operational systems – ordering, billing, etc. – that Verizon uses today to provide service; indeed, Verizon will transfer these systems and customer support systems as a part of the Transaction for a seamless customer transition.

30. To further ensure the transition is seamless to customers, Verizon and Frontier representatives will work together so that Frontier can ensure customer continuity including

billing, customer account systems, and plant record systems. When the closing occurs, Frontier will acquire the existing customer systems dedicated to the continuing service of the customers included in Oregon.

31. In addition, the proposed Transaction will not have any adverse impacts on wholesale service customers in Oregon. Frontier will retain all obligations under Verizon's current interconnection agreements and other existing arrangements, in addition to the statutory obligations applicable to all incumbent LECs.

32. Frontier also will continue to be managed by employees with extensive knowledge of the local telephone business and with a commitment to needs of the local community. Frontier's current and experienced group of executives, including Maggie Wilderotter, Chairman and Chief Executive Officer, Don Shassian, Chief Financial Officer and Dan McCarthy, Chief Operating Officer, will continue to lead the Company following the completion of the Transaction. The leadership team has a solid track record and a focus on bringing the latest in communications services to rural and suburban markets, including a commitment to an organization that is focused on individual community needs. As noted above, Frontier will strengthen the local operational presence and the local operations. Frontier will assign local managers located in Oregon with day-to-day responsibility for working with and responding to local customer needs.

33. The team also has successful experience serving non-rural, mid-size communities, including Elk Grove, California, the South Metro area of Minneapolis/St. Paul, Minnesota and Rochester, New York, and working in states with a myriad of regulatory structures.

34. The customer service, network and operations functions that are critical to Frontier's success will continue after the Transaction is complete. Frontier will continue to

employ both the Frontier and the Verizon company employees that are experienced and dedicated to the provision of local services in Oregon. In doing so, Frontier and Verizon will also provide a smooth transition for employees. Frontier will honor the union labor agreements in the affected states and will work constructively with union leaders. Verizon will fund pensions for the pre-closing service of employees moving to Frontier, and Verizon will remain responsible for employees who retire from the transferred areas before closing. As noted above, Frontier will also strengthen the local operational presence by assigning local managers located in Oregon with day-to-day responsibility for working with and responding to local customer needs. Frontier will continue to be managed by employees with extensive knowledge of the local telephone business and with a commitment to needs of the local community.

35. Following completion of the Transaction, Frontier will be able to generate strong operational performance through the deployment of Frontier's technology and operational focus in the acquired service areas in Oregon. For example, Frontier will bring to these communities its innovative customer service programs, such as easing the transition to broadband by sending a technician to customers' homes to set that service up, set up the portal in the home, make sure the computer is free of viruses, and ensuring that consumers are comfortable on how to navigate and utilize high-speed services in the home. Customers will benefit from access to these offerings, and Frontier will benefit from attracting and retaining customers whose needs are satisfied by its offerings and customer care.

36. In addition, Frontier will have an even stronger balance sheet than it has today and greater cash flow generation capabilities. Most notably, this Transaction will "delever"

Frontier, *i.e.*, it will reduce significantly the Company's debt-to-EBITDA ratio.⁶ The increased financial strength is expected to improve Frontier's access to capital and lower its cost of capital, which will inure to the benefit of the Oregon operating companies and their customers.

37. This stronger financial structure will also allow Frontier to make the greater investments in broadband infrastructure in the rural portions of the acquired Territory over time that are beyond the scope of Verizon's current priorities. Frontier recognizes that broadband is a catalyst for a healthy local economy and job growth, and increasing broadband deployment over time will be a business imperative for Frontier. Indeed, broadband is a key component of Frontier's business case for serving the areas it is acquiring from Verizon, both to provide an additional source of revenues and to limit the rate of line losses going forward. In its rural areas, Verizon recently has been averaging over 10% access line loss per year. Frontier has determined that portions of the areas it is proposing to acquire from Verizon are not served or underserved by terrestrial broadband service. To compete, and to retain the customers it proposes to acquire, Frontier intends over time to offer customers expanded broadband services in unserved and underserved areas. This will allow Frontier to fill the gap where there is no terrestrial broadband service. Bringing broadband service to such unserved areas is a substantial business opportunity for Frontier, and a significant benefit to customers who do not have a wireline alternative today. And where customers have wireline broadband available from cable providers, Frontier will provide a competitive alternative. Indeed, Frontier's focus on deploying broadband widely is reflected in its track record. Today, Verizon's operating companies offer broadband to only about 60% of the homes and businesses in the areas Frontier is acquiring. Over time, Frontier

⁶ Currently, Frontier Communications' net leverage is approximately 3.8 x EBITDA; after the transaction, its net leverage will be reduced to 2.6 x EBITDA. (EBITDA is earnings before interest, taxes, depreciation, and amortization.)

has made broadband connections available to over 90% of its customers in its existing service areas.

38. The proposed Transaction is occurring at a critical time, as the National Telecommunications and Information Administration and Rural Utility Service are both working to implement the broadband provisions of the American Reinvestment and Recovery Act of 2009. Frontier currently plans to participate in the program. Obviously, Frontier, like all private telecommunications providers, must await the final rules for those programs in order to determine whether it can seek "stimulus" funding, however, it would benefit the consumers in the acquired Territory for this transfer to be approved as soon as possible to provide Frontier with the opportunity to participate in that program with respect to the acquired properties on the same basis as its other properties and those of other providers.

39. In summary, Frontier and its operating companies are dedicated to providing high quality service at reasonable rates, and have significant experience in serving rural and suburban areas, including areas in Oregon. The residential and business consumers in the areas to be acquired by Frontier will become the key strategic focus for the Company. Frontier will enhance its local presence in the communities it serves and will work to ensure that it provides enhanced services and customer experiences after the Transaction occurs. The proposed Transaction will also bolster Frontier's financial strength and enable the Company to expand broadband and other service offerings in Oregon. The Commission, therefore, should conclude that the Transaction pursuant to which Frontier will ultimately own and control the Verizon incumbent local exchange and long distance services businesses in Oregon is in the public interest under ORS 759.375 and ORS 759.380.

IV. OAR 860-027-0025

40. OAR 860-027-0025 specifies that certain information about the companies and a proposed Transaction be supplied in support of an application. That information is provided below.

1. OAR 860-027-0025 (1)(a). Exact name and address of utility's principal business office.

Verizon Northwest
Verizon Northwest Inc.
20575 NW Von Neumann Drive
Hillsboro, OR 97006

Verizon Communications
140 West Street
New York, NY 10007

Frontier Communications
3 High Ridge Park
Stamford, CT 06905

Citizens Telecommunications Company of Oregon ("Frontier Oregon")
326 South Old Pacific Highway
Myrtle Creek, OR 97457

2. OAR 860-027-0025 (1)(b). State in which incorporated, the date of incorporation, and the other states in which authorized to transact utility operations.

Verizon Northwest
Washington Corporation
1964
Oregon, Washington and Idaho

Verizon Communications
Delaware Corporation
1983
Delaware, Florida, New Jersey, New York, Pennsylvania and Virginia

Frontier Communications
Delaware Corporation
1935
Delaware, Connecticut and Pennsylvania

Frontier Oregon
 Delaware Corporation
 1993
 Oregon

3. OAR 860-027-0025(1)(c). Name and address of the person on behalf of applicant authorized to receive notices and communications in respect to applications.

See Section II of Application.

4. OAR 860-027-0025(1)(d). Names, titles, and address of the principal officers.⁷

Verizon Northwest

Name	Title	Address
Stefanski, Michael T.	Chief Financial Officer	One Verizon Way, VC43E048, Basking Ridge, NJ 07920
Drost, Marianne	Secretary	One Verizon Way Basking Ridge, NJ 07920
McCallion, Timothy J.	President	112 Lakeview Canyon Rd Thousand Oaks, CA 91362
Romano, Gregory M.	Vice President-General Counsel and Assistant Secretary	1800 41 st Street Everett, WA 98201
Mead, Daniel S.	Chief Executive Officer	One Verizon Way, VC44E006, Basking Ridge, NJ 07920
Webster, Catherine T.	Senior Vice President-Finance and Assistant Treasurer	One Verizon Way Basking Ridge, NJ 07920

Verizon Communications

Name	Title	Address
Barish, Robert J.	Senior Vice President and Controller	One Verizon Way, VC44E220, Basking Ridge, NJ 07920
Diercksen, John W.	Executive Vice President - Strategy, Development and Planning	140 West Street, VC44E037, New York, NY 10007
Drost, Marianne	Senior Vice President, Deputy General Counsel and Corporate Secretary	One Verizon Way, VC44E219, Basking Ridge, NJ 07920
Kheradpir, Shaygan	Executive Vice President and Chief Information Officer	140 West Street, VC43E019, New York, NY 10007

⁷ Per the text of the rule, this is a list of principal offers, not an exhaustive list of officers.

Killian, John F.	Executive Vice President and Chief Financial Officer	140 West Street, New York, NY 10007
Lataille, Ronald H.	Senior Vice President - Investor Relations	One Verizon Way, VC44E223, Basking Ridge, NJ 07920
Leidheiser, Kathleen H.	Senior Vice President - Internal Auditing	One Verizon Way, VC44E227, Basking Ridge, NJ 07920
Lynch, Richard J.	Executive Vice President and Chief Technology Officer	One Verizon Way, VC44E005, Basking Ridge, NJ 07920
Mead, Daniel S.	President - Verizon Telecom	One Verizon Way, VC44E006, Basking Ridge, NJ 07920
Milch, Randal S.	Executive Vice President and General Counsel	140 West Street, #29, New York, NY 10007
Reed, Marc C.	Executive Vice President - Human Resources	140 West Street, #29, New York, NY 10007
Seidenberg, Ivan G.	Chairman and Chief Executive Officer	140 West Street, #29, New York, NY 10007
Stefanski, Michael T.	Senior Vice President & CFO, Verizon Telecom Finance	One Verizon Way, VC43E048, Basking Ridge, NJ 07920
Stratton, John G.	Executive Vice President and Chief Marketing Officer	One Verizon Way, VC43E033, Basking Ridge, NJ 07920
Strigl, Dennis F.	President and Chief Operating Officer	One Verizon Way, VC44E031 Basking Ridge, NJ 07920
Tauke, Thomas J.	Executive Vice President - Public Affairs, Policy and Communications	1300 I Street NW, 04W, Washington, DC 20005
Webster, Catherine T.	Senior Vice President and Treasurer	One Verizon Way, VC44E224, Basking Ridge, NJ 07920

Frontier Communications

Name	Title	Address
Glassman, Hilary E.	Senior Vice President, General Counsel and Secretary	Frontier Communications Corporation 3 High Ridge Park Stamford, CT 06905-1390
Hayes, Peter B.	Executive Vice President, Sales, Marketing and Business Development	Frontier Communications Corporation 3 High Ridge Park Stamford, CT 06905-1390

McCarthy, Daniel	Executive Vice President and Chief Operating Officer	Frontier Communications Corporation 3 High Ridge Park Stamford, CT 06905-1390
McKenney, Cecilia K.	Executive Vice President of Human Resources and Call Center Sales & Service	Frontier Communications Corporation 3 High Ridge Park Stamford, CT 06905-1390
Shassian, Donald R.	Executive Vice President and Chief Financial Officer	Frontier Communications Corporation 3 High Ridge Park Stamford, CT 06905-1390
White, Melinda	Senior Vice President and General Manager, New Business Operations	Frontier Communications Corporation 3 High Ridge Park Stamford, CT 06905-1390
Wilderotter, Maggie	Chairman and Chief Executive Officer	Frontier Communications Corporation 3 High Ridge Park Stamford, CT 06905-1390

Frontier Oregon

Same principal officers at Frontier Communications.

5. OAR 860-027-0025(1)(e). Description of general character of the business done and to be done, and a designation of the territories served by counties and states.

The principal businesses of Verizon Northwest and Frontier Oregon are communications services. Verizon Northwest and Frontier Oregon are authorized by the Commission to operate as a telecommunications utility in the following exchanges:

Verizon Northwest

Amity
Aumsville/Turner
Bandon
Beaverton
Brookings
Clatskanie
Coos Bay/North Bend
Coquille
Cove
Dayton

Detroit
Elgin
Enterprise
Forest Grove
Gold Beach
Grand Island
Gresham
Hillsboro
Hoodland
Imbler
Joseph
La Grande
Lakeside
Langlois
Lostine
McMinnville
Mill City
Murphy/Provolt
Myrtle Point
Newberg
Port Orford
Powers
Reedsport
Sandy
Scholls
Sherwood
Silverton
Stafford
Sunnyside
Tigard
Union
Vernonia
Wallowa
Yamhill

Frontier Oregon- Exchange (County)

Azalea (Douglas)
Canyonville (Douglas)
Cave Junction (Josephine)
Days Creek (Douglas)
Glendale (Douglas)
Myrtle Creek (Douglas)
O Brien (Josephine)
Riddle (Douglas)
Selma (Josephine)
Wolf Creek (Josephine)

6. OAR 860-027-0025(1)(f). Statement, as of the date of the balance sheet submitted with the application, showing for each class and series of capital stock: brief description; amount authorized (face value and number of shares); amount outstanding (exclusive of any amount held in treasury); amount held as reacquired securities; amount pledged; amount owned by affiliated interests; and amount held in any fund.

For the relevant information on Verizon Communications, please see 10-K and 10-Q filings made with the Securities and Exchange Commission, which may be found at <http://investor.verizon.com/financial/quarterly/>. For financial information of Frontier Communications, please see Frontier Communications' most recent 10-K (filed February 27, 2009 for year ended December 31, 2008) and 10-Q (filed May 07, 2009 for quarter ended March 31, 2009) filings with the Securities and Exchange Commission, available at: <http://www.sec.gov/Archives/edgar/data/20520/000002052009000009/form10k4q2008.txt> and <http://www.sec.gov/Archives/edgar/data/20520/000002052009000023/form10q1q09.txt>, respectively. Stock information on Frontier Communications is provided on the balance sheet included at page f-5 and the equity statement of page f-7 of Frontier Communications' 10-K referenced above. Stock information on Verizon Northwest Inc. is provided in Section A-3 of the Form O included as Exhibit E-1. Stock information on Frontier Oregon is provided in Section A-3 of the Form O included as Exhibit E-2.

7. OAR 860-027-0025(1)(g). Statement, as of the date of the balance sheet submitted with the application, showing for each class and series of long-term debt and notes: brief description (amount, interest rate and maturity); amount authorized; amount outstanding (exclusive of any amount held in treasury); amount held as reacquired securities; amount pledged; amount held by affiliated interests; and amount sinking and other funds.

For the relevant information on Verizon Communications, please see 10-K and 10-Q filings made with the Securities and Exchange Commission, which may be found at <http://investor.verizon.com/financial/quarterly/>. For financial information of Frontier Communications, please see Frontier Communications' most recent 10-K (filed February 27,

2009 for year ended December 31, 2008) and 10-Q (filed May 07, 2009 for quarter ended March 31, 2009) filings with the Securities and Exchange Commission, available at: <http://www.sec.gov/Archives/edgar/data/20520/000002052009000009/form10k4q2008.txt> and <http://www.sec.gov/Archives/edgar/data/20520/000002052009000023/form10q1q09.txt>, respectively. Long-term debt information on Frontier Communications is provided in footnote 11 of the financial statement starting at page f20 of Frontier Communications' 10-K referenced above. For information related to Verizon Northwest Inc., please see the "Consolidated Financial Statements As of December 31, 2008 and 2007 for the years then ended," which may be found at http://investor.verizon.com/income/subsidiaries/nw/pdf/4q08_nw.pdf, as well as in the Form O included as Exhibit E-1. For financial information related to Frontier Oregon, please see the Form O of Frontier Oregon included as Exhibit E-2.

8. OAR 860-027-0025(1)(h). Whether application is for disposition of facilities by sale, lease, or otherwise, a merger or consolidation of facilities, or for mortgaging or encumbering its property, or for the acquisition of stock, bonds, or property of another utility, also a description of consideration, if any, and the method of arriving at the amount thereof.

See the Merger and Distribution Agreements, attached as Exhibits 1 and 2 to the Application.

9. OAR 860-027-0025(1)(i). Statement and general description of facilities to be disposed of, consolidated, merged, or acquired from another utility, giving a description of their present use and of their proposed use after disposition, consolidation, merger, or acquisition. State whether the proposed disposition of facilities or plan for consolidation, merger, or acquisition includes all operating facilities of parties to the transaction.

Under the terms of the Transaction as more fully described in Section I above, Verizon Northwest will change its name and will become an indirect, wholly-owned subsidiary of Frontier Communications.

10. OAR 860-027-0025(1)(j). Statement by primary account of the cost of the facilities and applicable depreciation reserve involved in the sale, lease, or other disposition, merger

or consolidation, or acquisition of property of another utility. If original cost is not known, an estimate of original cost based, to the extent possible, upon records or data of the applicant or its predecessors must be furnished, a full explanation of the manner in which such estimate has been made, and a statement indicating where all existing data and records may be found.

Please refer to the appropriate schedules included in the attached annual reports, both of which contact confidential information:

Exhibit E-1 - Form O of Verizon Northwest
Exhibit E-2 - Form O of Frontier Oregon

11. OAR 860-027-0025(1)(k). Statement as to whether or not any application with respect to the transaction or any part thereof, is required to be filed with any federal or other state regulatory body.

The Transaction requires approval of the Federal Communications Commission, as well as the Department of Justice/Federal Trade Commission. It also will be filed for approval before public utility commissions in the following states: Arizona, California, Illinois, Nevada, Ohio, South Carolina, Washington, and West Virginia.

12. OAR 860-027-0025(1)(l). Facts relied upon by applicants to show that the proposed sale, lease, assignment, or consolidation of facilities, mortgage or encumbrance of property, or acquisition of stock, bonds, or property of another utility will be consistent with the public interest.

The Transaction is consistent with the public interest for the all reasons described in Section III above.

13. OAR 860-027-0025(1)(m). Reasons, in detail, relied upon by each applicant, or party to the application, for entering into the proposed sale, lease, assignment, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, and the benefits, if any, to be derived by the customers of the applicants and the public.

The reasons for the Transaction are explained in Section III above.

14. OAR 860-027-0025(1)(n). The amount of stock, bonds, or other securities, now owned, held or controlled by applicant, of the utility from which stock or bonds are proposed to be acquired.

Prior to the Transaction, Verizon and Frontier entities did not own any stocks, bonds or other securities of each other.

15. OAR 860-027-0025(1)(o). Brief statement of franchises held, showing date of expiration if not perpetual, or, in case of transfer, that transferee has the necessary franchises.

Verizon Northwest Franchise Agreements/Ordinances:⁸

<u>City</u>	<u>Expiration Date</u>
Amity	7/11/2015
Aumsville	4/1/2011
Bandon	9/19/1998
Banks	11/12/2022
Beaverton	6/30/2000
Brookings	1/16/2004
Clatskanie	5/6/2008
Coos Bay	5/13/1999
Coquille	6/15/1999
Cornelius	4/11/2011
Cove	6/2/2023
Damascus	1/31/2021
Dayton	5/1/2010
Detroit	12/31/2022
Elgin	2/9/2001
Enterprise	2/20/2008
Forest Grove	11/26/2021
Gaston	3/9/2013
Gates	9/17/2028
Gold Beach	9/12/2015
Imbler	7/5/1997
Indanha	12/31/2023
Island City	8/16/2009

⁸ Verizon Northwest pays fees set forth in the franchises listed herein, including expired franchises (*i.e.*, Verizon Northwest has continued to pay franchise fees under such expired franchises), as well as pursuant to locality ordinances (*e.g.*, Dundee, Durham, Fairview, Gresham, Happy Valley, Hillsboro, Lafayette, Newberg, Portland, Sherwood, Tigard, Troutdale and Wilsonville).

Joseph	11/3/2008
King City	5/15/1996
La Grande	1/9/2007
Lake Oswego	4/16/2021
Lakeside	10/7/2017
Lostine	11/4/2008
McMinnville	12/31/1999
Mill City	7/1/1997
Myrtle Point	9/13/1998
North Bend	6/30/1996
Port Orford	2/9/2018
Powers	6/1/2007
Reedsport	5/4/2028
Rivergrove	4/14/2023
Sandy	3/2/2008
Silverton	9/1/2003
Summerville	2/22/2011
Tualatin	7/8/2022
Turner	9/30/2028
Union	3/11/2008
Vernonia	4/20/2009
Wallowa	5/22/1998
Wood Village	10/30/1999
Yamhill	11/22/1990

Frontier Oregon Franchise Agreements/Ordinances:

Cave Junction - adopted November 11, 1992 and expires November 11, 2012

Canyonville - adopted December 21, 1998 and expires December 22, 2008

Riddle - adopted December 11, 2006 and expires June 30, 2016.

Glendale - adopted January 1, 1986 and expires January 1, 2006

Myrtle Creek – adopted July 17, 1990 and expires July 17, 2010

16. OAR 860-027-0025(2)(a) – (k). Filed with this application are the following required exhibits unless otherwise noted.

EXHIBIT A A copy of the charter or articles of incorporation with amendments to date

Verizon Northwest – please see Exhibit A-1.

Verizon Communications – please see Exhibit A-2.

Frontier Communications – please see Exhibit A-3.

Frontier Oregon – please see Exhibit A-4.

EXHIBIT B A copy of the bylaws with amendments to date

Verizon Northwest – please see Exhibit B-1.

Verizon Communications – please see Exhibit B-2.

Frontier Communications – please see Exhibit B-3.

Frontier Oregon – please see Exhibit B-4.

EXHIBIT C Copies of all resolutions of directors authorizing the proposed disposition, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, in respect to which the application is made and, if approval of stockholders has been obtained, copies of the resolutions of the stockholders should also be furnished

Verizon Communications – please see Confidential Exhibit C-1.

Frontier Communications – please see Confidential Exhibit C-2.

EXHIBIT D Copies of all mortgages, trust, deeds, or indentures, securing any obligation of each party to the transaction

A description of the financing to be utilized to complete the Transaction is provided in Section 7.18 of the Merger Agreement, which is attached to this Application as Exhibit 1.

EXHIBIT E Balance sheets showing booked amounts, adjustments to record the proposed transaction and pro forma, with supporting fixed capital or plant schedules in conformity with the forms in the annual report, which applicant(s) is required, or will be required, to file with the Commission

For financial information of Verizon Communications, please see the 10-K and 10-Q filings made with the Securities and Exchange Commission, which may be found at <http://investor.verizon.com/financial/quarterly/>. For financial information of Frontier Communications, please see Frontier Communications' most recent 10-K (filed February 27, 2009 for year ended December 31, 2008) and 10-Q (filed May 07, 2009 for quarter ended March 31, 2009) filings with the Securities and Exchange Commission, available at: <http://www.sec.gov/Archives/edgar/data/20520/000002052009000009/form10k4q2008.txt> and <http://www.sec.gov/Archives/edgar/data/20520/000002052009000023/form10q1q09.txt>, respectively. For information related to Verizon Northwest Inc., please see the "Consolidated Financial Statements As of December 31, 2008 and 2007 for the years then ended," which may be found at http://investor.verizon.com/income/subsidiaries/nw/pdf/4q08_nw.pdf, as well as in the Form O included as Exhibit E-1. For financial information related to Frontier Oregon, please see the Form O of Frontier Oregon included as Exhibit E-2.

EXHIBIT F A statement of all known contingent liabilities, except minor items such as damage claims and similar items involving relatively small amounts, as of the date of the application

Please see the 10-K and 10-Q filings made with the Securities and Exchange Commission by Verizon Communications which may be found at <http://investor.verizon.com/financial/quarterly/>. For financial information of Frontier Communications, please see Frontier Communications' most recent 10-K (filed February 27, 2009 for year ended December 31, 2008) and 10-Q (filed May 07, 2009 for quarter ended March 31, 2009) filings with the Securities and Exchange Commission, available at: <http://www.sec.gov/Archives/edgar/data/20520/000002052009000009/form10k4q2008.txt> and <http://www.sec.gov/Archives/edgar/data/20520/000002052009000023/form10q1q09.txt>,

respectively. For financial information related to Verizon Northwest, please see the Form O of Verizon Northwest, included as Exhibit E-1. For financial information related to Frontier Oregon, please see the Form O of Frontier Oregon, included as Exhibit E-2.

EXHIBIT G Comparative income statements showing recorded results of operations, adjustments to record the proposed transaction and pro forma, in conformity with the form in the annual report which applicant(s) is required, or will be required, to file with the Commission

For financial information of Verizon Communications, please see the 10-K and 10-Q filings made with the Securities and Exchange Commission, which may be found at <http://investor.verizon.com/financial/quarterly/>. For financial information of Frontier Communications, please see Frontier Communications' most recent 10-K (filed February 27, 2009 for year ended December 31, 2008) and 10-Q (filed May 07, 2009 for quarter ended March 31, 2009) filings with the Securities and Exchange Commission, available at: <http://www.sec.gov/Archives/edgar/data/20520/000002052009000009/form10k4q2008.txt> and <http://www.sec.gov/Archives/edgar/data/20520/000002052009000023/form10q1q09.txt>, respectively. For information related to Verizon Northwest Inc., please see the "Consolidated Financial Statements As of December 31, 2008 and 2007 for the years then ended," which may be found at http://investor.verizon.com/income/subsidiaries/nw/pdf/4q08_nw.pdf, as well as in the Form O of Verizon Northwest included as Exhibit E-1. For financial information related to Frontier Oregon, please see the Form O of Frontier Oregon included as Exhibit E-2.

EXHIBIT H An analysis of surplus for the period covered by the income statements referred to in Exhibit G

For financial information of Verizon Communications, please see the 10-K and 10-Q filings made with the Securities and Exchange Commission, which may be found at <http://investor.verizon.com/financial/quarterly/>. For financial information of Frontier

Communications, please see Frontier Communications' most recent 10-K (filed February 27, 2009 for year ended December 31, 2008) and 10-Q (filed May 07, 2009 for quarter ended March 31, 2009) filings with the Securities and Exchange Commission, available at: <http://www.sec.gov/Archives/edgar/data/20520/000002052009000009/form10k4q2008.txt> and <http://www.sec.gov/Archives/edgar/data/20520/000002052009000023/form10q1q09.txt>, respectively. For information related to Verizon Northwest Inc., please see the "Consolidated Financial Statements As of December 31, 2008 and 2007 for the years then ended," which may be found at http://investor.verizon.com/income/subsidiaries/nw/pdf/4q08_nw.pdf, as well as in the Form O of Verizon Northwest included as Exhibit E-1. For financial information related to Frontier Oregon, please see the Form O of Frontier Oregon included as Exhibit E-2.

EXHIBIT I A copy of each contract in respect to the sale, lease or other proposed disposition, merger or consolidation of facilities, acquisition of stock, bonds, or property of another utility, as the case may be, with copies of all other written instruments entered into or proposed to be entered into by the parties to the transaction pertaining thereto

See the Merger and Distribution Agreements, attached as Exhibits 1 and 2 to the Application.

EXHIBIT J A copy of each proposed journal entry to be used to record the transaction upon each applicant's books

For financial information of Verizon Communications, please see the 10-K and 10-Q filings made with the Securities and Exchange Commission, which may be found at <http://investor.verizon.com/financial/quarterly/>. For financial information of Frontier Communications, please see Frontier Communications' most recent 10-K (filed February 27, 2009 for year ended December 31, 2008) and 10-Q (filed May 07, 2009 for quarter ended March 31, 2009) filings with the Securities and Exchange Commission, available at:

<http://www.sec.gov/Archives/edgar/data/20520/000002052009000009/form10k4q2008.txt> and <http://www.sec.gov/Archives/edgar/data/20520/000002052009000023/form10q1q09.txt>, respectively. For information related to Verizon Northwest Inc., please see the “Consolidated Financial Statements As of December 31, 2008 and 2007 for the years then ended,” which may be found at http://investor.verizon.com/income/subsidiaries/nw/pdf/4q08_nw.pdf, as well as in the Form O of Verizon Northwest included as Exhibit E-1. For financial information related to Frontier Oregon, please see the Form O of Frontier Oregon included as Exhibit E-2.

EXHIBIT K A copy of each supporting schedule showing the benefits, if any, which each applicant relies upon to support the facts as required by subsection (1)(l) of this rule and the reasons as required by subsection (1)(m) of this rule.

The benefits are explained in Section III above.

V. Relief Requested

41. For the all reasons set forth above, the Joint Applicants respectfully request that the Commission decline to assert jurisdiction over the Transaction or, in the alternative, approve the indirect transfer of control of Verizon Northwest from Verizon to Frontier under ORS 759.375, ORS 759.380, OAR 860-027-0025, and any other provision deemed applicable to the Transaction under Oregon law.

42. At the completion of the Transaction, Verizon Northwest will operate in the same exchanges as prior to the Transaction. Accordingly, all relevant authorizations, certifications and registrations of Verizon Northwest will stay in place (albeit under a different name), including its certificate of authority under ORS 759.020 to serve “allocated territories” under ORS 759.500 to .570, as well as certification as an eligible telecommunications carrier for purposes of state universal service funding under ORS 759.425 and federal universal service funding in Oregon.

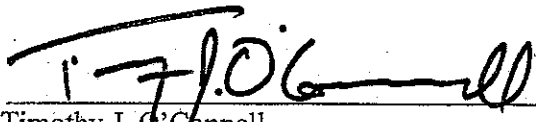
Frontier will ensure that all such authorizations and registrations are updated to reflect the proper name and, as indicated above, will change the name on the Verizon Northwest tariff.⁹ Once the Transaction is completed, Verizon Northwest will only make changes to the rates, terms and conditions of its service offerings in accordance with applicable Oregon law and Commission rules.

43. The Joint Applicants respectfully request that the Commission approve the Transaction no later than 120 days after the submission of this Application. To facilitate prompt consideration of the Application, the Joint Applicants respectfully request adoption of a procedural schedule providing for notice and comment similar to the process utilized in the CenturyTel/Embarq transaction in UM 1416.

Respectfully submitted this 29th day of May, 2009.

VERIZON COMMUNICATIONS INC.

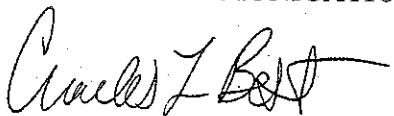
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⁹ Because Verizon Northwest will be assigned in its entirety, the changes related to these authorizations and registrations are name changes and not the dissolution or termination of a business, rules relating to abandonment of Verizon Northwest's services (e.g., OAR 860-032-0020) do not apply.

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FRONTIER COMMUNICATIONS CORPORATION



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EXHIBIT 1

**Agreement and Plan of Merger Dated as of May 13,
2009 By and Among Verizon Communications Inc.,
New Communications Holdings Inc. and Frontier
Communications Corporation**

AGREEMENT AND PLAN OF MERGER

DATED AS OF MAY 13, 2009

BY AND AMONG

VERIZON COMMUNICATIONS INC.,

NEW COMMUNICATIONS HOLDINGS INC.

AND

FRONTIER COMMUNICATIONS CORPORATION

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Exhibits

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER, dated as of May 13, 2009 (this "Agreement"), is by and among VERIZON COMMUNICATIONS INC., a Delaware corporation ("Verizon"), NEW COMMUNICATIONS HOLDINGS INC., a Delaware corporation ("Spinco"), and FRONTIER COMMUNICATIONS CORPORATION, a Delaware corporation (the "Company").

WHEREAS, Spinco is a newly formed, wholly-owned, direct Subsidiary of Verizon;

WHEREAS, on or prior to the Distribution Date (as such term, and each other capitalized term used herein and not defined, is defined in Article I hereof), and subject to the terms and conditions set forth in the Distribution Agreement entered into by and between Verizon and Spinco on the date hereof (the "Distribution Agreement"), GTE Corporation, a New York corporation ("GTE"), which is a majority-owned, direct Subsidiary of Verizon, will cause the formation of New Communications ILEC Holdings Inc. ("ILEC Spinco Holdings"), which will be a wholly-owned direct Subsidiary of GTE;

WHEREAS, on or prior to the Distribution Date, Verizon and GTE will transfer or cause to be transferred to ILEC Spinco Holdings certain Spinco Assets (including all of the capital stock of the ILEC Spinco Subsidiaries) and Spinco Liabilities in the manner set forth in the Distribution Agreement and will distribute all of the capital stock of ILEC Spinco Holdings to Verizon (such transfers and the distribution, the "Internal Spinoff"), and, together with any other internal distribution of stock made by the Verizon Group and any transfer of Spinco Assets and Spinco Liabilities made to the ILEC Spinco Subsidiaries in connection with the transactions contemplated by this Agreement and the Distribution Agreement, the "Internal Spinoffs");

WHEREAS, on or prior to the Distribution Date, certain Subsidiaries of Verizon will transfer to Verizon or GTE, as the case may be, via intercompany distributions or sales or otherwise, certain Spinco Assets and Spinco Liabilities in the manner set forth in the Distribution Agreement (the "Internal Restructuring");

WHEREAS, on or prior to the Distribution Date, Spinco will distribute to Verizon the Spinco Securities and pay to Verizon the Special Payment, all of which will occur in exchange for Verizon transferring to Spinco all of the capital stock of ILEC Spinco Holdings and certain other Spinco Assets and Spinco Liabilities relating to the non-ILEC

portion of the Spinco Business in the manner set forth in the Distribution Agreement (the transactions described in this recital, collectively, the "Contribution");

WHEREAS, upon the terms and subject to the conditions set forth in the Distribution Agreement, on the Distribution Date, Verizon will distribute all of the issued and outstanding shares of Spinco Common Stock to the Distribution Agent for the benefit of the holders of the outstanding Verizon Common Stock (the "Distribution");

WHEREAS, at the Effective Time and immediately after the Distribution, the parties will effect the merger of Spinco with and into the Company, with the Company continuing as the surviving corporation, all upon the terms and subject to the conditions set forth herein;

WHEREAS, the Board of Directors of the Company has (i) determined that the Merger and this Agreement are advisable, fair to, and in the best interests of, the Company and its stockholders and has approved this Agreement and the transactions contemplated hereby, including the Merger, and the issuance of shares of Company Common Stock pursuant to the Merger, and (ii) recommended the adoption by the stockholders of the Company of this Agreement;

WHEREAS, the Board of Directors of Spinco has (i) determined that the Merger and this Agreement are advisable, fair to, and in the best interests of, Spinco and its sole stockholder, Verizon, and has approved this Agreement and the Distribution Agreement and the transactions contemplated hereby and thereby, including the Contribution, the Distribution and the Merger, and (ii) recommended the adoption by Verizon, as the sole stockholder of Spinco, of this Agreement;

WHEREAS, the Board of Directors of Verizon has approved this Agreement and the Distribution Agreement and the transactions contemplated hereby and thereby, including the Internal Spinoffs, the Internal Restructuring, the Contribution, the Distribution and the Merger;

WHEREAS, the parties to this Agreement intend that (i) each Internal Spinoff qualify as a distribution eligible for nonrecognition under Sections 355(a), 355(c) and/or 361(c) of the Code, as applicable; (ii) the Contribution, together with the Distribution, qualify as a tax-free reorganization under Section 368(a)(1)(D) of the Code, (iii) the Distribution qualify as a distribution of Spinco stock to Verizon stockholders eligible for nonrecognition under Sections 355(a) and 361(c) of the Code, (iv) no gain or loss be recognized by Verizon for federal income tax purposes in connection with the receipt of

the Spinco Securities (as defined herein) or the consummation of the Debt Exchange (as defined herein), (v) the Special Payment qualify as money transferred to creditors or distributed to shareholders in connection with the reorganization within the meaning of Section 361(b)(1) of the Code, to the extent that Verizon distributes the Special Payment to its creditors and/or shareholders in connection with the Contribution, (vi) the Merger qualify as a tax-free reorganization pursuant to Section 368 of the Code, and (vii) no gain or loss be recognized as a result of such transactions for federal income tax purposes by any of Verizon, Spinco, and their respective stockholders and Subsidiaries (except to the extent of cash received in lieu of fractional shares); and

WHEREAS, the parties to this Agreement intend that, except as set forth in Section 2.3 of the Distribution Agreement, throughout the internal restructurings taken in contemplation of this Agreement, including the Internal Spinoffs, the Internal Restructurings, the Contribution and the Distribution, and throughout the Merger, the Spinco Business Employees shall maintain uninterrupted continuity of employment, compensation and benefits, and also for union represented employees, uninterrupted continuity of coverage under their collective bargaining agreements, in each case as contemplated by and provided in the Employee Matters Agreement.

NOW, THEREFORE, in consideration of these premises, the representations, warranties, covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound hereby, agree as follows:

ARTICLE I

DEFINITIONS

1.1 “Action” has the meaning set forth in Section 7.12(c).

1.2 “Additional Company SEC Documents” has the meaning set forth in Section 6.4(b).

1.3 “Affiliate” means a Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, a specified Person. The term “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as applied to any Person, means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other

ownership interest, by contract or otherwise; provided, however, that for purposes of this Agreement, (i) from and after the Distribution Date, no member of either Group shall be deemed an Affiliate of any member of the other Group and (ii) none of Cellco Partnership or any of its Subsidiaries shall be deemed Affiliates or Subsidiaries of Verizon.

1.4 “Aggregate Merger Consideration” has the meaning set forth in Section 3.1(a).

1.5 “Agreement” has the meaning set forth in the Preamble hereto.

1.6 “Approved for Listing” means, with respect to the shares of Company Common Stock to be issued pursuant to the Merger, that such shares have been approved for listing on the NYSE, subject to official notice of issuance.

1.7 “Assets” has the meaning set forth in the Distribution Agreement.

1.8 “Back Office Support Services Agreement” has the meaning set forth in Section 7.22.

1.9 “Blended Customer Contracts” has the meaning set forth in the Distribution Agreement.

1.10 “Business Day” means a day, other than Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by applicable Law to close.

1.11 “CALEA” has the meaning set forth in Section 5.19(b).

1.12 “Certificate of Merger” has the meaning set forth in Section 2.3.

1.13 “Change of Board Recommendation” has the meaning set forth in Section 7.4(b).

1.14 “Closing” has the meaning set forth in Section 2.2.

- 1.15 “Closing Date” has the meaning set forth in Section 2.2.
- 1.16 “Closing Statement” has the meaning set forth in Section 3.1(a).
- 1.17 “Code” means the Internal Revenue Code of 1986, as amended from time to time.
- 1.18 “Communications Act” means the Communications Act of 1934, as amended.
- 1.19 “Company” has the meaning set forth in the Preamble hereto.
- 1.20 “Company Acquisition” means, in each case other than the Merger or as otherwise specifically contemplated by this Agreement, (i) any merger, consolidation, share exchange, business combination, recapitalization or other similar transaction or series of related transactions involving the Company or any of its Significant Subsidiaries; (ii) any direct or indirect purchase or sale, lease, exchange, transfer or other disposition of the consolidated assets (including stock of the Company Subsidiaries) of the Company and the Company Subsidiaries, taken as a whole, constituting 15% or more of the total consolidated assets of the Company and the Company Subsidiaries, taken as a whole, or accounting for 15% or more of the total consolidated revenues of the Company and the Company Subsidiaries, taken as a whole, in any one transaction or in a series of transactions; (iii) any direct or indirect purchase or sale of or tender offer, exchange offer or any similar transaction or series of related transactions engaged in by any Person following which any Person (including any “group” as defined in Section 13(d)(3) of the Exchange Act) owns 15% or more of the outstanding shares of Company Common Stock; or (iv) any other substantially similar transaction or series of related transactions that would reasonably be expected to prevent or materially impair or delay the consummation of the transactions contemplated by this Agreement or the other Transaction Agreements.
- 1.21 “Company Acquisition Proposal” means any proposal regarding a Company Acquisition.
- 1.22 “Company Approvals” has the meaning set forth in Section 6.3(d).

1.23 “Company Average Price” means the average of the volume weighted averages of the trading prices of the Company Common Stock, as such prices are reported on the NYSE Composite Transactions Tape (as reported by Bloomberg Financial Markets or such other source as the parties shall agree in writing), for the 30 consecutive trading days ending on the third trading day immediately preceding the Effective Time; provided, however, that (x) if an ex-dividend date is set for the Company Common Stock during this 30-day period, then the trading price for a share of Company Common Stock for each day during the portion of such period that precedes such ex-dividend date shall be reduced by the amount of the dividend payable on a share of Company Common Stock, (y) if such average of the volume weighted averages of the trading prices of the Company Common Stock exceeds \$8.50, then the Company Average Price shall equal \$8.50 and (z) if such average of the volume weighted averages of the trading prices of the Company Common Stock is less than \$7.00, then the Company Average Price shall equal \$7.00.

1.24 “Company Benefit Agreements” has the meaning set forth in Section 6.12(a).

1.25 “Company Benefit Plans” has the meaning set forth in Section 6.12(a).

1.26 “Company Board Recommendation” has the meaning set forth in Section 7.4(b).

1.27 “Company Common Stock” means the common stock, par value \$0.25 per share, of the Company.

1.28 “Company Credit Agreements” means (i) the Credit Agreement, dated as of March 10, 2008, among the Company, CoBank, ACB, as the administrative agent, the lead arranger and a lender, and the other lenders party thereto, (ii) the Credit Agreement, dated as of May 18, 2007, among the Company, the lenders party thereto and Deutsche Bank AG New York Branch, as the administrative agent, (iii) the Credit Agreement, dated as of December 6, 2006, among the Company, CoBank, ACB, as the administrative agent, the lead arranger and a lender, and the other lenders party thereto and (iv) the Loan Agreement, dated as of October 24, 2001, by and between the Company and Rural Telephone Finance Cooperative, as amended, in each case as such agreement may be amended, supplemented or otherwise modified from time to time.

1.29 “Company Disclosure Letter” has the meaning set forth in the first paragraph of Article VI.

- 1.30 “Company Employee” has the meaning set forth in Section 6.12(a).
- 1.31 “Company Financial Statements” has the meaning set forth in Section 6.4(a)(i).
- 1.32 “Company Licenses” has the meaning set forth in Section 6.15(a).
- 1.33 “Company Material Contracts” has the meaning set forth in Section 6.16(a).
- 1.34 “Company Owned Real Property” means all real property owned by the Company or the Company Subsidiaries.
- 1.35 “Company Registration Statement” means the registration statement on Form S-4, including the Proxy Statement/Prospectus forming a part thereof, to be filed by the Company with the SEC to effect the registration under the Securities Act of the issuance of the shares of Company Common Stock into which shares of Spinco Common Stock will be converted pursuant to the Merger (as amended and supplemented from time to time).
- 1.36 “Company SEC Documents” has the meaning set forth in Section 6.4(a)(iv).
- 1.37 “Company Stockholders Meeting” has the meaning set forth in Section 7.4(a).
- 1.38 “Company Subsidiaries” means all direct and indirect Subsidiaries of the Company; provided, however, that none of Mohave Cellular Limited Partnership and its Subsidiaries shall be deemed Subsidiaries of the Company.
- 1.39 “Company Superior Proposal” has the meaning set forth in Section 7.11(b).
- 1.40 “Company Tax Counsel” means Cravath, Swaine & Moore LLP or any other nationally recognized law firm reasonably acceptable to Verizon.

1.41 “Company Third Party Intellectual Property” means any and all Intellectual Property Rights owned by any Person other than the Company or any of its Subsidiaries that is used or held for use in the conduct of the business of the Company.

1.42 “Company Voting Debt” has the meaning set forth in Section 6.2(b).

1.43 “Company’s Knowledge” has the meaning set forth in Section 11.13.

1.44 “Confidentiality Agreement” means the March 19, 2009 Nondisclosure Agreement between Verizon and the Company.

1.45 “Contract” or “agreement” means any loan or credit agreement, note, bond, indenture, mortgage, deed of trust, lease, sublease, franchise, permit, authorization, license, contract (including collective bargaining agreements, side letters, memoranda of agreement or understanding or any agreement of any kind), instrument, employee benefit plan or other binding commitment, obligation or arrangement, whether written or oral, but excluding any franchise, permit, authorization or license constituting a Company License or a Spinco License.

1.46 “Contributing Companies” has the meaning set forth in the Distribution Agreement.

1.47 “Contribution” has the meaning set forth in the fifth recital hereto.

1.48 “Controlling Person” has the meaning set forth in Section 10.2(a).

1.49 “Customer Data” means all customer information obtained in connection with the Spinco Business, in the form and content existing as of the Closing, related to the provisioning of products and services by Spinco or Spinco Subsidiaries in the Territory included in the Spinco Business to current and future customers in the Territory, including name, postal address, email address, telephone number, date of birth, account data, transaction data, demographic data, customer service data, and correspondence, together with any documents and information containing the foregoing; provided, however, the foregoing shall not include (i) any of the foregoing to the extent it is in the possession of Licensor or any U.S. Affiliate and was collected or used other than in connection with the operation of the Spinco Business, (ii) any information included in yellow or white pages listings or directories, in any form, (iii) any information required to

be retained by Licensor and/or its Affiliates to comply with applicable law or regulation, (iv) any information publicly available, and (v) any information received by Licensor or its Affiliates from third parties.

1.50 “Cutover Plan Support Agreement” has the meaning set forth in the Distribution Agreement.

1.51 “Debt Exchange” has the meaning set forth in the Distribution Agreement.

1.52 “DGCL” means the General Corporation Law of the State of Delaware.

1.53 “Direct Claim” has the meaning set forth in Section 10.4(b).

1.54 “Directories” has the meaning set forth in Section 7.23.

1.55 “Directories Agreements” has the meaning set forth in Section 7.23.

1.56 “Disclosure Letters” means, collectively, the Verizon Disclosure Letter, the Spinco Disclosure Letter and the Company Disclosure Letter.

1.57 “Distribution” has the meaning set forth in the recitals hereto.

1.58 “Distribution Agreement” has the meaning set forth in the recitals hereto.

1.59 “Distribution Date” means the date that the Distribution becomes effective.

1.60 “Distribution Date Spinco Indebtedness” means the aggregate amount of Indebtedness, other than (i) any Indebtedness incurred to make the Special Payment and any Indebtedness represented by the Spinco Securities and (ii) any accrued and unpaid interest on any Indebtedness, in each case of Spinco and its Subsidiaries as of the opening of business on the Distribution Date, calculated pro forma for the Contribution.

1.61 “Distribution Fund” has the meaning set forth in Section 3.2(a).

1.62 “Distribution Tax Opinion” means a written opinion of Verizon Tax Counsel, addressed to Verizon and Spinco and dated as of the Distribution Date, in form and substance reasonably satisfactory to Verizon and (solely with respect to issues (i) as to whether Spinco recognizes gain or loss or (ii) for which the Company or Spinco may be liable under the Transaction Agreements) the Company, to the effect that (i) each of the Internal Spinoffs will qualify as a distribution eligible for nonrecognition under Sections 355(a), 355(c) and/or 361(c) of the Code, as applicable, (ii) the Distribution will qualify as a distribution of Spinco stock to the stockholders of Verizon eligible for nonrecognition under Sections 355(a) and 361(c) of the Code, pursuant to which no gain or loss will be recognized for federal income tax purposes by any of Verizon, Spinco or the stockholders of Verizon, except as to cash received in lieu of fractional shares by the stockholders of Verizon, and (iii) neither Verizon nor any member of the Verizon Group will recognize gain or loss for federal income tax purposes in connection with the receipt of the Spinco Securities or the consummation of the Debt Exchange.

1.63 “Distribution Tax Representations” has the meaning set forth in Section 7.9(c).

1.64 “Distribution/Merger Transfer Taxes” means (i) any sales, use, transfer, registration, recording, stamp, value added or other similar taxes or fees arising out of or attributable to the Internal Spinoffs, the Contribution, the Distribution, the Debt Exchange or the Internal Restructuring and (ii) any sales, use, transfer, registration, recording, stamp, value added or similar taxes or fees arising out of or attributable to the Merger.

1.65 “Effective Time” has the meaning set forth in Section 2.3.

1.66 “Employee Matters Agreement” means the Employee Matters Agreement entered into among Verizon, Spinco and the Company, dated as of the date hereof, as it may be amended from time to time.

1.67 “End Date” has the meaning set forth in Section 9.1(b).

1.68 “Environmental Claim” means administrative or judicial actions, suits, orders, liens, notices, violations or proceedings related to any applicable Environmental Law or Environmental Permit brought, issued or asserted by a Governmental Authority or any third party for compliance, damages, penalties, removal, response, remedial or other action pursuant to any applicable Environmental Law or resulting from the release of a Hazardous Material.

1.69 “Environmental Law” means any Law now in effect relating to the environment or Hazardous Materials, including the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. §6901 *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.*; the Federal Water Pollution Control Act, 33 U.S.C. §1251 *et seq.*; the Toxic Substances Control Act, 15 U.S.C. §2601 *et seq.*; the Clean Air Act, 42 U.S.C. §7401 *et seq.*; the Safe Drinking Water Act, 42 U.S.C. §3803 *et seq.*; the Oil Pollution Act of 1990, 33 U.S.C. §2701 *et seq.*; the Emergency Planning and the Community Right-to-Know Act of 1986, 42 U.S.C. §1101 *et seq.*; the Hazardous Material Transportation Act, 49 U.S.C. §1801 *et seq.*; and any state or local counterparts or equivalents, in each case as amended from time to time.

1.70 “Environmental Permits” means all permits, licenses, approvals, authorizations or consents required by or issued by any Governmental Authority under any applicable Environmental Law and includes any and all orders, consent orders or binding agreements issued or entered into by a Governmental Authority under any applicable Environmental Law.

1.71 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

1.72 “ERISA Affiliate” means, with respect to any Person, any other Person or any trade or business, whether or not incorporated, that, together with such first Person, would be deemed a “single employer” within the meaning of section 4001(b) of ERISA.

1.73 “Excess Shares” has the meaning set forth in Section 3.3(b).

1.74 “Exchange Act” means the Securities Exchange Act of 1934, as amended, together with the rules and regulations of the SEC promulgated thereunder.

1.75 “FCC” means the Federal Communications Commission.

1.76 “FCC Applications” has the meaning set forth in Section 7.6(b).

1.77 “FCC Rules” has the meaning set forth in Section 4.2(c).

1.78 “Financial Market Deferral” has the meaning set forth in Section 7.18(b).

1.79 “FiOS” has the meaning set forth in the Distribution Agreement.

1.80 “FiOS Intellectual Property Agreement” has the meaning set forth in the Distribution Agreement.

1.81 “FiOS Software License Agreement” has the meaning set forth in the Distribution Agreement.

1.82 “FiOS Trademark License Agreement” has the meaning set forth in the Distribution Agreement.

1.83 “Fort Wayne Data Center” has the meaning set forth in Section 7.24(c).

1.84 “Fully Diluted Number of Shares” means as of any date, the aggregate number of shares of Company Common Stock outstanding on such date (including any shares of restricted stock) assuming: (i) the prior exercise of all options and similar rights to purchase Company Common Stock; (ii) the prior conversion into, or exchange for, shares of Company Common Stock of all then issued and outstanding securities which are convertible into, or exchangeable for, shares of Company Common Stock; and (iii) the prior exercise of any similar subscription or other rights to acquire, or to cause the Company to issue, shares of Company Common Stock; provided, however, that notwithstanding the foregoing, “Fully Diluted Number of Shares” shall not prior to the occurrence of a Triggering Event (as defined in the Rights Plan) include shares of Company Common Stock issuable in connection with any exercise of rights to purchase Company Common Stock under the Rights Plan.

1.85 “GAAP” means United States generally accepted accounting principles.

1.86 “Governmental Authority” means any foreign, federal, state or local court, administrative agency, official board, bureau, governmental or quasi-governmental entities having competent jurisdiction over Verizon, Spinco or the Company, any of their respective Subsidiaries and any other tribunal or commission or other governmental department, authority or instrumentality or any subdivision, agency, mediator, commission or authority of competent jurisdiction.

- 1.87 “Governmental Customer Contract” means any Contract to which a federal, state, county or municipal government, or any agency of any of the same, is party and pursuant to which the government or agency is the recipient of products or services.
- 1.88 “Group” means the Verizon Group or the Spinco Group, as the case may be.
- 1.89 “GTE” has the meaning set forth in the recitals hereto.
- 1.90 “Hazardous Material” means (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable laws or regulations as “hazardous substances,” “hazardous materials,” “hazardous wastes,” “toxic substances,” “pollutants,” “contaminants,” or any other similar term that defines, lists, or classifies a substance by reason of such substance’s ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity, “EP toxicity” or adverse effect on human health or the environment, (b) oil, petroleum, or petroleum-derived substances, natural gas, natural gas liquids, synthetic gas, drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas, or geothermal resources, (c) any radioactive materials, (d) polychlorinated biphenyls, and (e) infectious waste.
- 1.91 “HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.
- 1.92 “Identified Persons” has the meaning set forth in Section 7.12(a).
- 1.93 “Identified Persons Releasers” has the meaning set forth in Section 7.12(b).
- 1.94 “ILEC” has the meaning set forth in the Distribution Agreement.
- 1.95 “ILEC Spinco Holdings” has the meaning set forth in the recitals hereto.
- 1.96 “ILEC Spinco Subsidiaries” has the meaning set forth in the Distribution Agreement.

1.97 “Indebtedness” means all indebtedness for borrowed money, including the aggregate principal amount thereof, and any accrued interest thereon.

1.98 “Indemnification Payment” means any amount of Losses required to be paid pursuant to this Agreement.

1.99 “Indemnitee” means any Person entitled to indemnification under this Agreement.

1.100 “Indemnitor” means any person or entity required to provide indemnification under this Agreement.

1.101 “Intellectual Property Agreement” means the Intellectual Property Agreement to be entered into among Licensor, Spinco and the Company, in the form attached to the Distribution Agreement.

1.102 “Intellectual Property Rights” means all United States and foreign issued and pending patents, trademarks, service marks, slogans, logos, trade names, service names, Internet domain names, trade styles, trade dress and other indicia of origin, and all goodwill associated with any of the foregoing, copyrights, copyrightable works, trade secrets, know-how, processes, methods, designs, computer programs, plans, specifications, data, inventions (whether or not patentable or reduced to practice), improvements, confidential, business and other information and all intangible property, proprietary rights and other intellectual property, and all registrations, applications and renewals (including divisionals, continuations, continuations-in-part, reissues, renewals, registrations, re-examinations and extensions) for, and tangible embodiments of, and all rights with respect to, any of the foregoing.

1.103 “Internal Restructuring” has the meaning set forth in the recitals hereto.

1.104 “Internal Spinoff” and “Internal Spinoffs” have the meaning set forth in the recitals hereto.

1.105 “IRS” means the United States Internal Revenue Service or any successor agency thereto, including its agents, representatives and attorneys.

1.106 “IRS Ruling” means a private letter ruling from the IRS to the effect that (i) each Internal Spinoff will qualify as a distribution eligible for nonrecognition under Sections 355(a), 355(c) and/or 361(c) of the Code, as applicable; (ii) the Contribution, together with the Distribution, will qualify as a tax-free reorganization under Section 368(a)(1)(D) of the Code; (iii) the Distribution will qualify as a distribution of Spinco stock to Verizon stockholders eligible for nonrecognition under Sections 355(a) and 361(c) of the Code; (iv) neither Verizon nor any member of the Verizon Group will recognize gain or loss for federal income tax purposes in connection with the receipt of the Spinco Securities or the consummation of the Debt Exchange; (v) the Special Payment will qualify as money transferred to creditors or distributed to shareholders in connection with the reorganization within the meaning of Section 361(b)(1) of the Code, to the extent that Verizon distributes the Special Payment to its creditors and/or shareholders in connection with the transactions; and (vi) no gain or loss will be recognized as a result of such transactions for federal income tax purposes by any of Verizon, Spinco, and their respective stockholders and Subsidiaries (except to the extent of cash received in lieu of fractional shares).

1.107 “IRS Submission” has the meaning set forth in Section 7.9(a).

1.108 “Joint Defense Agreement” has the meaning set forth in Section 7.26.

1.109 “Law” means any federal, state, local or foreign law (including common law), statute, code, ordinance, rule, regulation, judgment, order, injunction, decree, arbitration award, agency requirement, license or permit of any Governmental Authority.

1.110 “Leased Real Property” has the meaning set forth in the Distribution Agreement.

1.111 “Leases” means all leases, subleases, licenses, concessions and other agreements (written or oral), including all amendments, extensions, renewals, guaranties and other agreements with respect thereto, pursuant to which any Person holds any Leased Real Property.

1.112 “Liabilities” has the meaning set forth in the Distribution Agreement.

1.113 “Licensor” means Verizon Patent and Licensing Inc.

1.114 "Liens" means all mortgages, deeds of trust, liens, security interests, pledges, capital leases, conditional sale contracts, sale-and-leaseback transactions, charges, hypothecations, assignments, easements, zoning restrictions, rights of way, deposit arrangements, purchase options, rights of first refusal and other encumbrances of every kind. For the avoidance of doubt, the license of Intellectual Property Rights shall not itself constitute a Lien.

1.115 "Losses" means any losses, liabilities, damages, deficiencies, costs and expenses (including reasonable out-of-pocket attorneys' fees and expenses and including the reasonable costs and expenses of investigating and defending any indemnification claim), including all Taxes resulting from indemnification payments hereunder, (1) reduced by the amount of insurance proceeds recovered from any Person with respect thereto (after deducting related costs and expenses) and (2) excluding any such losses, liabilities, damages, costs and expenses to the extent that the underlying liability or obligation is the result of any action taken or omitted to be taken by any Indemnitee.

1.116 "Material Adverse Effect" means, with respect to any business or Person, any state of facts, change, development, event, effect, condition or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have a materially adverse effect on the business, assets, properties, liabilities or condition (financial or otherwise) of such business or Person and its Subsidiaries, as applicable, taken as a whole, or that, directly or indirectly, prevents or materially impairs or delays the ability of such Person to perform its obligations under this Agreement; provided, however, that Material Adverse Effect shall not include facts, changes, developments, events, effects, conditions or occurrences (i) (A) generally affecting the rural, regional or nationwide wireline voice and data industry in the United States, including access line loss, regulatory and political developments and changes in Law or GAAP, or (B) generally affecting the economy or financial markets in the United States or the states where either Verizon operates the Spinco Business or the Company operates, (ii) resulting from the taking of any action required by this Agreement or the other Transaction Agreements in connection with the Merger; or (iii) resulting from any natural disaster, or any engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any act or acts of terrorism (in each case, so long as any such facts, changes, developments, events, effects, conditions or occurrences referenced in clause (i) or (iii) do not materially disproportionately impact such business or Person relative to others in the incumbent local exchange communications industry). Notwithstanding the foregoing, any fluctuation in the market price of such Person's publicly traded common stock, separately and by itself, shall not be deemed to constitute or contribute to a Material Adverse Effect (it being understood that the foregoing shall not prevent a party from asserting that any fact, change, development, event, effect, condition or occurrence that may have

contributed to such fluctuation in market price independently constitutes or contributes to a Material Adverse Effect).

1.117 “Material Company Owned Real Property” has the meaning set forth in Section 6.17(a).

1.118 “Materially Adverse Regulatory Condition” means any condition, obligation or restriction sought to be imposed on any of Spinco, any Spinco Subsidiary, Verizon, any Verizon Subsidiary or the Company or any Company Subsidiary in connection with obtaining a Telecommunications Regulatory Consent that, taken together with any other conditions or restrictions sought to be imposed to obtain any other Telecommunications Regulatory Consent, would reasonably be expected to be materially adverse to the Company, to Spinco or to Verizon (assuming for this purpose that the business, assets, properties and liabilities of each of (i) Verizon and all Verizon Subsidiaries and (ii) the Company and all Company Subsidiaries are comparable in size to those of Spinco and all Spinco Subsidiaries), disregarding for this purpose any condition or requirement on the Company or the Surviving Corporation (a) to make capital expenditures substantially consistent with the amounts and general categories of expenditures set forth in (x) the Company’s 2009 capital expenditure budget set forth in Section 7.1(h) of the Company Disclosure Letter or (y) Verizon’s 2009 capital expenditure budget for the Spinco Business set forth in Section 7.2(f) of the Spinco Disclosure Letter, (b) that is offered by the Company in its discretion at any time within nine months of the date hereof in an application for an order approving the transactions contemplated hereby or in any related filing or testimony made within nine months of the date hereof or (c) to abide by any written binding commitments made by Verizon or any Verizon Subsidiary with respect to the Spinco Business, or by the Company or any of its Subsidiaries, to any Governmental Authority prior to the date hereof.

1.119 “Merger” has the meaning set forth in Section 2.1.

1.120 “Merger Tax Opinion” has the meaning set forth in Section 7.9(d).

1.121 “Minimum Aggregate Consideration” means the number of shares of Company Common Stock that would equal 51% of the Fully Diluted Number of Shares of the Surviving Corporation immediately following the Merger.

1.122 “Minimum Aggregate Consideration Value” means the dollar value of a number of shares of Company Common Stock equal to the Minimum Aggregate Consideration, valued for this purpose using the Company Average Price.

1.123 “Network Element” means any port network device, computer, server or other processing device connected to or used in support of the public switched voice, data, digital subscriber line and other networks of the Spinco Business, to the extent such element is located in the Territory and is used primarily in the support of the Spinco Business.

1.124 “Network Element Software” means the Verizon Third Party Intellectual Property consisting of system software and any application software, in each case in the form and content it exists as of the Closing Date, as and to the extent installed on Network Elements owned or leased by Spinco or the Spinco Subsidiaries as of the Closing, certain of which software is listed on Section 1.124 of the Spinco Disclosure Letter along with the Network Elements in which they are installed, but excluding any application software (other than application software that has been specifically designed and dedicated for a Network Element and is required for a Network Element to perform its video, voice or data function) which is licensed pursuant to a Retained Contract that (i) is licensed by any Person other than the Network Element supplier or (ii) is identified on Section 1.124 (ii) of the Spinco Disclosure Letter.

1.125 “Non-ILEC Spinco Subsidiary” has the meaning set forth in the Distribution Agreement.

1.126 “Non-Statutory Intellectual Property” means all unpatented inventions (whether or not patentable), trade secrets, know-how and proprietary information, including but not limited to (in whatever form or medium), discoveries, ideas, compositions, formulas, computer programs (including source and object codes), technical know-how, computer software documentation, database, drawings, designs, plans, business plans, product development and marketing plans, projections, engineering drawings and plans, network architecture drawings and plans, proposals, specifications, photographs, samples, models, processes, procedures, data, information, manuals, reports, financial, marketing and business data, and sales, pricing, and cost information, correspondence and notes; provided, however, that, notwithstanding anything to the contrary, the definition of “Non-Statutory Intellectual Property” shall not include any Statutory Intellectual Property.

1.127 “Notice Period” has the meaning set forth in Section 7.11(c)(i).

1.128 “NYSE” has the meaning set forth in Section 3.3(b).

1.129 “Order” means any decree, judgment, injunction, writ, ruling or other order of any Governmental Authority.

1.130 “Owned Real Property” has the meaning set forth in the Distribution Agreement.

1.131 “PBGC” means the U.S. Pension Benefit Guaranty Corporation.

1.132 “Per Share Merger Consideration” has the meaning set forth in Section 3.1(a).

1.133 “Permitted Encumbrances” means (A) statutory Liens for Taxes that are not due and payable as of the Closing Date, or that are being contested in good faith and for which appropriate reserves have been established in accordance with GAAP; (B) mechanics liens and similar Liens for labor, materials or supplies provided, incurred in the ordinary course of business for amounts which are not due and payable or are subject to dispute and with respect to which reserves have been established in accordance with GAAP; (C) zoning restrictions, building codes and other land use Laws regulating the use or occupancy of such real property or the activities conducted thereon which are imposed by any Governmental Authority having jurisdiction over such real property which are not violated by the current use or occupancy of such real property or the operation of the business thereon; (D) easements, covenants, conditions, restrictions and other similar matters of record affecting title to any real property which do not or would not materially impair the use or occupancy of such real property in the operation of the business conducted thereon; (E) Liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business; and (F) Liens disclosed in the Company SEC Documents or the Spinco Financial Statements, as applicable.

1.134 “Person” or “person” means a natural person, corporation, company, joint venture, individual business trust, trust association, partnership, limited partnership, limited liability company or other entity, including a Governmental Authority.

1.135 “Proprietary Business Information” means any and all non-technical, non-public information included in the Non-Statutory Intellectual Property which is owned by Licensor or its U.S. Affiliates as of the Closing, after giving effect to the assignment contemplated by Section 2.1(a) of the Intellectual Property Agreement, and was used in the Spinco Business at any time during the 12 months prior to the Closing Date;

provided, however, that Proprietary Business Information shall not include Spinco Customer Listing Data (as defined in the Intellectual Property Agreement).

1.136 “Proxy Statement/Prospectus” means the letters to Company stockholders, notices of meeting, proxy statement and forms of proxies to be distributed to Company stockholders in connection with the Merger and the transactions contemplated by this Agreement and any additional soliciting material or schedules required to be filed with the SEC in connection therewith, and that may be included in the Company Registration Statement, it being understood that it is possible that the Company Registration Statement will not be declared effective and mailed to the Verizon stockholders substantially contemporaneously with the mailing of the Proxy Statement/Prospectus to the Company stockholders, and, if it is not so contemporaneously mailed to the Verizon stockholders, the prospectus included in the Company Registration Statement at the time of its mailing to the Verizon stockholders may be different than the Proxy Statement/Prospectus mailed to the Company stockholders. This Proxy Statement/Prospectus shall not incorporate any disclosure by reference to any other filings with the SEC.

1.137 “Realignment” has the meaning set forth in Section 7.24.

1.138 “Real Property Interests” means all easements, rights of way, and licenses in the real property of Spinco that are used primarily in the operation of the Spinco Business, and excluding all Spinco Owned Real Property and property and interests subject to Spinco Leases and Spinco Subleases.

1.139 “Record Date” has the meaning set forth in the Distribution Agreement.

1.140 “Redactable Information” has the meaning set forth in Section 7.9(a).

1.141 “Registration Statements” means the Company Registration Statement and the Spinco Registration Statement.

1.142 “Regulation S-K” means Regulation S-K promulgated under the Exchange Act.

1.143 “Regulatory Law” has the meaning set forth in Section 7.6(h).

1.144 “Required Payment Amount” means the aggregate amount, if any, of all amounts required to be paid, refunded, deferred, escrowed, or foregone pursuant to an order, settlement agreement or otherwise (including in the form of any contribution or transfer of Assets or assumption or retention of Liabilities, measured at fair market value and assuming the maximum amount of any contingent amount is paid or foregone and the full amount of any deferred, contingent or escrowed amount is not received) by Verizon or its Subsidiaries, other than post-Closing obligations of Spinco or any Spinco Subsidiary, as a condition to obtaining any consent of any Governmental Authority in the Territory required to consummate the Distribution or the Merger or to complying with any order approving the Distribution and the Merger.

1.145 “Requisite Approval” has the meaning set forth in Section 6.22.

1.146 “Restraint” has the meaning set forth in Section 8.1(h).

1.147 “Retained Contract” has the meaning set forth in the Distribution Agreement.

1.148 “Retained Customer Accounts” has the meaning set forth in the Distribution Agreement.

1.149 “Rights Plan” means the stockholder rights plan described in the Rights Agreement, dated as of March 6, 2002, between the Company and Mellon Investor Services LLC, as amended.

1.150 “Ruling Request” has the meaning set forth in Section 7.9(a).

1.151 “Sarbanes-Oxley Act” has the meaning set forth in Section 6.4(c).

1.152 “SEC” means the U.S. Securities and Exchange Commission.

1.153 “Securities Act” means the Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

1.154 “Settlement Requirements” has the meaning set forth in Section 10.4(a).

1.155 “Significant Subsidiary” has the meaning set forth in Rule 1-02 of Regulation S-X promulgated under the Exchange Act.

1.156 “Software License Agreement” means the Software License Agreement to be entered into between an Affiliate of Verizon, Spinco and the Company, in the form attached to the Distribution Agreement.

1.157 “Solvency Opinion” has the meaning set forth in Section 8.1(k).

1.158 “Special Payment” has the meaning set forth in the Distribution Agreement.

1.159 “Special Payment Financing” has the meaning set forth in Section 7.18(a).

1.160 “Specified Contract” has the meaning set forth in Section 7.6(j).

1.161 “Spinco” has the meaning set forth in the Preamble hereto.

1.162 “Spinco Assets” has the meaning set forth in the Distribution Agreement.

1.163 “Spinco Benefit Agreements” has the meaning set forth in Section 5.12(a).

1.164 “Spinco Benefit Plans” has the meaning set forth in Section 5.12(a).

1.165 “Spinco Business” has the meaning set forth in the Distribution Agreement.

1.166 “Spinco Business Employees” has the meaning set forth in Section 5.12(a).

1.167 “Spinco Closing Equity Value” means the amount equal to the sum of (A) \$5.247 billion plus (B) the Required Payment Amount, if any.

- 1.168 “Spinco Common Stock” means the common stock, par value \$0.01 per share, of Spinco.
- 1.169 “Spinco Disclosure Letter” has the meaning set forth in the first paragraph of Article V.
- 1.170 “Spinco Financial Statements” has the meaning set forth in Section 5.4(a).
- 1.171 “Spinco Group” means Spinco and the Spinco Subsidiaries.
- 1.172 “Spinco Leases” has the meaning set forth in Section 5.18(b).
- 1.173 “Spinco Liabilities” has the meaning set forth in the Distribution Agreement.
- 1.174 “Spinco Licenses” has the meaning set forth in Section 5.19(a).
- 1.175 “Spinco Material Contracts” has the meaning set forth in Section 5.15(a).
- 1.176 “Spinco Owned Real Property” means all Owned Real Property of Spinco or Spinco Subsidiaries after giving effect to the Contribution.
- 1.177 “Spinco Registration Statement” means any registration statement on Form S-1 or such other form, if any, as may be required by the Securities Act to be filed by Spinco with the SEC to effect the registration under the Securities Act of the issuance of the shares of Spinco Common Stock to be issued in the Distribution; any registration statement on Form 10 or such other form, if any, as may be required by the Exchange Act to be filed by Spinco with the SEC to effect the registration of the Spinco Common Stock pursuant to the requirements of the SEC’s Staff Legal Bulletin No. 4; and/or any such other form as may be permitted or required to be filed by the SEC in connection with the issuance or distribution of the Spinco Common Stock (in each case, as amended and supplemented from time to time).
- 1.178 “Spinco Securities” has the meaning set forth in the Distribution Agreement.

1.179 “Spinco Stockholder Approval” has the meaning set forth in Section 5.16.

1.180 “Spinco Subleases” has the meaning set forth in Section 5.18(b).

1.181 “Spinco Subsidiaries” means all direct and indirect Subsidiaries of Spinco immediately following the Contribution.

1.182 “Spinco Value Shortfall” means the amount, if any, by which (i) the Minimum Aggregate Consideration Value exceeds (ii) the Spinco Closing Equity Value.

1.183 “Spinco Voting Debt” has the meaning set forth in Section 5.2(c).

1.184 “Spinco’s Knowledge” has the meaning set forth in Section 11.13.

1.185 “State PUC Application” has the meaning set forth in Section 7.6(b).

1.186 “State Regulators” has the meaning set forth in Section 5.19(a).

1.187 “Statutory Intellectual Property” means all (i) United States patents and patent applications of any kind, (ii) United States works of authorship, mask-works, copyrights, and copyright and mask work registrations and applications for registration, (iii) Trademarks, and (iv) any rights or licenses in the foregoing.

1.188 “Subsidiary” means, with respect to any Person (but subject to the proviso in the definition of Affiliate), a corporation, partnership, association, limited liability company, trust or other form of legal entity in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, has either (i) a majority ownership in the equity thereof, (ii) the power, under ordinary circumstances, to elect, or to direct the election of, a majority of the board of directors or other analogous governing body of such entity, or (iii) the title or function of general partner or manager, or the right to designate the Person having such title or function.

1.189 “Surviving Corporation” has the meaning set forth in Section 2.1.

1.190 "Surviving Corporation Indemnitees" means the Surviving Corporation, each Affiliate of the Surviving Corporation (including all Subsidiaries of the Surviving Corporation) and their respective directors, officers, agents and employees.

1.191 "Surviving Corporation Releasers" has the meaning set forth in Section 7.12(b).

1.192 "Tariffs" has the meaning set forth in Section 7.6(j).

1.193 "Tax" or "Taxes" means (i) all taxes, charges, fees, duties, levies, imposts, required deposits, rates or other assessments or governmental charges of any kind imposed by any federal, state, local or foreign Taxing Authority, including income, gross receipts, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including Taxes under Section 59A of the Code), custom duties, property (including real, personal or intangible), sales, use, license, capital stock, transfer, franchise, registration, payroll, withholding, social security (or similar), unemployment, disability, value added, alternative or add-on minimum or other taxes, whether disputed or not, and including any interest, penalties or additions attributable thereto; (ii) liability for the payment of any amount of the type described in clause (i) above arising as a result of being (or having been) a member of any consolidated, combined, unitary or similar group or being (or having been) included or required to be included in any Tax Return related thereto (including pursuant to U.S. Treasury Regulation § 1.1502-6); and (iii) liability for the payment of any amount of the type described in clauses (i) or (ii) above as a result of any express or implied obligation to indemnify or otherwise assume or succeed to the liability of any other Person.

1.194 "Tax-Free Status of the Transactions" means each of the intended tax consequences specified in the eleventh recital hereto.

1.195 "Tax Return" means any return, report, certificate, form or similar statement or document (including any related or supporting information or schedule attached thereto and any information return, amended tax return, claim for refund or declaration of estimated tax) required to be supplied to, or filed with, a Taxing Authority in connection with the determination, assessment or collection of any Tax or the administration of any laws, regulations or administrative requirements relating to any Tax.

1.196 "Tax Sharing Agreement" means the Tax Sharing Agreement entered into on the date hereof, among Verizon, the Company, Spincó and the ILEC Spincó Subsidiaries, as such agreement may be amended from time to time.

1.197 "Taxing Authority" means any Governmental Authority or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection or imposition of any Tax (including the IRS).

1.198 "Telecommunications Regulatory Consents" has the meaning set forth in Section 7.6(c).

1.199 "Termination Date" means the date, if any, on which this Agreement is terminated pursuant to Section 9.1.

1.200 "Territory" has the meaning set forth in the Distribution Agreement.

1.201 "Third Party Claim" has the meaning set forth in Section 10.4(a).

1.202 "Transaction Agreements" means this Agreement, the Distribution Agreement, the Cutover Plan Support Agreement, the Employee Matters Agreement, the Intellectual Property Agreement, the Software License Agreement, the FiOS Intellectual Property Agreement, the FiOS Software License Agreement, the FiOS Trademark License Agreement, the Joint Defense Agreement and the Tax Sharing Agreement.

1.203 "Trademarks" means trademarks, tradenames, applications for trademark registration, service marks, applications for service mark registration, domain names, registrations and applications for registrations pertaining thereto, and all goodwill associated therewith.

1.204 "Transferred Affiliate Arrangement" has the meaning set forth in the Distribution Agreement.

1.205 "U.S. Affiliate" means any Affiliate of Verizon that is incorporated in and operates solely in the United States, but specifically excluding Verizon Wireless and any of its Subsidiaries.

1.206 “Verizon” has the meaning set forth in the Preamble hereto.

1.207 “Verizon Approvals” has the meaning set forth in Section 4.2(c).

1.208 “Verizon Common Stock” means the common stock, par value \$0.10 per share, of Verizon.

1.209 “Verizon Disclosure Letter” has the meaning set forth in the first paragraph of Article IV.

1.210 “Verizon Group” means Verizon and the Verizon Subsidiaries.

1.211 “Verizon Indemnitees” means Verizon, each Affiliate of Verizon (including all Verizon Subsidiaries) and their respective directors, officers, agents and employees.

1.212 “Verizon Interconnection Agreements” has the meaning set forth in Section 7.6(k).

1.213 “Verizon IP Consent” means any authorizations, approvals, consents or waivers required by any Person, other than Verizon or any of its Subsidiaries, pursuant to their Contract rights (including any right to receive upgrades or maintenance, support or similar services, if any) in respect of any Verizon Third Party Intellectual Property in connection with the consummation by Verizon and its Subsidiaries of the transactions contemplated by the Distribution Agreement or this Agreement.

1.214 “Verizon IP Consent Costs” has the meaning set forth in Section 7.8(b).

1.215 “Verizon Subsidiaries” means all direct and indirect Subsidiaries of Verizon immediately after the Distribution Date, assuming that the Distribution has occurred in accordance with the Distribution Agreement.

1.216 “Verizon Tax Counsel” means Debevoise & Plimpton LLP.

1.217 “Verizon Third Party Consents” means the authorizations, approvals, consents or waivers required by any Person, other than Verizon or any of its Subsidiaries, pursuant to their Contract rights (other than authorizations, approvals, consents or waivers in respect of any Verizon Third Party Intellectual Property or constituting Telecommunications Regulatory Consents or other consents in respect of telecommunications regulatory matters) in connection with the consummation by Verizon and its Subsidiaries of the transactions contemplated by the Distribution Agreement or this Agreement.

1.218 “Verizon Third Party Intellectual Property” means any and all Intellectual Property Rights owned by any Person other than Verizon or any of its Subsidiaries, that is used or held for use in the conduct of the Spinco Business, without regard as to whether Verizon or any of its Subsidiaries has any rights therein or the right to assign such rights to Spinco or the Spinco Subsidiaries.

1.219 “Verizon Wireless” means Cellco Partnership d/b/a Verizon Wireless, a Delaware general partnership.

1.220 “Video Transport Service Agreement” has the meaning set forth in Section 7.22.

1.221 “Volume Commitments” has the meaning set forth in Section 7.6(j).

1.222 “WARN Act” means the Worker Adjustment and Retraining Notification Act of 1988, as amended, and any similar state or local law, regulation or ordinance.

ARTICLE II

THE MERGER

2.1 The Merger. At the Effective Time and upon the terms and subject to the conditions of this Agreement, Spinco shall be merged with and into the Company (the “Merger”) in accordance with the applicable provisions of the DGCL, the separate existence of Spinco shall cease and the Company shall continue as the surviving corporation of the Merger (sometimes referred to herein as the “Surviving Corporation”) and shall succeed to and assume all the rights, powers and privileges and be subject to all of the obligations of Spinco in accordance with the DGCL and upon the terms set forth in this Agreement.

2.2 Closing. Unless the transactions herein contemplated shall have been abandoned and this Agreement terminated pursuant to Section 9.1, the closing of the Merger and the other transactions contemplated hereby (the "Closing") shall take place, subject to Section 7.18, no later than 2:00 p.m., prevailing eastern time, on the last Business Day of the month in which, on such last Business Day, the conditions set forth in Article VIII (other than those that are to be satisfied by action at the Closing) are satisfied or, to the extent permitted by applicable Law, waived (but in any event not earlier than the last Business Day of April 2010), unless otherwise agreed upon in writing by the parties (the "Closing Date"), at the offices of counsel to Verizon or such other location as may be agreed upon in writing by the parties.

2.3 Effective Time. Upon the terms and subject to the conditions of this Agreement, on the Closing Date, a certificate of merger shall be filed with the Secretary of State of the State of Delaware with respect to the Merger (the "Certificate of Merger"), in such form as is required by, and executed in accordance with, the applicable provisions of the DGCL. The Merger shall become effective at the time of filing of the Certificate of Merger or at such later time as the parties hereto may agree and as is provided in the Certificate of Merger. The date and time at which the Merger shall become so effective is herein referred to as the "Effective Time."

2.4 Effects of the Merger. At the Effective Time, the effects of the Merger shall be as provided in this Agreement, the Certificate of Merger and the applicable provisions of the DGCL. Without limiting the generality of the foregoing, at the Effective Time, all the property, rights, privileges, powers and franchises of the Company and Spinco shall vest in the Surviving Corporation, and all debts, liabilities, duties and obligations of the Company and Spinco shall become the debts, liabilities, duties and obligations of the Surviving Corporation.

2.5 Certificate of Incorporation and Bylaws of the Surviving Corporation.

(a) At the Effective Time, the certificate of incorporation of the Company as in effect immediately prior to the Effective Time shall be the certificate of incorporation of the Surviving Corporation until thereafter duly amended in accordance with such certificate of incorporation and applicable Law.

(b) At the Effective Time, the bylaws of the Company as in effect immediately prior to the Effective Time shall be the bylaws of the Surviving Corporation until thereafter duly amended in accordance with the certificate of incorporation of the Surviving Corporation, such bylaws and applicable Law.

2.6 Directors and Officers of the Surviving Corporation. Subject to Section 7.17, the directors of the Company at the Effective Time shall, from and after the Effective Time, be the initial directors of the Surviving Corporation. The officers of the Company at the Effective Time shall, from and after the Effective Time, be the initial officers of the Surviving Corporation. Such directors and officers shall serve until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation's certificate of incorporation and bylaws.

2.7 Potential Restructuring of Transactions. If, prior to the date on which the Company intends to commence solicitation of proxies for use at the Company Stockholders Meeting, the IRS notifies Verizon that the IRS will not issue the IRS Ruling in whole or in part, then, during the ensuing 30-day period, the parties will collaborate reasonably and in good faith in order to determine a possible alternative structure for the transactions contemplated hereby that the parties determine, with the assistance of their respective tax advisors, will either make likely the receipt from the IRS of the IRS Ruling or eliminate the necessity for an IRS Ruling, in either case, without (a) substantially increasing the costs to any party associated with the transactions contemplated hereby, (b) causing the performance of the covenants and agreements of any party hereunder to become substantially more burdensome, (c) substantially increasing the regulatory or other consents or approvals required to consummate the transactions contemplated hereby, or (d) otherwise resulting in any substantial impediment to the consummation of the transactions contemplated hereby. In the event the parties reasonably, and in good faith, agree upon such an alternative structure, they shall be obligated, as soon as practicable thereafter, to modify the covenants and agreements set forth in this Agreement and the other Transaction Agreements accordingly to reflect the change in transaction structure referenced in the immediately preceding sentence. In furtherance of the foregoing, each of the parties shall take all action reasonably necessary to modify the Ruling Request to reflect the transactions as so modified and effectuate the change in transaction structure contemplated by this Section 2.7, and each such party shall use all commercially reasonable efforts to cause the transactions contemplated hereby, as so modified, to be consummated as soon as practicable thereafter. To the extent that the filing or effectiveness of the materials necessary for the solicitation of proxies for use at the Company Stockholders Meeting is delayed in order to afford the parties the time necessary to obtain a response with respect to the IRS Ruling such delay will be deemed to not constitute, nor constitute any basis for a claim of, a breach of the Company's covenants under Article VII hereof or otherwise. The parties acknowledge that, subject to the limitations set forth in Section 2.4(d) of the Distribution Agreement, Verizon may elect pursuant to Section 2.4(d) of the Distribution Agreement to change the structure of certain transactions contemplated in the recitals hereto and to make amendments to this Agreement in order to reflect such changes.

ARTICLE III

CONVERSION OF SHARES: EXCHANGE OF CERTIFICATES

3.1 Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of Spinco, the Company or any holder of any Spinco Common Stock or Company Common Stock:

(a) All of the shares of Spinco Common Stock issued and outstanding immediately prior to the Effective Time (other than shares canceled in accordance with Section 3.1(b)) shall be automatically converted into an aggregate number of duly authorized, validly issued, fully paid and nonassessable shares of Company Common Stock equal to the quotient of (x) the Spinco Closing Equity Value divided by (y) the Company Average Price (the "Aggregate Merger Consideration"); provided, however, that to the extent the Aggregate Merger Consideration would be less than the Minimum Aggregate Consideration, then (i) the Minimum Aggregate Consideration shall be used in place of the Aggregate Merger Consideration and (ii) Verizon shall, at its option, either make a payment in cash to the Surviving Corporation on the Closing Date equal to the Spinco Value Shortfall or reduce the aggregate amount of the Spinco Securities and/or the Special Payment by the Spinco Value Shortfall. In connection with the foregoing, no later than three Business Days prior to the Effective Time, Verizon and Spinco shall deliver to the Company a statement (the "Closing Statement"), certified by an officer of Verizon and accompanied by reasonable supporting detail, setting forth the amount of, and identifying, all Distribution Date Spinco Indebtedness. Each share of Spinco Common Stock issued and outstanding immediately prior to the Effective Time shall be automatically converted into a number of shares of Company Common Stock equal to (1) the Aggregate Merger Consideration (or, if applicable, the Minimum Aggregate Consideration) divided by (2) the aggregate number of shares of Spinco Common Stock issued and outstanding as of immediately prior to the Effective Time (the "Per Share Merger Consideration").

(b) Each share of Spinco Common Stock held by Spinco as treasury stock immediately prior to the Effective Time shall be canceled and shall cease to exist and no stock or other consideration shall be issued or delivered in exchange therefor.

(c) Each share of Spinco Common Stock issued and outstanding immediately prior to the Effective Time, when converted in accordance with this Section 3.1, shall no longer be outstanding and shall automatically be canceled and shall cease to exist.

(d) Each share of Company Common Stock that is issued and outstanding immediately prior to and at the Effective Time shall remain outstanding following the Effective Time.

3.2 Distribution of Per Share Merger Consideration.

(a) Agent. Prior to or at the Effective Time, the Company shall deposit with the Agent (as defined in the Distribution Agreement), for the benefit of persons entitled to receive shares of Spinco Common Stock in the Distribution and for distribution in accordance with this Article III, through the Agent, certificates or book-entry authorizations representing the shares of Company Common Stock (such shares of Company Common Stock being hereinafter referred to as the "Distribution Fund") issuable pursuant to Section 3.1 upon conversion of outstanding shares of Spinco Common Stock. The Agent shall, pursuant to irrevocable instructions, deliver the Company Common Stock contemplated to be issued pursuant to Section 3.1 from the shares of Company Common Stock held in the Distribution Fund. If the Company deposits such shares into the Distribution Fund prior to the Effective Time and the Merger is not consummated, the Agent shall promptly return such shares to the Company. The Distribution Fund shall not be used for any other purpose.

(b) Distribution Procedures. At the Effective Time, all shares of Spinco Common Stock shall be converted into shares of Company Common Stock pursuant to, and in accordance with the terms of, this Agreement, immediately following which the Agent shall distribute on the same basis as the shares of Spinco Common Stock would have been distributed in the Distribution and to the persons entitled to receive Spinco Common Stock in the Distribution, in respect of the outstanding shares of Verizon Common Stock held by holders of record of Verizon Common Stock on the Record Date, all of the shares of Company Common Stock into which the shares of Spinco Common Stock that otherwise would have been distributed in the Distribution have been converted pursuant to the Merger. Each person entitled to receive Spinco Common Stock in the Distribution shall be entitled to receive in respect of the shares of Spinco Common Stock otherwise distributable to such person a certificate or book-entry authorization representing the number of whole shares of Company Common Stock that such holder has the right to receive pursuant to this Article III (and cash in lieu of fractional shares of Company Common Stock, as contemplated by Section 3.3) (and any dividends or distributions pursuant to Section 3.2(c)). The Agent shall not be entitled to vote or exercise any rights of ownership with respect to the Company Common Stock held by it from time to time hereunder. The Company agrees that, from and after the Effective Time, those holders of record of Verizon Common Stock who have become holders of record of Company Common Stock by virtue of the Distribution and the Merger shall be

holders of record of Company Common Stock for all purposes for so long as they hold such Company Common Stock.

(c) Distributions with Respect to Undistributed Shares. No dividends or other distributions declared or made after the Effective Time with respect to Company Common Stock with a record date after the Effective Time shall be paid with respect to any shares of Company Common Stock that have not been distributed by the Agent promptly after the Effective Time, whether due to a legal impediment to such distribution or otherwise. Subject to the effect of applicable Laws, following the distribution of any such previously undistributed shares of Company Common Stock, there shall be paid to the record holder of such shares of Company Common Stock, without interest (i) at the time of such distribution, the amount of cash payable in lieu of fractional shares of Company Common Stock to which such holder is entitled pursuant to Section 3.3 and the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole shares of Company Common Stock and (ii) at the appropriate payment date therefor, the amount of dividends or other distributions with a record date after the Effective Time but prior to the distribution of such shares and a payment date subsequent to the distribution of such shares payable with respect to such whole shares of Company Common Stock.

(d) No Further Ownership Rights in Spinco Common Stock. All shares of Company Common Stock issued in respect of shares of Spinco Common Stock (including any cash paid pursuant to Section 3.3) shall be deemed to have been issued in full satisfaction of all rights pertaining to such shares of Spinco Common Stock.

(e) Termination of Distribution Fund. Any portion of the Distribution Fund made available to the Agent that remains undistributed to the former stockholders of Spinco on the one-year anniversary of the Effective Time shall be delivered to the Company, upon demand, and any former stockholders of Spinco who have not received shares of Company Common Stock in accordance with this Article III shall thereafter look only to the Company for payment of their claim for shares of Company Common Stock and any dividends, distributions or cash in lieu of fractional shares with respect to such Company Common Stock (subject to any applicable abandoned property, escheat or similar Law). If and to the extent the Company does not receive the Distribution Fund from the Agent, the former stockholders of Spinco shall look only to the Agent to complete the transfer or payment.

(f) No Liability. None of Spinco, the Surviving Corporation or the Agent shall be liable to any holder of shares of Spinco Common Stock or any holder of shares of Verizon Common Stock for any shares of Company Common Stock (or dividends or

distributions with respect thereto or with respect to shares of Spinco Common Stock) or cash delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law.

(g) Closing of Transfer Books. From and after the Effective Time, the stock transfer books of Spinco shall be closed and no transfer shall be made of any shares of capital stock of Spinco that were outstanding immediately prior to the Effective Time.

(h) Withholding Rights. Spinco, the Company and the Surviving Corporation shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any holder of Spinco Common Stock such amounts as they determine in good faith are required to be deducted and withheld with respect to the making of such payment under the Code, or under any provision of state, local or foreign Tax Law. To the extent that amounts are so withheld and paid over to the appropriate Taxing Authority, such withheld amounts will be treated for all purposes of this Agreement as having been paid to the recipient.

3.3 Fractional Shares.

(a) No fractional shares of Company Common Stock shall be issued in the Merger and no dividend or distribution with respect to Company Common Stock shall be payable on or with respect to any fractional share interests and such fractional share interests will not entitle the owner thereof to any rights of a stockholder of the Company.

(b) As promptly as practicable following the Effective Time, the Agent shall determine the excess of (x) the number of shares of Company Common Stock delivered to the Agent by the Company pursuant to Section 3.2(a) over (y) the aggregate number of whole shares of Company Common Stock to be distributed in respect of shares of Spinco Common Stock pursuant to Section 3.2(b) (such excess, the "Excess Shares"). As soon after the Effective Time as practicable, the Agent, as agent for the applicable holders, shall sell the Excess Shares at the then prevailing prices on the New York Stock Exchange (the "NYSE"), in the manner provided in paragraph (c) of this Section 3.3.

(c) The sale of the Excess Shares by the Agent shall be executed on the NYSE through one or more member firms of the NYSE and shall be executed in round lots to the extent practicable. The Agent shall use all reasonable efforts to complete the sale of the Excess Shares as promptly following the Effective Time as is practicable consistent with obtaining the best execution of such sales in light of prevailing market conditions. Until the net proceeds of any such sale or sales have been distributed in respect of such

shares of Spinco Common Stock, the Agent will hold such proceeds in trust for the applicable holders. The Surviving Corporation shall pay all commissions, transfer taxes and other out-of-pocket transaction costs of the Agent incurred in connection with such sale or sales of Excess Shares. In addition, the Surviving Corporation shall pay the Agent's compensation and expenses in connection with such sale or sales. The Agent shall determine the portion of such net proceeds to which each applicable holder shall be entitled, if any, by multiplying the amount of the aggregate net proceeds by a fraction the numerator of which is the amount of the fractional share interest to which such holder of Spinco Common Stock is entitled (after taking into account all shares of Spinco Common Stock then held by such holder) and the denominator of which is the aggregate amount of fractional share interests to which all holders of Spinco Common Stock are entitled.

(d) As soon as practicable after the determination of the amount of cash, if any, to be paid in respect of Spinco Common Stock with respect to any fractional share interests, the Agent shall pay such amounts to the applicable holders.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF VERIZON

Except as disclosed in the corresponding section of the Disclosure Letter delivered by Verizon to the Company immediately prior to the execution of this Agreement (the "Verizon Disclosure Letter"), Verizon hereby represents and warrants to the Company as follows:

4.1 Organization; Qualification. Verizon is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Each of Verizon and its Subsidiaries has all requisite corporate power and authority to own, lease and operate the Spinco Assets. Each of the Contributing Companies is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the Spinco Assets or the nature of the Spinco Business operated by it makes such qualification necessary, except in such jurisdictions where the failure to be so qualified or licensed or in good standing would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business.

4.2 Corporate Authority; No Violation.

(a) Verizon has the corporate power and authority to enter into this Agreement and each other Transaction Agreement to which it is or as of the Effective

Time will be a party and to carry out its obligations hereunder and thereunder. The execution, delivery and performance by Verizon of this Agreement and each other Transaction Agreement to which it is or as of the Effective Time will be a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Verizon, except for such further action of the Board of Directors of Verizon required to establish the Record Date and the Distribution Date, and the effectiveness of the declaration of the Distribution by the Board of Directors of Verizon (which is subject to the satisfaction or, to the extent permitted by applicable Law, waiver of the conditions set forth in the Distribution Agreement). This Agreement has been duly executed and delivered by Verizon and, assuming the due authorization, execution and delivery by the Company, constitutes a legal, valid and binding agreement of Verizon, enforceable against Verizon in accordance with its terms (except insofar as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally, or by principles governing the availability of equitable remedies). As of the Distribution Date, each other Transaction Agreement to which Verizon or one of its Subsidiaries is a party will have been duly executed and delivered by Verizon or such Subsidiary and, assuming the due authorization, execution and delivery by the other parties thereto, will constitute a legal, valid and binding agreement of Verizon or such Subsidiary, as applicable, enforceable against Verizon or such Subsidiary, as applicable, in accordance with its terms (except insofar as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally, or by principles governing the availability of equitable remedies).

(b) Neither the execution and delivery by Verizon of this Agreement and other Transaction Agreements to which it is or as of the Effective Time will be a party nor the consummation by Verizon of the transactions contemplated hereby or thereby, or performance by Verizon of any of the provisions hereof or thereof, will (i) violate or conflict with any provisions of Verizon's certificate of incorporation or bylaws; (ii) assuming the consents and approvals contemplated by Section 4.2(c) are obtained, result in a default (or an event that, with notice or lapse of time or both, would become a default) or give rise to any right of termination by any third party, cancellation, amendment or acceleration of any obligation or the loss of any benefit under, any Contract to which Verizon or any of its Subsidiaries is a party or by which Verizon or any of its Subsidiaries is bound or affected; (iii) result in the creation of a Lien on any of the issued and outstanding shares of Spinco Common Stock, capital stock of any Spinco Subsidiary or on any of the Spinco Assets pursuant to any Contract to which Verizon or any of its Subsidiaries (including Spinco and its Subsidiaries) is a party or by which Verizon or its Subsidiaries is bound or affected; or (iv) assuming the consents and approvals contemplated by Section 4.2(c) are obtained, violate or conflict with any Order or Law applicable to Verizon or any of its Subsidiaries (including Spinco and its

Subsidiaries), or any of the properties, business or assets of any of the foregoing, other than, in the case of each of clauses (ii) through (iv), any such violation, conflict, default, right, loss or Lien which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business.

(c) Other than in connection with or in compliance with (i) the provisions of the DGCL, (ii) the Securities Act, (iii) the Exchange Act, (iv) the HSR Act, (v) the Communications Act and applicable rules and regulations thereunder and the rules, regulations, written policies, instructions and orders of the FCC (the “FCC Rules”), (vi) approvals required in connection with the transfer of Real Property Interests and the assignment or novation of Governmental Customer Contracts and (vii) the approvals set forth on Section 4.2(c) of the Verizon Disclosure Letter (the approvals contemplated by clauses (i) through (vii), collectively, the “Verizon Approvals”), no authorization, consent or approval of, or filing with, any Governmental Authority is necessary for the consummation by Verizon or Spinco or any of the Contributing Companies of the transactions contemplated by this Agreement and the other Transaction Agreements, except for such authorizations, consents, approvals or filings that, if not obtained or made, would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business. Notwithstanding the foregoing, although the approvals set forth in Section 4.2(c) of the Verizon Disclosure Letter constitute all those authorizations, consents, approvals and filings that Verizon reasonably believes, as of the date of this Agreement, are necessary to obtain or make prior to consummation of the transactions contemplated by this Agreement, additional State Regulators or other Governmental Authorities not set forth in Section 4.2(c) of the Verizon Disclosure Letter may require or seek to require Verizon to obtain authorizations, consents or approvals, or make filings, prior to consummation of the transactions contemplated by this Agreement, and if such additional authorizations, consents, approval or filings are required, Verizon’s representations and warranties in this Section 4.2(c) shall not be deemed to have failed to be true and correct on account of such requirement with respect to authorizations, consents, approvals or filings not set forth in Section 4.2(c) of the Verizon Disclosure Letter.

4.3 Information Supplied. All documents that Verizon or any Verizon Subsidiary is responsible for filing with any Governmental Authority in connection with the transactions contemplated hereby and by each other Transaction Agreement will comply in all material respects with the provisions of applicable Law. All information supplied or to be supplied by Verizon or any Verizon Subsidiary in any document, other than the Proxy Statement/Prospectus or the Registration Statements (which are addressed in Section 5.8 hereof), filed with any Governmental Authority in connection with the transactions contemplated hereby and by the other Transaction Agreements will be, at the time of filing, at the Distribution Date and at the Effective Time, true and correct in all material respects.

4.4 Brokers or Finders. Other than any arrangement that may be entered into after the date hereof (which shall be the exclusive liability and obligation of Verizon and not any other party hereto), the material terms of which shall be disclosed to the Company, no agent, broker, investment banker, financial advisor or other similar Person is or will be entitled, by reason of any agreement, act or statement by Verizon or any of its Subsidiaries, directors, officers or employees, to any financial advisory, broker's, finder's or similar fee or commission, to reimbursement of expenses or to indemnification or contribution in connection with any of the transactions contemplated by this Agreement or other Transaction Agreement.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF VERIZON AND SPINCO

Except as disclosed in the corresponding section of the Disclosure Letter delivered by Spinco to the Company immediately prior to the execution of this Agreement (the "Spinco Disclosure Letter"), Verizon and Spinco, jointly and severally, represent and warrant to the Company as follows:

5.1 Organization. Qualification.

(a) Spinco and each of the Spinco Subsidiaries (i) is, or on the date of its incorporation will be, a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, (ii) has, or will have, all requisite power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted or as proposed to be conducted, and (iii) is, or will be, duly qualified and licensed to do business and is, or will be, in good standing in each jurisdiction in which the ownership or leasing of its property or the conduct of its business requires such qualification, except for jurisdictions in which the failure to be so qualified or to be in good standing would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business. The copies of the Spinco certificate of incorporation and bylaws and the certificate of incorporation and bylaws (or other similar organizational documents) of each Spinco Subsidiary previously made available to the Company are complete and correct copies of such documents as in full force and effect on the date hereof.

(b) Section 5.1(b) of the Spinco Disclosure Letter sets forth a list of the Spinco Subsidiaries and their respective jurisdictions of incorporation or organization.

5.2 Capital Stock and Other Matters.

(a) Spinco is a direct, wholly-owned Subsidiary of Verizon, and, as of the Effective Time, shall own or hold no assets (other than the capital stock of the Spinco Subsidiaries and any rights held in connection with the Special Payment Financing, the Spinco Securities, this Agreement or any other Transaction Agreement).

(b) As of the date hereof, the authorized capital stock of Spinco consists of 1,000 shares of Spinco Common Stock, and 1,000 shares of Spinco Common Stock are issued and outstanding. No shares of Spinco Common Stock are held by Spinco in its treasury. All of the issued and outstanding shares of Spinco Common Stock are, and immediately prior to the Effective Time will be, validly issued, fully paid and nonassessable and free of preemptive rights.

(c) No bonds, debentures, notes or other indebtedness of Spinco or any of the Spinco Subsidiaries having the right to vote (or convertible into or exercisable for securities having the right to vote) on any matters on which holders of shares of capital stock of Spinco (including Spinco Common Stock) may vote ("Spinco Voting Debt") are, or at the Distribution Date will be, issued or outstanding.

(d) Except in connection with the Merger or as otherwise provided for in the Transaction Agreements, there are not, and immediately prior to the Effective Time there will not be, any outstanding securities, options, warrants, convertible securities, calls, rights, commitments or Contracts of any kind to which Spinco or any Spinco Subsidiary is a party or by which any of them is bound obligating Spinco or any Spinco Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock, Spinco Voting Debt or other voting securities of Spinco or any Spinco Subsidiary or obligating Spinco or any Spinco Subsidiary to issue, grant, extend, redeem, acquire or enter into any such security, option, warrant, convertible security, call, right, commitment or Contract.

(e) There are not, and immediately prior to the Effective Time there will not be, any stockholder agreements, voting trusts or other Contracts (other than the Distribution Agreement) to which Spinco is a party or by which it is bound relating to voting or transfer of any shares of capital stock of Spinco or the Spinco Subsidiaries.

5.3 Corporate Authority: No Violation.

(a) Spinco has the corporate power and authority to enter into this Agreement and each of Spinco and each Spinco Subsidiary has the corporate power and authority to enter into each other Transaction Agreement to which it is, or as of the Effective Time will be, a party, and to carry out its obligations hereunder and thereunder. The execution, delivery and performance by Spinco of this Agreement and by Spinco and each applicable Spinco Subsidiary of each other Transaction Agreement to which it is or as of the Effective Time will be a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Spinco and the Spinco Subsidiaries, except for such further action by the Board of Directors of Spinco required to effect the reclassification of the Spinco Common Stock, the distribution of the Spinco Securities to Verizon and the payment of the Special Payment, each as contemplated by the Distribution Agreement.

(b) This Agreement has been duly executed and delivered by Spinco and, assuming the due authorization, execution and delivery by the Company, constitutes a legal, valid and binding agreement of Spinco, enforceable against Spinco in accordance with its terms (except insofar as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally, or by principles governing the availability of equitable remedies). As of immediately prior to the Effective Time, each other Transaction Agreement to which Spinco or any Spinco Subsidiary is a party will have been duly executed and delivered by Spinco or the applicable Spinco Subsidiary and will, assuming the due authorization, execution and delivery by the other parties thereto, constitute a legal, valid and binding agreement of Spinco or the applicable Spinco Subsidiary, enforceable against Spinco or the applicable Spinco Subsidiary in accordance with its terms (except insofar as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally, or by principles governing the availability of equitable remedies).

(c) Neither the execution and delivery by Spinco of this Agreement and by Spinco and each applicable Spinco Subsidiary of each other Transaction Agreement to which Spinco or the applicable Spinco Subsidiary is, or as of the Effective Time will be, a party, nor the consummation by Spinco or the applicable Spinco Subsidiary of the transactions contemplated hereby or thereby, or performance by Spinco or the applicable Spinco Subsidiary of the provisions hereof or thereof, will (i) violate or conflict with any provision of Spinco's or the applicable Spinco Subsidiary's certificate of incorporation or bylaws (or other similar organizational documents); (ii) assuming the consents and approvals referred to in Section 5.3(d) are obtained, result in a default (or an event that, with notice or lapse of time or both, would become a default) or give rise to any right of

termination or buy-out by any third party, cancellation, amendment or acceleration of any obligation or the loss of any benefit under any Contract which, if it existed on the Distribution Date, would constitute a Spinco Asset; (iii) result in the creation of a Lien, pledge, security interest, claim or other encumbrance on any of the issued and outstanding shares of Spinco Common Stock or capital stock of any Spinco Subsidiary or on any of the Spinco Assets pursuant to any Contract to which Spinco or any Spinco Subsidiary is a party or by which Spinco or any Spinco Subsidiary or any of the Spinco Assets is bound or affected; or (iv) assuming the consents and approvals contemplated by Section 5.3(d) are obtained, violate or conflict with any Order or Law applicable to Spinco or any Spinco Subsidiary, or any of the properties, businesses or assets of any of the foregoing, other than, in the case of each of clauses (ii) through (iv), any such violation, conflict, default, right, loss or Lien which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business.

(d) Other than the Verizon Approvals, no authorization, consent or approval of, or filing with, any Governmental Authority is necessary for the consummation by Spinco or any Spinco Subsidiary of the transactions contemplated by this Agreement and the other Transaction Agreements to which Spinco or any Spinco Subsidiary is a party, except for such authorizations, consents, approvals or filings that, if not obtained or made, would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business.

5.4 Financial Statements.

(a) Verizon and Spinco have previously made available to the Company complete and correct copies of the audited combined Statements of Selected Assets, Selected Liabilities and Parent Funding of the local exchange businesses and related landline activities of Verizon in the Territory (including Internet access and certain long distance services provided to customers in those states) for the fiscal years ended December 31, 2007 and 2008, and the related audited combined statements of income, cash flows and parent funding for the fiscal years ended December 31, 2006, 2007 and 2008, including the notes thereto (collectively, the "Spinco Financial Statements").

(b) The Spinco Financial Statements fairly present in all material respects, and any other financial statements prepared and delivered in accordance with Section 7.3(h) or Section 7.16 will fairly present in all material respects, the financial position of the Spinco Business as of the respective dates thereof, and the results of operations and changes in cash flows, changes in parent funding or other information included therein for the respective periods or as of the respective dates then ended, in each case except as

otherwise noted therein and subject, in the case of unaudited interim statements, to normal year-end audit adjustments. The Spinco Financial Statements and such other financial statements have been or will be prepared in accordance with GAAP, applied on a consistent basis, except as otherwise noted therein.

(c) As of the date hereof, neither Spinco nor any of the Spinco Subsidiaries is required to file any form, report, registration statement, prospectus or other document with the SEC.

(d) Except as set forth in the Spinco Financial Statements, since December 31, 2008, Verizon and its Subsidiaries conducting the Spinco Business have not incurred any liabilities or obligations arising from the Spinco Business that are of a nature that would be required to be disclosed on a combined balance sheet prepared consistently with the Spinco Financial Statements or in the notes thereto prepared in conformity with GAAP, other than liabilities or obligations that have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business.

5.5 Absence of Certain Changes or Events. Except as specifically contemplated by this Agreement or the other Transaction Agreements, since December 31, 2008, the Spinco Business has been conducted in the ordinary course, consistent with past practice, and there has not been any state of facts, change, development, event, effect, condition or occurrence that has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business. From December 31, 2008 to the date hereof, none of Verizon, Spinco or any of their respective Subsidiaries has taken any action or failed to take any action, which action or failure, as the case may be, would constitute a breach of Section 7.2 if taken without the Company's consent after the date hereof.

5.6 Investigations: Litigation.

(a) There is no material investigation or review pending (or, to Spinco's Knowledge, threatened) by any Governmental Authority (including, for this purpose only, the Universal Service Administrative Company and any other administrators designated by the FCC or a State Regulator) with respect to Spinco or any of the Spinco Subsidiaries, or with respect to Verizon or any Verizon Subsidiary relating to the Spinco Business.

(b) There are no actions, suits, grievances, arbitrations, investigations or proceedings pending (or, to Spinco's Knowledge, threatened) against or affecting Spinco or any of the Spinco Subsidiaries or any of their respective properties or otherwise affecting the Spinco Business at law or in equity before, and there are no Orders of any Governmental Authority, in each case, which has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business.

5.7 Compliance with Laws. The Subsidiaries of Verizon conducting the Spinco Business are and since January 1, 2006 have been, in compliance with all, and have received no notice of any violation (as yet unremedied) of any, Laws applicable to such Subsidiaries of Verizon or any of their respective properties or assets or otherwise affecting the Spinco Business, except where such non-compliance, default or violation has not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business. Notwithstanding anything contained in this Section 5.7, no representation or warranty shall be deemed to be made in this Section 5.7 in respect of environmental, Tax, employee benefits, labor or communications Laws matters, which are the subject of the representations and warranties made in Sections 5.10, 5.11, 5.12, 5.13 and 5.19 of this Agreement, respectively.

5.8 Proxy Statement/Prospectus; Registration Statements. None of the information regarding Verizon or its Subsidiaries, Spinco or the Spinco Subsidiaries, or the Spinco Business, or the transactions contemplated by this Agreement or any other Transaction Agreement that is provided by Verizon or Spinco or any of their respective Subsidiaries specifically for inclusion in, or incorporation by reference into, the Proxy Statement/Prospectus or the Registration Statements will, in the case of the definitive Proxy Statement/Prospectus or any amendment or supplement thereto, at the time of the mailing of the definitive Proxy Statement/Prospectus and any amendment or supplement thereto, and at the time of the Company Stockholders Meeting, or, in the case of the Registration Statements, at the time such registration statement becomes effective, at the time of the Company Stockholders Meeting (in the case of the Company Registration Statement), at the Distribution Date and at the Effective Time, contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. The Spinco Registration Statement will comply in all material respects with the applicable provisions of the Securities Act or the Exchange Act, as the case may be, and the rules and regulations promulgated thereunder, except that no representation is made by Verizon or Spinco with respect to information provided by the Company specifically for inclusion in, or incorporation by reference into, the Spinco Registration Statement.

5.9 Information Supplied. All documents that Spinco or any Spinco Subsidiary is responsible for filing with any Governmental Authority in connection with the transactions contemplated hereby or by any other Transaction Agreement will comply in all material respects with the provisions of applicable Law. All information supplied or to be supplied by Spinco or any Spinco Subsidiary in any document, other than the Proxy Statement/Prospectus and the Registration Statements, which are addressed in Section 5.8, filed with any Governmental Authority in connection with the transactions contemplated hereby and by the other Transaction Agreements will be, at the time of filing, at the Distribution Date and at the Effective Time, true and correct in all material respects.

5.10 Environmental Matters.

(a) All material Environmental Permits required pursuant to any Environmental Law for operation of the Spinco Business (i) have been obtained by the Subsidiaries of Verizon conducting the Spinco Business and (ii) are currently in full force and effect. Subsidiaries of Verizon conducting the Spinco Business are in material compliance with all material Environmental Permits required pursuant to any Environmental Law for operation of the Spinco Business.

(b) To Spinco's Knowledge, the Subsidiaries of Verizon conducting the Spinco Business are, and at the Effective Time Spinco and each of the Spinco Subsidiaries will be, in material compliance with all applicable Environmental Laws with respect to the Spinco Business. To Spinco's Knowledge, there are no events, conditions, circumstances, activities, practices or incidents related to the Spinco Business which have given, or would reasonably be likely to give, rise to any Environmental Claim that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business.

(c) There is no civil, criminal or administrative action, suit, demand, Environmental Claim, hearing, notice, or demand letter, notice of violation, investigation or proceeding pending or, to Spinco's Knowledge, threatened against the Subsidiaries of Verizon conducting the Spinco Business related to any Environmental Permit or any applicable Environmental Law or any plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business.

(d) To Spinco's Knowledge, the Subsidiaries of Verizon conducting the Spinco Business have not generated, stored, used, emitted, discharged or disposed of any Hazardous Material in the conduct of the Spinco Business except in material compliance with applicable Environmental Law. To Spinco's Knowledge, Verizon and its Subsidiaries have made available to the Company for its review copies of those reports, audits, studies or analyses in their possession, custody or control that are material to the representations made in this Section 5.10.

(e) The Subsidiaries of Verizon conducting the Spinco Business (i) have not, within the past seven years, received any written request for information, and have not been notified that they are a potentially responsible party, under the Comprehensive Environmental Response, Compensation or Liability Law in connection with the conduct of the Spinco Business and (ii) to Spinco's Knowledge, have not, within the past seven years, been, and are not reasonably expected to be, subject to liability for any Environmental Claim arising under or pursuant to such Laws in connection with the conduct of the Spinco Business.

5.11 Tax Matters.

(a) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Spinco or the Spinco Business, (i) all Tax Returns relating to the Spinco Business required to be filed have been filed, (ii) all such Tax Returns are true and correct in all respects as filed or have been subsequently amended to make such Tax Returns true and correct and not further amended, (iii) all Taxes shown as due and payable on such Tax Returns, and all Taxes (whether or not reflected on such Tax Returns) relating to the Spinco Business required to be paid, have been timely paid in full, (iv) all Taxes relating to the Spinco Business for any taxable period (or a portion thereof) beginning on or prior to the Closing Date (which are not yet due and payable) have been properly accrued for in the Spinco Financial Statements and other books and records of Spinco and (v) Verizon and the Subsidiaries of Verizon conducting the Spinco Business have duly and timely withheld all Taxes required to be withheld in respect of the Spinco Business and such withheld Taxes have been either duly and timely paid to the proper Taxing Authority or properly set aside in accounts for such purpose and will be duly and timely paid to the proper Taxing Authority.

(b) No written agreement or other written document waiving or extending, or having the effect of waiving or extending, the statute of limitations or the period of assessment or collection of any Taxes relating to the Spinco Business or any Subsidiary of Verizon conducting the Spinco Business that will be transferred to Spinco, and no

power of attorney with respect to any such Taxes, has been filed or entered into with any Taxing Authority.

(c) (i) No audits or other administrative proceedings or proceedings before any Taxing Authority are presently pending with regard to any Taxes or Tax Return of the Spinco Business or any Subsidiary of Verizon conducting the Spinco Business that will be transferred to Spinco, as to which any Taxing Authority has asserted in writing any claim which, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business, and (ii) no Taxing Authority is now asserting in writing any deficiency or claim for Taxes or any adjustment to Taxes with respect to which the Spinco Business or any Subsidiary of Verizon conducting the Spinco Business that will be transferred to Spinco may be liable with respect to income or other material Taxes which has not been fully paid or finally settled.

(d) No Subsidiary of Verizon conducting the Spinco Business (i) is a party to or bound by or has any obligation under any Tax separation, sharing or similar agreement or arrangement other than the Tax Sharing Agreement, (ii) is or has been a member of any consolidated, combined or unitary group for purposes of filing Tax Returns or paying Taxes (other than a group of which Verizon is the common parent corporation) or has any potential liability for Taxes of another Person (other than Verizon or any of the Verizon Subsidiaries) under Treasury Regulations § 1.1502-6 or (iii) has entered into a closing agreement pursuant to Section 7121 of the Code, or any predecessor provision or any similar provision of state or local law.

(e) None of the Spinco Assets is subject to any Tax lien (other than liens for Taxes that are not yet due and payable).

(f) Section 5.11(f) of the Spinco Disclosure Letter lists, as of the date hereof, all foreign jurisdictions in which any Subsidiary of Verizon conducting the Spinco Business files a material Tax Return.

(g) No Subsidiary of Verizon conducting the Spinco Business has agreed to make or is required to make any adjustment for a taxable period ending after the Effective Time under Section 481(a) of the Code by reason of a change in accounting method or otherwise, except where such adjustments have not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business.

(h) No Subsidiary of Verizon conducting the Spinco Business has constituted either a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock (other than the Distribution or any Internal Spinoff) qualifying for tax-free treatment under Section 355 of the Code (i) in the two years prior to the date of this Agreement or (ii) in a distribution that could otherwise constitute part of a “plan” or “series of related transactions” (within the meaning of Section 355(e) of the Code) in connection with the Merger.

(i) No Subsidiary of Verizon conducting the Spinco Business does so through, and no Spinco Assets are held by, a partnership, limited liability company treated as a partnership for tax purposes, or any other flow-through entity that, in each case, is not wholly-owned by Verizon or wholly-owned by Subsidiaries of Verizon.

(j) None of Verizon or any Subsidiary of Verizon conducting the Spinco Business has taken or agreed to take any action that is reasonably likely to (nor is any of them aware of any agreement, plan or other circumstance that would) prevent the Tax-Free Status of the Transactions.

(k) No Subsidiary of Verizon conducting the Spinco Business has engaged in any listed transaction, or any reportable transaction the principal purpose of which was tax avoidance, within the meaning of Sections 6011, 6111 and 6112 of the Code.

(l) At the Effective Time, Spinco will not be and will not have been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

5.12 Benefit Plans.

(a) Section 5.12(a)(i) of the Spinco Disclosure Letter lists, as of the date hereof, each “employee benefit plan” (as defined in Section 3(3) of ERISA), and all other benefit, bonus, incentive, deferred compensation, stock option (or other equity-based compensation), severance, retention, change in control, welfare (including post-retirement medical and life insurance), fringe benefit and similar plans, programs, policies and arrangements, whether or not subject to ERISA and whether written or oral, sponsored, maintained or contributed to or required to be maintained or contributed to by Verizon or any Subsidiary of Verizon and (x) that will (or will be required to) be maintained or contributed to by Spinco or any of the Spinco Subsidiaries on the Distribution Date, as provided in the Employee Matters Agreement, (y) with respect to which any Person who is currently, has been or, on or prior to the Effective Time, is

expected to become, an employee of any Subsidiary of Verizon conducting the Spinco Business or is (or will become on the Distribution Date) an employee of Spinco or any Spinco Subsidiary (collectively, "Spinco Business Employees") is (or will be) entitled to any benefit or (z) with respect to which Spinco, Spinco Subsidiary or any Subsidiary of Verizon conducting the Spinco Business has any liability (the "Spinco Benefit Plans"); provided, however, that no employee benefit plan shall be treated as a Spinco Benefit Plan if pursuant to the Employee Matters Agreement neither Spinco, any Spinco Subsidiary nor any Subsidiary of Verizon conducting the Spinco Business has or will have any liability with respect to such plan. Section 5.12(a)(ii) of the Spinco Disclosure Letter sets forth, as of the date hereof, a complete and accurate list of each material employment, consulting, severance, change in control, retention, termination or other material bilateral contract between any Spinco Business Employee, on the one hand, and Spinco, any Spinco Subsidiary or any Subsidiary of Verizon conducting the Spinco Business, on the other hand, in each case, that is not a Spinco Benefit Plan (collectively, the "Spinco Benefit Agreements"). With respect to each Spinco Benefit Plan and Spinco Benefit Agreement, Verizon has provided to the Company complete and accurate copies of (A) such Spinco Benefit Plan or Spinco Benefit Agreement, including any amendment thereto, (B) each trust, insurance, annuity or other funding contract related thereto, (C) the most recent financial statements and actuarial or other valuation reports prepared with respect thereto and (D) the two most recent annual reports on Form 5500 required to be filed with the IRS with respect thereto (if any).

(b) No material liability under Title IV (including Sections 4069 and 4212(c) of ERISA) or Section 302 of ERISA, or Section 412 of the Code, has been or as of the Effective Time will have been incurred by Spinco, any Subsidiary of Verizon conducting the Spinco Business or any ERISA Affiliate of any of them, and no condition exists that would reasonably be expected to result in Spinco, any Subsidiary of Verizon conducting the Spinco Business or any ERISA Affiliate of any of them incurring any such liability, other than liability for premiums due to the PBGC as of the Distribution Date. The present value of accrued benefits under each Spinco Benefit Plan that is subject to Title IV of ERISA, determined as of the date of, and based upon the actuarial assumptions used for funding purposes in, the most recent actuarial report prepared by such plan's actuary with respect to such plan (dated May, 2009), did not exceed the value of the assets (as determined as of the last business day of the last calendar month ended prior to the date hereof) of such plan allocable to such accrued benefits.

(c) (i) No Spinco Benefit Plan is or will be at the Effective Time a "multiemployer plan," as defined in Section 3(37) of ERISA and (ii) none of Spinco, the Subsidiaries of Verizon conducting the Spinco Business or any ERISA Affiliate of any of them has made or suffered or will as of the Effective Time (including as a result of the consummation of the transactions contemplated by the Transaction Agreements (including the Distribution)) have made or suffered a "complete withdrawal" or a "partial

withdrawal,” as such terms are respectively defined in Section 4203 and 4205 of ERISA, the liability for which has not been satisfied in full.

(d) Each Spinco Benefit Plan and each Spinco Benefit Agreement has been, or for periods on or prior to the Distribution Date will have been, operated and administered in all material respects in accordance with its terms and applicable Law, including ERISA and the Code. All contributions and premium payments required to be made with respect to any Spinco Benefit Plan or Spinco Benefit Agreement have now been, or on the Distribution Date will have been, timely made, except for (A) any contributions in respect of benefits that have become due but that are not yet payable under the terms of the applicable Spinco Benefit Plan or Spinco Benefit Agreement or (B) any contributions in lieu of which pension plan asset transfers will be made under the terms of the Employee Matters Agreement. Appropriate reserves or accruals have been taken on the Spinco financial statements in accordance with GAAP in respect of any unpaid liabilities incurred or accrued under or in respect of any Spinco Benefit Plan or Spinco Benefit Agreement. There are no pending or, to Spinco’s Knowledge, threatened claims by, on behalf of or against any of the Spinco Benefit Plans in effect as of the date hereof or any Assets thereof, that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business, and no matter is pending (other than routine qualification determination filings, copies of which have been furnished to the Company or will be promptly furnished to the Company when made) before the IRS, the United States Department of Labor or the PBGC with respect to any Spinco Benefit Plan.

(e) Each Spinco Benefit Plan intended to be “qualified” within the meaning of Section 401(a) of the Code is so qualified and the trusts maintained thereunder are exempt from taxation under Section 501(a) of the Code, each trust maintained under any Spinco Benefit Plan intended to satisfy the requirements of Section 501(c)(9) of the Code has satisfied such requirements and, in either such case, no event has occurred or condition is known to exist that would reasonably be expected to have a material adverse effect on such tax-qualified status for any such Spinco Benefit Plan or any such trust.

(f) Except as contemplated by this Agreement and each other Transaction Agreement, no Spinco Benefit Plan or Spinco Benefit Agreement, no plan or arrangement sponsored or maintained by Verizon in which any Spinco Business Employee is, or on the Distribution Date will be, a participant and no contractual arrangement between any Subsidiary of Verizon conducting the Spinco Business and any third party exists, or on the Distribution Date will exist, that could result in (i) the payment to any current, former or future director, officer, stockholder or employee of Spinco, any Spinco Subsidiary or any of the Subsidiaries of Verizon conducting the Spinco Business or of any entity the assets or capital stock of which have been acquired by a Subsidiary of Verizon

conducting the Spinco Business, of any money or other property or benefits, (ii) the acceleration of the time of payment or vesting, or trigger any funding, of any compensation or benefits under any Spinco Benefit Plan or Spinco Benefit Agreement or (iii) the breach or violation of, default under or limitation on the Company's right to amend, modify or terminate any Spinco Benefit Plan or Spinco Benefit Agreement, in each case as a result of the consummation of the transactions contemplated by the Transaction Agreements (including the Distribution), whether or not (a) such payment, acceleration or provision would constitute a "parachute payment" (within the meaning of Section 280G of the Code) or (b) some other action or event (including separation from service) would be required to cause such payment, acceleration or provision to be triggered.

5.13 Labor Matters. None of Spinco, any Spinco Subsidiary or any Subsidiary of Verizon conducting the Spinco Business is a party to, or bound by, any collective bargaining agreement, employment agreement or other Contract, in each case, with a labor union or labor organization and no such agreement is currently being negotiated. To Spinco's Knowledge, as of the date hereof no union organizing campaign is in progress with respect to the Spinco Business Employees. Except for such matters which have not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business, (a) as of the date hereof, there are no strikes or lockouts with respect to Spinco Business Employees, (b) there is no unfair labor practice, charge, complaint, labor dispute (other than routine individual grievances) or labor arbitration proceeding pending or, to Spinco's Knowledge, threatened against any of Spinco, any Spinco Subsidiary or any Subsidiaries of Verizon conducting the Spinco Business, (c) there are no actual or, to Spinco's Knowledge, threatened claims, arbitrations, litigation or consent decrees relating to employment Laws, terms and conditions of employment and wages and hours pertaining to Spinco Business Employees or employment practices affecting Spinco Business Employees in the Spinco Business and (d) Spinco, the Spinco Subsidiaries and the Subsidiaries of Verizon conducting the Spinco Business are in compliance with all applicable Laws respecting (i) employment and employment practices, (ii) terms and conditions of employment and wages and hours, (iii) collective bargaining and labor relations practices, (iv) layoffs, and (v) immigration. As of the date hereof, none of Spinco, any Spinco Subsidiary or any Subsidiary of Verizon conducting the Spinco Business has any liabilities under the WARN Act as a result of any action taken by Spinco, any Spinco Subsidiary or any Subsidiary of Verizon conducting the Spinco Business and that has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business.

5.14 Intellectual Property.

(a) Section 5.14(a) of the Spinco Disclosure Letter contains, as of the date hereof, a complete and accurate list of all registered trademarks owned by Verizon or any of its U.S. Affiliates used in the Spinco Business. For the avoidance of doubt, the post-Closing ownership of and/or rights in such Statutory Intellectual Property and other intellectual property shall be apportioned between Spinco and the Spinco Subsidiaries, on the one hand, and Verizon and its other Affiliates, on the other, in accordance with the Intellectual Property Agreement. Section 5.14(a) of the Spinco Disclosure Letter contains a complete and accurate list of all Statutory Intellectual Property owned by Spinco. For the avoidance of doubt, the post-Closing ownership of and/or rights in such Statutory Intellectual Property and other intellectual property shall be apportioned between Spinco and the Spinco Subsidiaries, on the one hand, and Verizon and its other Affiliates, on the other, in accordance with the Intellectual Property Agreement.

(b) Neither Verizon nor any of its U.S. Affiliates, including the Subsidiaries of Verizon conducting the Spinco Business, have received since January 1, 2006 any written charge, complaint, claim, demand or notice alleging any infringement, misappropriation or violation by the Spinco Business of (including any claim that the Subsidiaries of Verizon conducting the Spinco Business must license or refrain from using) any Verizon Third Party Intellectual Property material to the Spinco Business.

(c) To Spinco's Knowledge, there are no Liens on any Customer Data, personnel data of Spinco Business Employees who become employees of the Surviving Corporation or its Subsidiaries at Closing, or Proprietary Business Information.

(d) Subject to obtaining the required Verizon IP Consents and to complying with the terms and conditions of any Contracts applicable to Network Element Software, the Surviving Corporation and its Subsidiaries, immediately after the Effective Time, shall have the right to use the Network Element Software in accordance with such Verizon IP Consents and such Contracts.

(e) The following software, information, and other Intellectual Property (as defined in the Intellectual Property Agreement and in the FiOS Intellectual Property Agreement) will be sufficient to permit the Surviving Corporation and its Subsidiaries to operate the Spinco Business and the Spinco FS Business (as defined in the FiOS Intellectual Property Agreement) immediately following the Effective Time in a manner consistent with the operation of the Spinco Business and the Spinco FS Business immediately prior to the Effective Time: (1) the Software as licensed to the Surviving

Corporation and its Subsidiaries (including the restrictions and limitations contained in the Software License Agreement); (2) the FiOS Software as licensed to the Surviving Corporation and its Subsidiaries (including the restrictions and limitations contained in the FiOS Software License Agreement); (3) the Licensed Intellectual Property (as defined in the Intellectual Property Agreement and the FiOS Intellectual Property Agreement) as licensed to the Surviving Corporation and its Subsidiaries (including the restrictions and limitations contained in the Intellectual Property Agreement and the FiOS Intellectual Property Agreement); (4) the Proprietary Business Information, the Designated Spinco Statutory Intellectual Property, Designated Spinco Intellectual Property, and the Spinco Customer Listing Data (each as defined in the Intellectual Property Agreement) in each case as licensed or transferred to the Surviving Corporation and its Subsidiaries (including the restrictions and limitations contained in the Intellectual Property Agreement); (5) the Proprietary FS Business Information, Spinco FS Intellectual Property, and the Spinco FS Customer Listing Data (each as defined in the FiOS Intellectual Property Agreement) in each case as licensed or transferred to the Surviving Corporation and its Subsidiaries (including the restrictions and limitations contained in the FiOS Intellectual Property Agreement); (6) the licenses set forth in the Intellectual Property Agreement with respect to the Licensed Excluded Marks (as defined in the Intellectual Property Agreement); (7) the Licensed Intellectual Property (as defined in the FiOS Intellectual Property Agreement) as licensed to the Surviving Corporation and its Subsidiaries (including the restrictions and limitations contained in the FiOS Intellectual Property Agreement, and the licenses set forth in the FiOS Trademark License Agreement attached as an Exhibit to the FiOS Intellectual Property Agreement); (8) the West Third Party Intellectual Property (as defined in the Intellectual Property Agreement and the FiOS Intellectual Property Agreement); and (9) the Third Party Software.

5.15 Material Contracts.

(a) Section 5.15(a) of the Spinco Disclosure Letter sets forth, and Verizon has made available to the Company true and complete copies of, all Spinco Material Contracts in effect as of the date of this Agreement. For purposes of this Agreement, the term "Spinco Material Contracts" means any of the following Contracts (other than this Agreement, each other Transaction Agreement, the documents relating to the Special Payment Financing and the Spinco Securities, the Spinco Benefit Plans and the Spinco Benefit Agreements), whether entered into prior to or after the date hereof, to which Verizon or any Verizon Subsidiary, with respect to the Spinco Business only, is a party: (i) any "material contract" (as defined in item 601(b)(10) of Regulation S-K of the SEC) as such term would be applied to the Spinco Business as if it is a separate entity, (ii) any non-competition agreement or any other Contract that restricts in any material respect the conduct of any line of business, (iii) any partnership, joint venture or similar Contract material to the Spinco Business, and (iv) any Contract that will govern the terms

of any Indebtedness (or guarantees thereof) of Spinco or any Spinco Subsidiary after the Effective Time in excess of \$50,000,000.

(b) (i) Neither Verizon nor any Subsidiary of Verizon is in breach of or default under the terms of any Spinco Material Contract where such breach or default has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business, (ii) to Spinco's Knowledge, no other party to any Spinco Material Contract is in breach of or in default under the terms of any Spinco Material Contract where such breach or default has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business and (iii) each Spinco Material Contract is a valid and binding obligation of Verizon or any Subsidiary of Verizon which is a party thereto and, to Spinco's Knowledge, of each other party thereto, and is in full force and effect, except insofar as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally, or by principles governing the availability of equitable remedies.

5.16 Board and Stockholder Approval. The Boards of Directors of Verizon and Spinco, in each case, at a meeting duly called, have unanimously approved this Agreement and declared it advisable. As of the date hereof, the sole stockholder of Spinco is Verizon. Immediately after execution of this Agreement, Verizon will approve and adopt (the "Spinco Stockholder Approval"), as Spinco's sole stockholder, all aspects of this Agreement and the other Transaction Agreements and the transactions contemplated hereby and thereby which require the consent of Spinco's stockholder under the DGCL, Spinco's certificate of incorporation or Spinco's bylaws. The approval of Verizon's stockholders is not required to effect the transactions contemplated by the Distribution Agreement, this Agreement or the other Transaction Agreements. Upon obtaining the Spinco Stockholder Approval, the approval of Spinco's stockholders after the Distribution Date will not be required to effect the transactions contemplated by this Agreement, including the Merger, unless this Agreement is amended in accordance with Section 251(d) of the DGCL after the Distribution Date and such approval is required, solely as a result of such amendment, under the DGCL or by the IRS.

5.17 Sufficiency of Assets.

(a) After giving effect to the Contribution and the other transactions described in or contemplated by the Distribution Agreement, and subject to the receipt of all applicable approvals and consents, including those contemplated by Section 5.3(d), Spinco, together with the Spinco Subsidiaries, will have, in all material respects, good

and valid title to, or in the case of leased property, valid leasehold interests in, all of the material Spinco Assets.

(b) Subject to the immediately following sentence, the assets of Spinco and the Spinco Subsidiaries as at the Closing Date (assuming the consummation of the Contribution), together with the licenses and services to be made available pursuant to the Transaction Agreements, will be sufficient to permit the Surviving Corporation and its Subsidiaries to operate the Spinco Business independent from Verizon and its Subsidiaries (including having the ability to interact with retail and carrier customers, to provide for acceptances, orders and trouble reports and to dispatch personnel to care for those orders and trouble reports, to bill for services and to collect accounts receivable) immediately following the Effective Time (x) in all material respects, in compliance with Law and (y) in a manner substantially consistent with the operation of the Spinco Business on the date hereof and immediately prior to the Effective Time. Notwithstanding the foregoing, it is understood and agreed that:

(i) the Company and the Surviving Corporation may not be assigned those assets and services listed or described in Section 5.17(b)(i) of the Spinco Disclosure Letter, which are necessary for the conduct of the Spinco Business;

(ii) the Company and the Surviving Corporation are not being assigned the Retained Contracts and the services provided under the Retained Contracts are necessary for the conduct of the Spinco Business; provided that the material services provided to the Spinco Business under the Retained Contracts will be provided as part of the Realignment by means of entering into Contracts on behalf of Spinco with third party vendors (whether or not the same as those under the Retained Contracts) or with Verizon or Subsidiaries of Verizon unless (x) they are listed on Section 5.17(b)(ii) of the Spinco Disclosure Letter, (y) the Company and Verizon agree pursuant to Section 7.24 to omit such services as part of the Realignment or (z) they involve Verizon Third Party Intellectual Property;

(iii) as contemplated by the Employee Matters Agreement, certain of the administrative and regional headquarters management employees currently operating or advising the Spinco Business may not be transferred to Spinco and the Spinco Subsidiaries and the immediately preceding sentence assumes that the Surviving Corporation will provide such equivalent personnel as may be appropriate for the benefit of the Spinco Business;

(iv) Verizon Third Party Intellectual Property are needed to operate the Spinco Business and the immediately preceding sentence assumes that the Surviving Corporation will procure rights and/or licenses in such Verizon Third Party Intellectual Property;

(v) the Realignment may alter the manner in which certain aspects of the Spinco Business are conducted, and such alterations may include outsourcing to third party vendors or to Verizon or Subsidiaries of Verizon certain services and activities previously provided to the Spinco Business by Verizon or Subsidiaries of Verizon, provided that such alterations (X) shall not involve any material alterations to the manner in which customers engage with the Spinco Business for sales and service, the manner in which the Spinco Business delivers such sales and service, billing and remittance processing, credit and collections, field service and dispatch, network design, network configuration, employee training, payphone administration, the manner of wholesale customer interfacing and related provisioning, fleet operations and real estate management and (Y) shall not materially diminish the overall standards of quality, timeliness and efficiency for customer services from those prevailing immediately prior to such Realignment, taking into account reasonable fluctuations that occur from month to month;

(vi) the Company and Verizon may agree prior to the completion of the Realignment to omit certain operational functions from the Spinco Business to the extent the Company wishes to integrate such functions with the Company's existing operations as of the Closing and the foregoing sentence assumes the completion of any such integration;

(vii) the only assets that will be held by Spinco and the Spinco Subsidiaries as of the Closing with respect to the activities described in clauses (ii)(B) and (ii)(C) of the definition of "Spinco Business" will be customer relationships (and, in the case of Clause (ii)(C), those assets listed in item (G) of the definition of Spinco Assets) and the Surviving Corporation will need to procure all other assets needed to undertake such activities;

(viii) the Spinco Business conducted in West Virginia will need to be integrated with the operations of the Company on the Closing Date and the immediately preceding sentence assumes that such integration has occurred without any services or licenses from Verizon or any Verizon Subsidiaries after the Effective Time;

(ix) the manner in which the Spinco Business is conducted between the date hereof and the Effective Time may change on a basis consistent with changes made in the ordinary course of business during such period to the business of other Affiliates of GTE Corporation offering local exchange telecommunications services;

(x) the immediately preceding sentence shall not be deemed a representation or warranty as to any revenue, costs or expenses associated with the conduct of the Spinco Business immediately following the Effective Time; and

(xi) the immediately preceding sentence assumes the receipt of all necessary authorizations, approvals, consents or waivers required by Law, by Governmental Authorities or other third Persons pursuant to their Contract rights in connection with the transactions contemplated by the Distribution Agreement and this Agreement and pursuant to the Transaction Agreements.

5.18 Spinco Real Property.

(a) Section 5.18(a) of the Spinco Disclosure Letter sets forth the address of all real property that is, or will be following the Contribution, Spinco Owned Real Property the loss of which would be material and adverse to the Spinco Business. After giving effect to the Contribution and the other transactions contemplated by the Distribution Agreement and subject to the receipt of all applicable consents or approvals, Spinco, or the Spinco Subsidiaries, will have, in all material respects, good and valid and marketable title to all of the Spinco Owned Real Property identified on Section 5.18(a) of the Spinco Disclosure Letter, free and clear of all encumbrances other than Permitted Encumbrances. Neither Verizon nor any of its Subsidiaries has leased or otherwise granted any third party any right to use or occupy any of the Spinco Owned Real Property identified on Section 5.18(a) of the Spinco Disclosure Letter, and there are no outstanding options, rights of refusal, rights of first offer, rights of reverter or other third party rights in Spinco Owned Real Property identified on Section 5.18(a) of the Spinco Disclosure Letter.

(b) Section 5.18(b) of the Spinco Disclosure Letter sets forth a list of the real property leases which are, or will be following the Contribution (assuming the Contribution occurred on the date hereof), leases of Spinco or a Spinco Subsidiary ("Spinco Leases"). Section 5.18(b) of the Spinco Disclosure Letter sets forth the subleases in respect of Spinco Leases as of the date hereof (the "Spinco Subleases"). Spinco has previously made available to the Company complete and correct copies of each of the Spinco Leases and Spinco Subleases. With respect to Spinco Leases and Spinco Subleases, (i) each is enforceable in accordance with its terms, except insofar as

such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally, or by principles governing the availability of equitable remedies, (ii) there is no material default or material breach of a covenant by Verizon or any of its Subsidiaries, (iii) no event has occurred which with or without the giving of notice or lapse of time, or both, would constitute such a material default or material breach and (iv) there has been no collateral assignment or other security interest and they are not subject to any encumbrance other than Permitted Encumbrances.

5.19 Communications Regulatory Matters.

(a) Spinco and the Spinco Subsidiaries hold, or on the Distribution Date will hold, all permits, licenses, franchises, waivers, orders, approvals, concessions, registrations and other authorizations issued or provided by the FCC, state public service or public utility commissions or other similar state regulatory bodies (the "State Regulators") or any other Governmental Authority relating to communications regulatory matters (including multichannel video) under all Laws currently in effect that are necessary for Spinco and/or the Spinco Subsidiaries to own their respective assets or operate the applicable portion of the Spinco Business as currently conducted ("Spinco Licenses"), except such Spinco Licenses the failure of which to so hold has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business.

(b) Verizon and each of the Contributing Companies in the conduct of the Spinco Business has complied since January 1, 2006 with, and currently is not in violation of, any requirement of Law relating to communications regulatory matters (including multichannel video) to which Spinco or the Spinco Business is subject, except to the extent that any such non-compliance or violation has not resulted and would not reasonably be expected to result in any material burden, fine or consequence on the Spinco Business. Without limiting the foregoing, there is not pending, nor to Spinco's Knowledge, threatened against Verizon or any of its Subsidiaries any application, action, petition, objection or other pleading, or any proceeding by or before the FCC or any State Regulators which questions or contests the validity of, or any rights of the holder under, or seeks the non-renewal, revocation or suspension of any Spinco License. Since January 1, 2006, neither Verizon nor any of the Contributing Companies has received written notice of an investigation or review by any Governmental Authority (including, for this purpose only, the Universal Service Administrative Company and any other administrators designated by the FCC or a State Regulator) relating to communications regulatory matters (including multichannel video) with respect to a material violation by Verizon or any of the Contributing Companies (with respect to the use or operation of the Spinco Assets) of any requirement of Law relating to the Spinco Business, excluding any

notice in respect of a matter that has been withdrawn or resolved without the imposition of material penalties, burdens or fines. Spinco (a) is capable of providing local number portability in material compliance with 47 U.S.C. § 251(b)(2) and the implementing rules of the FCC; (b) complies in all material respects with the requirements of the Communications Assistance for Law Enforcement Act, 47 U.S.C. § 1001 *et seq.*, and the implementing rules of the FCC (“CALEA”); and (c) is capable of providing 911 service in material compliance with 47 U.S.C. § 251(e)(3) and the implementing rules of the FCC and applicable state Laws of the State Regulators.

(c) As of the date hereof, none of Verizon or any Verizon Subsidiary has, with respect to the Spinco Business, (i) received notice from any Governmental Authority with respect to an intention to enforce multichannel video customer service standards pursuant to the Communications Act or (ii) agreed with any Governmental Authority to establish multichannel video customer service standards that exceed the standards in the Communications Act.

5.20 Company Common Stock. Neither Verizon nor Spinco owns (directly or indirectly, beneficially or of record) or is a party to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of, in each case, any shares of capital stock of the Company (other than as contemplated by this Agreement), in each case other than any ownership by pension or other benefit plans sponsored for employees of Verizon and/or its Subsidiaries.

5.21 Affiliate Transactions. There are no transactions or Contracts of the type that would be required to be disclosed by Subsidiaries of Verizon conducting the Spinco Business under Item 404 of Regulation S-K if such companies were a company subject to such Item between or among (a) Verizon, Spinco or any Spinco Subsidiary, on the one hand, and (b) any individual who is a “named executive officer” (as such term is defined in Section 402 of Regulation S-K) of Verizon, Spinco or any Spinco Subsidiary, on the other hand, in each case to the extent such transactions or Contracts relate to the Spinco Business but in each case excluding compensation received as an employee in the ordinary course.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as disclosed (i) in the Company SEC Documents (including the exhibits thereto), other than disclosures in the “Risk Factors” or “Forward-Looking Statements”

sections thereof, or (ii) in the corresponding section of the Disclosure Letter delivered by the Company to Verizon and Spinco immediately prior to the execution of this Agreement (the "Company Disclosure Letter"), the Company represents and warrants to Verizon and Spinco as follows:

6.1 Organization: Qualification.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, has all requisite power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted, and is duly qualified and licensed to do business and is in good standing in each jurisdiction in which the ownership or leasing of its property or the conduct of its business requires such qualification, except for jurisdictions in which the failure to be so qualified or to be in good standing would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company. The copies of the Company's certificate of incorporation and bylaws and the certificate of incorporation and bylaws (or other similar organizational documents) of any Company Subsidiary that is a Significant Subsidiary of the Company previously made available to Verizon and Spinco are complete and correct copies of such documents as in full force and effect on the date hereof.

(b) Section 6.1(b) of the Company Disclosure Letter sets forth, as of the date hereof, a list of the Company Subsidiaries and their respective jurisdictions of incorporation or organization, together with a designation of those Company Subsidiaries constituting Significant Subsidiaries of the Company.

6.2 Capital Stock and Other Matters.

(a) As of the date hereof, the authorized capital stock of the Company consists of 600,000,000 shares of Company Common Stock and 50,000,000 shares of preferred stock of the Company. As of May 11, 2009, 312,356,567 shares of Company Common Stock were issued and outstanding, 6,995,305 shares of Company Common Stock were reserved for issuance and no share of preferred stock of the Company were issued or outstanding. All of the issued and outstanding shares of Company Common Stock are validly issued, fully paid and nonassessable and free of preemptive rights and were issued in compliance with all applicable securities Laws, including all applicable registration requirements under the Securities Act (unless an exemption from registration was available for a particular issuance).

(b) No bonds, debentures, notes or other indebtedness of the Company or any of the Company Subsidiaries having the right to vote (or convertible into or exercisable for securities having the right to vote) on any matters on which holders of shares of capital stock of the Company (including Company Common Stock) may vote ("Company Voting Debt") are, or at the Distribution Date will be, issued or outstanding.

(c) Except as set forth in Section 6.2(a) above, there are no outstanding securities, options, warrants, convertible securities, calls, rights, commitments or Contracts of any kind to which the Company or any of the Company Subsidiaries is a party or by which any of them is bound obligating the Company or any of the Company Subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of Company Common Stock, Company Voting Debt or other voting securities of the Company or any of the Company Subsidiaries or obligating the Company or any of the Company Subsidiaries to issue, grant, extend, redeem, acquire or enter into any such security, option, warrant, convertible security, call, right, commitment or Contract.

(d) Except as contemplated by this Agreement, there are no stockholders agreements, voting trusts or other Contracts to which the Company is a party or by which it is bound relating to voting or transfer of any shares of capital stock of the Company or the nomination of any directors thereof.

6.3 Corporate Authority: No Violation.

(a) The Company has the corporate power and authority to enter into this Agreement and each other Transaction Agreement to which it is, or as of the Effective Time will be, a party, and subject to obtaining the Requisite Approval, to carry out its obligations hereunder and thereunder. The execution, delivery and performance by the Company of this Agreement and each other Transaction Agreement to which it is, or as of the Effective Time will be, a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of the Company, subject to obtaining the Requisite Approval.

(b) This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery by Verizon and Spinco, constitutes a legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms (except insofar as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally, or by principles governing the availability of equitable remedies). As of immediately prior to the Effective Time, each other

Transaction Agreement to which the Company is a party will have been duly executed and delivered by the Company and will, assuming the due authorization, execution and delivery by the other parties thereto, constitute a legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms (except insofar as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally, or by principles governing the availability of equitable remedies).

(c) Neither the execution and delivery by the Company of this Agreement and each other Transaction Agreement to which the Company is, or as of the Effective Time will be, a party, nor the consummation by the Company of the transactions contemplated hereby or thereby, or performance by the Company of any of the provisions hereof or thereof, will (i) violate or conflict with any provision of the Company's certificate of incorporation or bylaws; (ii) assuming the consents and approvals referred to in Section 6.3(d) below are obtained, result in a default (or an event that, with notice or lapse of time or both, would become a default) or give rise to any right of termination by any third party, cancellation, amendment or acceleration of any obligation or the loss of any benefit under, any Contract to which the Company or any of the Company Subsidiaries is a party or by which the Company or any of the Company Subsidiaries is bound or affected; (iii) result in the creation of a Lien, pledge, security interest, claim or other encumbrance on any of the issued and outstanding shares of Company Common Stock or on any of the assets of the Company or any of the Company Subsidiaries pursuant to any Contract to which the Company or any of the Company Subsidiaries is a party or by which the Company or the Company Subsidiaries is bound or affected; or (iv) assuming the consents and approvals contemplated by Section 6.3(d) below are obtained, violate or conflict with any Order or Law applicable to the Company or any of the Company Subsidiaries, or any of the properties, business or assets of any of the foregoing, other than, in the case of each of clauses (ii) through (iv), any such violation, conflict, default, right, loss or Lien which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

(d) Other than in connection with or in compliance with (i) the provisions of the DGCL, (ii) the Securities Act, (iii) the Exchange Act, (iv) the HSR Act, (v) the Communications Act and applicable rules and regulations thereunder and the FCC Rules, (vi) the approvals set forth in Section 6.3(d) of the Company Disclosure Letter and (vii) the Requisite Approval (collectively, the "Company Approvals"), no authorization, consent or approval of, or filing with, any Governmental Authority is necessary for the consummation by the Company of the transactions contemplated by this Agreement, except for such authorizations, consents, approvals or filings that, if not obtained or made, have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company. Notwithstanding the foregoing, although the approvals set forth in Section 6.3(d) of the Company Disclosure Letter

constitute all those authorizations, consents, approvals and filings that the Company reasonably believes, as of the date of this Agreement, are necessary to obtain or make prior to consummation of the transactions contemplated by this Agreement, additional State Regulators or other Governmental Authorities not set forth in Section 6.3(d) of the Company Disclosure Letter may require or seek to require the Company to obtain authorizations, consents or approvals, or make filings, prior to consummation of the transactions contemplated by this Agreement, and if such additional authorizations, consents, approval or filings are required, the Company's representations and warranties in this Section 6.3(d) shall not be deemed to have failed to be true and correct on account of such requirement with respect to authorizations, consents, approvals or filings not set forth in Section 6.3(d) of the Company Disclosure Letter.

6.4 Company Reports and Financial Statements.

(a) The Company has previously made available to Spinco complete and correct copies of:

(i) the Company's Annual Report on Form 10-K filed with the SEC under the Exchange Act for the year ended December 31, 2008, including the Company's audited consolidated balance sheet as of December 31, 2007 and 2008, and the related audited consolidated statements of operations, cash flows and stockholders' equity for the fiscal years ended December 31, 2008, 2007 and 2006 (the "Company Financial Statements");

(ii) the definitive proxy statement in respect of the Company's 2009 annual meeting of stockholders, filed by the Company with the SEC under the Exchange Act on April 6, 2009;

(iii) all current reports on Form 8-K (excluding any Form 8-K that is deemed "furnished" under the Exchange Act) filed by the Company with the SEC under the Exchange Act since January 1, 2009 and prior to the date hereof; and

(iv) each other form, report, schedule, registration statement and definitive proxy statement filed by the Company or any of its Subsidiaries with the SEC since January 1, 2009 and prior to the date hereof (collectively, and together with the items specified in clauses (i) through (iii) above, the "Company SEC Documents").

(b) As of their respective filing dates (and if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing), the Company SEC Documents complied in all material respects, and each other form, report, schedule, registration statement and definitive proxy statement filed by the Company or any of its Subsidiaries after the date hereof and prior to the Effective Time (the "Additional Company SEC Documents") will comply in all material respects, with the requirements of the Securities Act or the Exchange Act, as the case may be, and, subject to the last sentence of Section 6.8, none of such Company SEC Documents when filed contained, or will contain, an untrue statement of a material fact or omitted, or will omit, to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The audited consolidated financial statements and unaudited consolidated interim financial statements included in the Company SEC Documents and the Additional Company SEC Documents (including any related notes and schedules) fairly present in all material respects, or will fairly present in all material respects, the financial position of the Company and its consolidated Subsidiaries as of the respective dates thereof and the results of operations and changes in cash flows, changes in stockholders' equity or other information included therein for the respective periods or as of the respective dates then ended, in each case except as otherwise noted therein and subject, in the case of unaudited interim statements, to normal year-end audit adjustments. The Company Financial Statements and such other financial statements have been or will be prepared in accordance with GAAP, consistently applied, except as otherwise noted therein. Since January 1, 2006, the Company has timely filed all reports, registration statements and other filings required to be filed with the SEC under the rules and regulations of the SEC. Since December 31, 2008, the Company and the Company Subsidiaries have not incurred any liabilities or obligations that are of a nature that would be required to be disclosed on a consolidated balance sheet prepared consistently with the Company Financial Statements or in the notes thereto prepared in conformity with GAAP, other than liabilities or obligations that have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

(c) The Company and the Company Subsidiaries have designed and maintain a system of internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) sufficient to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company has designed and maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) to ensure that material information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and regulations and is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure and to make the

certifications of the principal executive officer and principal financial officer of the Company required pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act").

6.5 Absence of Certain Changes or Events. Except as specifically contemplated by this Agreement or the other Transaction Agreements, since December 31, 2008, each of the Company and the Company Subsidiaries has conducted its business in the ordinary course, consistent with past practice, and there has not been any state of facts, change, development, event, effect, condition or occurrence that has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company. From December 31, 2008 to the date hereof, none of the Company or any of the Company Subsidiaries has taken any action or failed to take any action, which action or failure, as the case may be, would constitute a breach of Section 7.1 if taken without the consent of Verizon and Spinco after the date hereof.

6.6 Investigations: Litigation.

(a) There is no material investigation or review pending (or, to the Company's Knowledge, threatened) by any Governmental Authority (including, for this purpose only, the Universal Service Administrative Company and any other administrators designated by the FCC or a State Regulator) with respect to the Company or any of the Company Subsidiaries.

(b) There are no actions, suits, grievances, arbitrations, investigations or proceedings pending (or, to the Company's Knowledge, threatened) against or affecting the Company or any of the Company Subsidiaries or any of their respective properties at law or in equity before, and there are no Orders of any Governmental Authority, in each case, which has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

6.7 Compliance with Laws. The Company and the Company Subsidiaries are and since January 1, 2006 have been, in compliance with all, and have received no notice of any violation (as yet unremedied) of any, Laws applicable to the Company, such Company Subsidiaries or any of their respective properties or assets, except where such non-compliance, default or violation has not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company. Notwithstanding anything contained in this Section 6.7, no representation or warranty shall be deemed to be made in this Section 6.7 in respect of environmental, Tax, employee benefits, labor or communications Laws matters, which are the subject of the

representations and warranties made in Sections 6.10, 6.11, 6.12, 6.13 and 6.15 of this Agreement, respectively.

6.8 Proxy Statement/Prospectus; Registration Statements. None of the information regarding the Company or the Company Subsidiaries or the transactions contemplated by this Agreement provided by the Company specifically for inclusion in, or incorporation by reference into, the Proxy Statement/Prospectus or the Registration Statements will, in the case of the definitive Proxy Statement/Prospectus or any amendment or supplement thereto, at the time of the mailing of the definitive Proxy Statement/Prospectus and any amendment or supplement thereto, and at the time of the Company Stockholders Meeting, or, in the case of the Registration Statements, at the time such registration statement becomes effective, at the time of the Company Stockholders Meeting (in the case of the Company Registration Statement), at the Distribution Date and at the Effective Time, contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. The Company Registration Statement and the Proxy Statement/Prospectus will comply in all material respects with the applicable provisions of the Securities Act and the Exchange Act and the rules and regulations promulgated thereunder, except that no representation is made by the Company with respect to information provided by Verizon or Spincoco specifically for inclusion in, or incorporation by reference into, the Company Registration Statement or the Proxy Statement/Prospectus.

6.9 Information Supplied. All documents that the Company is responsible for filing with any Governmental Authority in connection with the transactions contemplated hereby or by any other Transaction Agreement will comply in all material respects with the provisions of applicable Law. All information supplied or to be supplied by the Company in any document, other than the Proxy Statement/Prospectus and the Registration Statements, which are addressed in Section 6.8, filed with any Governmental Authority in connection with the transactions contemplated hereby and by the other Transaction Agreements will be, at the time of filing, at the Distribution Date and at the Effective Time, true and correct in all material respects.

6.10 Environmental Matters.

(a) All material Environmental Permits required pursuant to any Environmental Law for operation of the business of the Company (i) have been obtained by the Company and the Company Subsidiaries and (ii) are currently in full force and effect. The Company and each of the Company Subsidiaries are in material compliance

with all material Environmental Permits required pursuant to any Environmental Law for operation of the business of the Company.

(b) To the Company's Knowledge, the Company and each of the Company Subsidiaries are, and at the Effective Time will be, in material compliance with all applicable Environmental Laws with respect to the business of the Company. To the Company's Knowledge, there are no events, conditions, circumstances, activities, practices or incidents related to the business of the Company which have given, or would reasonably be likely to give, rise to any Environmental Claim that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

(c) There is no civil, criminal or administrative action, suit, demand, Environmental Claim, hearing, notice, or demand letter, notice of violation, investigation or proceeding pending or, to the Company's Knowledge, threatened against the Company or any of the Company Subsidiaries related to any Environmental Permit or any applicable Environmental Law or any plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

(d) To the Company's Knowledge, the Company and the Company Subsidiaries have not generated, stored, used, emitted, discharged or disposed of any Hazardous Material except in material compliance with applicable Environmental Law. To the Company's Knowledge, the Company and the Company Subsidiaries have made available to Verizon for its review copies of those reports, audits, studies or analyses in their possession, custody or control that are material to the representations made in this Section 6.10.

(e) The Company and each of the Company Subsidiaries (i) have not, within the past seven years, received any written request for information, and have not been notified that they are a potentially responsible party, under the Comprehensive Environmental Response, Compensation or Liability Law and (ii) to the Company's Knowledge, have not, within the past seven years, been, and are not reasonably expected to be, subject to liability for any Environmental Claim arising under or pursuant to such Laws.

6.11 Tax Matters.

(a) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company, (i) all Tax Returns relating to the Company and the Company Subsidiaries required to be filed have been filed, (ii) all such Tax Returns are true and correct in all respects as filed or have been subsequently amended to make such Tax Returns true and correct and not further amended, (iii) all Taxes shown as due and payable on such Tax Returns, and all Taxes (whether or not reflected on such Tax Returns) relating to the Company or any the Company Subsidiary required to be paid, have been timely paid in full, (iv) all Taxes relating to the Company and the Company Subsidiaries for any taxable period (or a portion thereof) beginning on or prior to the Closing Date (which are not yet due and payable) have been properly accrued for in the books and records of the Company, and (v) the Company and the Company Subsidiaries have duly and timely withheld all Taxes required to be withheld and such withheld Taxes have been either duly and timely paid to the proper Taxing Authority or properly set aside in accounts for such purpose and will be duly and timely paid to the proper Taxing Authority.

(b) No written agreement or other written document waiving or extending, or having the effect of waiving or extending, the statute of limitations or the period of assessment or collection of any Taxes relating to the Company or any Company Subsidiary, and no power of attorney with respect to any such Taxes, has been filed or entered into with any Taxing Authority.

(c) (i) No audits or other administrative proceedings or proceedings before any Taxing Authority are presently pending with regard to any Taxes or Tax Return of the Company or any Company Subsidiary, as to which any Taxing Authority has asserted in writing any claim which, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company, and (ii) no Taxing Authority is now asserting in writing any deficiency or claim for Taxes or any adjustment to Taxes with respect to which the Company or any Company Subsidiary may be liable with respect to income or other material Taxes which has not been fully paid or finally settled.

(d) Neither the Company nor any Company Subsidiary (i) is a party to or bound by or has any obligation under any Tax separation, sharing or similar agreement or arrangement other than the Tax Sharing Agreement and the Company Tax Sharing Agreement, (ii) is or has been a member of any consolidated, combined or unitary group for purposes of filing Tax Returns or paying Taxes (other than a group of which the Company is the common parent corporation) or has any potential liability for Taxes of

another Person (other than the Company or any of the Company Subsidiaries under Treasury Regulations § 1.1502-6) or (iii) has entered into a closing agreement pursuant to Section 7121 of the Code, or any predecessor provision or any similar provision of state or local law.

(e) None of the assets of the Company or any of the Company Subsidiaries is subject to any Tax lien (other than liens for Taxes that are not yet due and payable).

(f) Section 6.11(f) of the Company Disclosure Letter lists, as of the date hereof, all foreign jurisdictions in which the Company or any Company Subsidiary files a material Tax Return.

(g) Neither the Company nor any Company Subsidiary has agreed to make or is required to make any adjustment for a taxable period ending after the Effective Time under Section 481(a) of the Code by reason of a change in accounting method or otherwise, except where such adjustments have not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

(h) Neither the Company nor any Company Subsidiary has constituted either a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code (i) in the two years prior to the date of this Agreement or (ii) in a distribution that could otherwise constitute part of a “plan” or “series of related transactions” (within the meaning of Section 355(e) of the Code) in connection with the Merger.

(i) Neither the Company nor any of the Company Subsidiaries has taken or agreed to take any action that is reasonably likely to (nor are any of them aware of any agreement, plan or other circumstance that would) prevent the Tax-Free Status of the Transactions.

(j) Neither the Company nor any Company Subsidiary has engaged in any listed transaction, or any reportable transaction the principal purpose of which was tax avoidance, within the meaning of Sections 6011, 6111 and 6112 of the Code.

6.12 Benefit Plans.

(a) Section 6.12(a)(i) of the Company Disclosure Letter lists, as of the date hereof, each “employee benefit plan” (as defined in Section 3(3) of ERISA), and all other benefit, bonus, incentive, deferred compensation, stock option (or other equity-based compensation), severance, retention, change in control, welfare (including post-retirement medical and life insurance), fringe benefit and similar plans, programs, policies and arrangements, whether or not subject to ERISA and whether written or oral, sponsored, maintained or contributed to or required to be maintained or contributed to by the Company or any of the Company Subsidiaries, or with respect to which any Person who is currently, has been or, prior to the Effective Time, is expected to become, an employee of the Company or any of the Company Subsidiaries (collectively, “Company Employees”) is entitled to any benefit (the “Company Benefit Plans”), or with respect to which the Company or any of the Company Subsidiaries has any liability. Section 6.12(a)(ii) of the Company Disclosure Letter sets forth, as of the date hereof, a complete and accurate list of each material employment, consulting, severance, change in control, retention, termination or other material bilateral contract between any Company Employee, on the one hand, and the Company or any Company Subsidiary, on the other hand, in each case, that is not a Company Benefit Plan (collectively, the “Company Benefit Agreements”). With respect to each Company Benefit Plan and Company Benefit Agreement, the Company has provided to Verizon complete and accurate copies of (A) such Company Benefit Plan or Company Benefit Agreement, including any amendment thereto, (B) each trust, insurance, annuity or other funding contract related thereto, (C) the most recent financial statements and actuarial or other valuation reports prepared with respect thereto and (D) the two most recent annual reports on Form 5500 required to be filed with the IRS with respect thereto (if any).

(b) No material liability under Title IV (including Sections 4069 and 4212(c) of ERISA) or Section 302 of ERISA, or Section 412 of the Code, has been incurred by the Company, any of the Company Subsidiaries or any ERISA Affiliate of any of them, and no condition exists that would reasonably be expected to result in the Company, any of the Company Subsidiaries or any ERISA Affiliate of any of them incurring any such liability, other than liability for premiums due to the PBGC. The present value of accrued benefits under each Company Benefit Plan that is subject to Title IV of ERISA, determined based upon the actuarial assumptions used for funding purposes in the most recent actuarial report prepared by such plan’s actuary with respect to such plan, did not exceed, as of its latest valuation date, the then current value of the assets of such plan allocable to such accrued benefits.

(c) (i) No Company Benefit Plan is a “multiemployer plan,” as defined in Section 3(37) of ERISA and (ii) none of the Company, the Company Subsidiaries or any

ERISA Affiliate of any of them has made or suffered a “complete withdrawal” or a “partial withdrawal,” as such terms are respectively defined in Sections 4203 and 4205 of ERISA, the liability for which has not been satisfied in full.

(d) Each Company Benefit Plan and Company Benefit Agreement has been operated and administered in all material respects in accordance with its terms and applicable Law, including ERISA and the Code. All contributions and premium payments required to be made with respect to any Company Benefit Plan or Company Benefit Agreement have been timely made, except for any contributions in respect of benefits that have become due but that are not yet payable under the terms of the applicable Company Benefit Plan or Company Benefit Agreement. Appropriate reserves or accruals have been taken on the Company’s financial statements in accordance with GAAP in respect of any unpaid liabilities incurred or accrued under or in respect of any Company Benefit Plan or Company Benefit Agreement. There are no pending or, to the Company’s Knowledge, threatened claims by, on behalf of or against any of the Company Benefit Plans in effect as of the date hereof or any Assets thereof, that, if adversely determined would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company, and no matter is pending (other than routine qualification determination filings, copies of which have been furnished to Verizon and Spinco or will be promptly furnished to Verizon and Spinco when made) with respect to any of the Company Benefit Plans before the IRS, the United States Department of Labor or the PBGC.

(e) Each Company Benefit Plan intended to be “qualified” within the meaning of Section 401(a) of the Code is so qualified and the trusts maintained thereunder are exempt from taxation under Section 501(a) of the Code, each trust maintained under any Company Benefit Plan intended to satisfy the requirements of Section 501(c)(9) of the Code has satisfied such requirements and, in either such case, no event has occurred or condition is known to exist that would reasonably be expected to have a material adverse effect on such tax-qualified status for any such Company Benefit Plan or any such trust.

(f) No Company Benefit Plan or Company Benefit Agreement, and no contractual arrangements between the Company and any third party, exists that could result in (i) the payment to any current, former or future director, officer, stockholder or employee of the Company or any of the Company Subsidiaries, or of any entity the assets or capital stock of which have been acquired by the Company or a Company Subsidiary, of any money or other property or benefits, (ii) the acceleration of the time of payment or vesting, or trigger any funding, of any compensation or benefits under any Company Benefit Plan or Company Benefit Agreement or (iii) the breach or violation of, default under or limitation on the Company’s right to amend, modify or terminate any Company Benefit Plan or Company Benefit Agreement, in each case as a result of the

consummation of the transactions contemplated by the Transaction Agreements whether or not (a) such payment, acceleration or provision would constitute a “parachute payment” (within the meaning of Section 280G of the Code) or (b) some other action or event (including separation from service) would be required to cause such payment, acceleration or provision to be triggered.

6.13 Labor Matters. Neither the Company nor any of the Company Subsidiaries is a party to, or bound by, any collective bargaining agreement, employment agreement or other Contract, in each case, with a labor union or labor organization and no such agreement is currently being negotiated. To the Company’s Knowledge, as of the date hereof no union organizing campaign is in progress with respect to the Company Employees. Except for such matters which have not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company, (a) as of the date hereof, there are no strikes or lockouts with respect to Company Employees, (b) there is no unfair labor practice, charges, complaint, labor dispute (other than routine individual grievances) or labor arbitration proceeding pending or, to the Company’s Knowledge, threatened against the Company or any of the Company Subsidiaries, (c) there are no actual or, to the Company’s Knowledge, threatened claims, arbitrations, litigation or consent decrees relating to employment Laws, terms and conditions of employment and wages and hours pertaining to employees of the Company or its Subsidiaries or employment practices affecting such employees and (d) the Company and the Company Subsidiaries are in compliance with all applicable Laws respecting (i) employment and employment practices, (ii) terms and conditions of employment and wages and hours, (iii) collective bargaining and labor relations practices, (iv) layoffs, and (v) immigration. As of the date hereof, neither the Company nor any of the Company Subsidiaries has any liabilities under the WARN Act as a result of any action taken by the Company and that has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

6.14 Intellectual Property.

(a) Section 6.14(a) of the Company Disclosure Letter contains, as of the date hereof, a complete and accurate list of all Statutory Intellectual Property owned by the Company or any of the Company Subsidiaries.

(b) Neither the Company nor any Company Subsidiaries has received since January 1, 2006 any written charge, complaint, claim, demand or notice alleging any infringement, misappropriation or violation by the business of the Company of (including any claim that the Company Subsidiaries conducting the business of the Company must

license or refrain from using) any Company Third Party Intellectual Property material to the business of the Company.

(c) To the Company's Knowledge, there are no Liens on any Intellectual Property owned by the Company or any of the Company Subsidiaries.

6.15 Communications Regulatory Matters.

(a) The Company and the Company Subsidiaries hold, and on the Distribution Date will hold, all permits, licenses, franchises, waivers, orders, approvals, concessions, registrations and other authorizations issued or provided by the FCC, the State Regulators or any other Governmental Authority relating to communications regulatory matters (including multichannel video) under all Laws currently in effect that are necessary for the Company and/or the Company Subsidiaries to own their respective assets or operate the applicable portion of the business of the Company as currently conducted ("Company Licenses"), except such Company Licenses the failure of which to so hold has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company. The Company has in full force and effect, or will have in full force and effect as of the Closing Date, authority to provide non-facilities-based international services between the U.S. and all permitted international points pursuant to 47 U.S.C. § 214 and 47 C.F.R. § 63.18.

(b) The Company and each of the Company Subsidiaries in the conduct of its business has complied since January 1, 2006 with, and currently is not in violation of, any requirement of Law relating to communications regulatory matters (including multichannel video) to which the Company or any of the Company Subsidiaries is subject, except to the extent that any such non-compliance or violation has not resulted and would not reasonably be expected to result in any burden, fine or consequence on the business of the Company. Without limiting the foregoing, there is not pending, nor to the Company's Knowledge, threatened against the Company or any of the Company Subsidiaries any application, action, petition, objection or other pleading, or any proceeding by or before the FCC or any State Regulators which questions or contests the validity of, or any rights of the holder under, or seeks the non-renewal, revocation or suspension of any Company License. Since January 1, 2006, neither the Company nor any of the Company Subsidiaries has received written notice of an investigation or review by any Governmental Authority (including, for this purpose only, the Universal Service Administrative Company and any other administrators designated by the FCC or a State Regulator) relating to communications regulatory matters (including multichannel video) with respect to a material violation by the Company or any of the Company Subsidiaries of any requirement of Law, excluding any notice in respect of a matter that

has been withdrawn or resolved without the imposition of material penalties, burdens or fines. The Company (a) is capable of providing local number portability in material compliance with 47 U.S.C. § 251(b)(2) and the implementing rules of the FCC; (b) complies in all material respects with the requirements of the CALEA; and (c) is capable of providing 911 service in material compliance with 47 U.S.C. § 251(e)(3) and the implementing rules of the FCC and applicable state Laws of the State Regulators.

6.16 Material Contracts.

(a) Section 6.16(a) of the Company Disclosure Letter sets forth, and the Company has made available to Verizon true and complete copies of, all Company Material Contracts in effect as of the date of this Agreement. For purposes of this Agreement, the term “Company Material Contracts” means any of the following Contracts (other than this Agreement, each other Transaction Agreement, the Company Benefit Plans and the Company Benefit Agreements), whether entered into prior to or after the date hereof, to which the Company or any Company Subsidiary is a party: (i) any “material contract” (as defined in item 601(b)(10) of Regulation S-K of the SEC), (ii) any non-competition agreement or any other Contract that restricts in any material respect the conduct of any line of business, (iii) any partnership, joint venture or similar Contract material to the business of the Company, and (iv) any Contract (other than Contracts relating to the Spinco Payment Financing and the Spinco Securities) that will govern the terms of any Indebtedness (or guarantees thereof) of the Surviving Corporation or any of its Subsidiaries after the Effective Time in excess of \$50,000,000.

(b) Assuming the accuracy of the representations and warranties of Verizon and Spinco in Section 5.17 and compliance by Verizon and Spinco with Section 7.24, the Company represents that, as of the Closing Date, it will have the capability to assume responsibility for all of the operations of the Spinco Business. The Company represents that as of the Closing it will have the capability to deliver comparable products and services comprising the Spinco Business to customers at service levels and at a quality no less favorable than those provided by the Contributing Companies in the Territory as of immediately prior to the Closing.

(c) (i) Neither the Company nor any Company Subsidiary is in breach of or default under the terms of any Company Material Contract where such breach or default has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company, (ii) to the Company’s Knowledge, no other party to any Company Material Contract is in breach of or in default under the terms of any Company Material Contract where such breach or default has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse

Effect on the Company and (iii) each Company Material Contract is a valid and binding obligation of the Company or any Company Subsidiary which is a party thereto and, to the Company's Knowledge, of each other party thereto, and is in full force and effect, except insofar as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally, or by principles governing the availability of equitable remedies.

6.17 Company Real Property.

(a) The Company or a Company Subsidiary has, in all material respects, good and valid and marketable title to all of the Company Owned Real Property the loss of which would be material and adverse to the business of the Company (such Company Owned Real Property, the "Material Company Owned Real Property"), free and clear of all encumbrances other than Permitted Encumbrances. None of the Company or the Company Subsidiaries has leased or otherwise granted any third party any right to use or occupy any of the Material Company Owned Real Property, and there are no outstanding options, rights of refusal, rights of first offer or rights of reverter or other third party rights in any of the Material Company Owned Real Property.

(b) With respect to leases and subleases of real property to which the Company or its Subsidiaries is a party, (i) each is enforceable in accordance with its terms, except insofar as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally, or by principles governing the availability of equitable remedies, (ii) there is no material default or material breach of a covenant by the Company or any Company Subsidiaries, (iii) no event has occurred which with or without the giving of notice or lapse of time, or both, would constitute such a material default or material breach and (iv) there has been no collateral assignment or other security interest and they are not subject to any encumbrance other than Permitted Encumbrances.

6.18 Opinions of Company Financial Advisors. The Company has received the written opinion of each of Citigroup Global Markets Inc. and Evercore Partners, to the effect that, as of the date thereof, and based upon and subject to the assumptions and matters set forth therein, the Aggregate Merger Consideration to be delivered by the Company in respect of the Spinco Common Stock pursuant to the Merger Agreement is fair, from a financial point of view, to the Company and the holders of Company Common Stock. The Company will deliver copies of such written opinions to Verizon promptly upon receipt.

6.19 Brokers or Finders. Except with respect to the Persons set forth in Section 6.18, no agent, broker, investment banker, financial advisor or other similar Person is or will be entitled, by reason of any agreement, act or statement by the Company, or any of the Company Subsidiaries, directors, officers or employees, to any financial advisory, broker's, finder's or similar fee or commission, to reimbursement of expenses or to indemnification or contribution in connection with any of the transactions contemplated by this Agreement or any other Transaction Agreement. The material terms of the engagement letters between each of the Company's financial advisors and the Company have been provided to Verizon.

6.20 Takeover Statutes. Other than Section 203 of the DGCL, no "fair price," "moratorium," "control share acquisition," "business combination," "stockholder protection" or other similar anti-takeover statute or regulation enacted under Delaware law, or, to the Company's Knowledge, under the law of any other jurisdiction, will apply to this Agreement, the Merger or the transactions contemplated hereby or thereby. The action of the Board of Directors of the Company in approving this Agreement and the transactions provided for herein is sufficient to render inapplicable to this Agreement, the Merger and the transactions contemplated hereby or thereby and the transactions provided for herein, the restrictions on "business combinations" (as defined in Section 203 of the DGCL) as set forth in Section 203 of the DGCL.

6.21 Certain Board Findings. The Board of Directors of the Company, at a meeting duly called and held, (i) has determined that this Agreement and the transactions contemplated hereby, including the Merger, and the issuance of shares of Company Common Stock pursuant to the Merger, are advisable, fair to and in the best interests of the Company and the stockholders of the Company, (ii) approved this Agreement and the transactions contemplated hereby, including the Merger, and (iii) has resolved to recommend that the stockholders of the Company entitled to vote thereon adopt this Agreement at the Company Stockholders Meeting.

6.22 Vote Required. The only vote of the stockholders of the Company required under the DGCL, the NYSE rules or the Company's certificate of incorporation for (a) adoption of this Agreement, (b) amendment of the Company's certificate of incorporation to increase the number of authorized shares of Company Common Stock in connection with the issuance of the Aggregate Merger Consideration and (c) the issuance of the Aggregate Merger Consideration is the affirmative vote of the holders of a majority in voting power of all outstanding shares of Company Common Stock at the Company Stockholders Meeting (collectively, the "Requisite Approval"). The consummation of the transactions contemplated hereby have been approved by the Company's Board of Directors such that such consummation and the issuance of shares of Company Common Stock in the Merger shall be exempted from the terms of the Rights Plan.

6.23 Affiliate Transactions. There are no transactions or Contracts of the type required to be disclosed by the Company under Item 404 of Regulation S-K between or among (a) the Company or any Company Subsidiary, on the one hand, and (b) any individual who is a “named executive officer” or director of the Company (as such term is defined in Section 402 of Regulation S-K), on the other hand.

ARTICLE VII

COVENANTS AND AGREEMENTS

7.1 Conduct of Business by the Company Pending the Merger. Following the date of this Agreement and prior to the earlier of the Effective Time and the date on which this Agreement is terminated pursuant to Section 9.1, except as may be consented to in writing by Verizon (which consent shall not be unreasonably withheld, conditioned or delayed) or as expressly contemplated by a Transaction Agreement or as set forth in Section 7.1 of the Company Disclosure Letter, the Company covenants and agrees that the Company and each of the Company Subsidiaries shall conduct its operations in accordance with its ordinary course of business, consistent with past practice and in compliance with all Laws applicable to it or to the conduct of its business, and use all commercially reasonable efforts to preserve intact its present business organization, maintain rights and franchises, keep available the services of its current officers and key employees and preserve its relationships with customers and vendors in such a manner that its goodwill and ongoing businesses would not reasonably be anticipated to be impaired in any material respect. Following the date of this Agreement and prior to the earlier of the Effective Time and the date on which this Agreement is terminated pursuant to Section 9.1 (and notwithstanding the immediately preceding sentence) except (i) as may be required by Law or to comply with any Order relating to the transactions contemplated hereby, (ii) as may be consented to in writing by Verizon (which consent shall not be unreasonably withheld, conditioned or delayed, except in the case of clauses (a), (b) and (d) and, in respect of the foregoing clauses, (p) of this Section 7.1, with respect to which such consent may be withheld in Verizon’s sole discretion), (iii) as may be expressly contemplated by this Agreement or the other Transaction Agreements, or (iv) as set forth in Section 7.1 of the Company Disclosure Letter, the Company shall not, nor shall it permit any of the Company Subsidiaries to:

(a) (i) declare or pay any dividends on or make other distributions in respect of any shares of its capital stock or partnership interests (whether in cash, securities or property), except for the declaration and payment of (A) cash dividends or distributions paid on or with respect to a class of capital stock or partnership interests all of which shares of capital stock or partnership interests, as the case may be, of the applicable corporation or partnership are owned directly or indirectly by the Company and

(B) regular quarterly dividends on the Company Common Stock each quarter in an amount not to exceed \$0.25 per share at times consistent with the dividend payment practices of the Company in 2008 (including a final partial regular quarterly dividend to the extent permitted under the Company Credit Agreements and paid from existing funds or existing borrowing capacity, to be declared and paid to pre-Closing Company stockholders, pro rated for the number of days elapsed between (x) the beginning of the quarterly period in which the Effective Time occurs and (y) the day immediately preceding the Effective Time); (ii) split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of, or in substitution for, shares of its capital stock; or (iii) redeem, repurchase or otherwise acquire, or permit any Subsidiary to redeem, repurchase or otherwise acquire, any shares of its capital stock (including any securities convertible or exchangeable into such capital stock), except (A) pursuant to the terms of the securities outstanding on the date hereof or any securities issued after the date hereof not in violation of this Agreement and (B) pursuant to the existing terms of a Company Benefit Plan or any awards thereunder outstanding on the date hereof or granted thereunder after the date hereof in accordance with this Agreement; provided, however, that this Section 7.1(a) shall not prohibit any such action effected pursuant to the Rights Plan;

(b) issue, deliver or sell, or authorize any shares of its capital stock of any class, any Company Voting Debt or any securities convertible into, or any rights, warrants or options to acquire, any such shares or other Company Voting Debt or convertible securities, other than (i) pursuant to the Rights Plan, (ii) the issuance of shares of Company Common Stock upon the exercise of stock options or the vesting of restricted stock units that are outstanding on the date hereof pursuant to the Company Benefit Plans or granted after the date hereof pursuant to clause (iv) below; (iii) issuances by a wholly-owned Subsidiary of the Company of its capital stock to such Subsidiary's parent or another wholly-owned Subsidiary of the Company; and (iv) the granting of stock options, or the granting of restricted stock units or restricted stock in the ordinary course of business, consistent with the Company's past practices, provided that in no event shall the vesting and exercisability of any such newly granted option, restricted stock unit or restricted stock accelerate or shall any additional rights be conveyed with respect thereto on account of the transactions contemplated hereby;

(c) amend the Company's certificate of incorporation or bylaws (other than amend the Company's certificate of incorporation to increase the number of authorized shares of Company Common Stock in connection with the issuance of the Aggregate Merger Consideration), or amend any Company Subsidiary's certificate of incorporation or bylaws (or other similar organizational documents) in any manner that would prevent or materially impair or delay the consummation of the transactions contemplated by this Agreement;

(d) acquire or agree to acquire by merger or consolidation, or by purchasing a substantial or controlling equity interest in, or the assets of, or by any other manner, any business or any corporation, partnership, limited liability entity, joint venture, association or other business organization or division or business unit thereof or otherwise acquire or agree to acquire any assets (other than the acquisition of equipment and other assets used in the operations of the business of the Company in the ordinary course consistent with past practice);

(e) sell, lease, license or otherwise encumber or subject to any Lien or otherwise dispose of, or agree to sell, lease, license or otherwise encumber or subject to any Lien or otherwise dispose of, any of its assets (including capital stock of Subsidiaries of the Company but excluding (i) surplus real property not used in telephone operations, (ii) inventory and obsolete equipment, in each case, in the ordinary course of business consistent with past practice, (iii) any Lien required to be created pursuant to the Company Credit Agreements and (iv) Permitted Encumbrances);

(f) incur any Indebtedness or guarantee or otherwise become contingently liable for any Indebtedness or issue or sell any debt securities or warrants or rights to acquire any debt securities of the Company or any of its Subsidiaries or guarantee any debt securities of others or enter into any material Lease (whether such Lease is an operating or capital Lease) or enter into any interest rate hedge, other than (i) the incurrence of Indebtedness under the Company Credit Agreements, (ii) subject to clause (g) below, in order to refinance any Indebtedness of the Company or any of its Subsidiaries outstanding as of the date hereof, provided that any such refinancing shall be unsecured and shall not include covenants or other terms that would conflict with or preclude the Special Payment Financing or the Spinco Securities, (iii) pursuant to any customer Contract, vendor Contract or real property Lease entered into in the ordinary course of business consistent with past practice, (iv) in connection with equipment leasing in the ordinary course of business, consistent with past practice and (v) Indebtedness owed to the Company or any of its Subsidiaries;

(g) without limiting clause (f) above, from and after March 1, 2010, offer or solicit or engage in any discussion or negotiations concerning any potential issuance of debt securities by the Company or its Subsidiaries (or the Surviving Corporation), or authorize any marketing of any potential issuance of debt securities other than the Special Payment Financing and the issuance of the Spinco Securities;

(h) except in the ordinary course of business, consistent with past practice, incur or commit to capital expenditures or obligations or liabilities in connection with any capital expenditure in the aggregate in excess of \$10,000,000, other than (i) capital

expenditures or obligations or liabilities in connection therewith to repair or replace facilities destroyed or damaged due to casualty or accident (whether or not covered by insurance), (ii) as contemplated by the Company's 2009 capital expenditure budget, which is set forth in Section 7.1(h) of the Company Disclosure Letter, or the 2010 capital expenditure budget, to the extent it is substantially similar in all material respects to the 2009 capital expenditure budget and (iii) capital expenditures incurred in connection with integrating the Spinco Assets and the Spinco Business into the Company and its business, provided that this Section 7.1(h) shall not permit any action otherwise prohibited by Section 7.1(d);

(i) (i) other than in the ordinary course of business, consistent with past practice, or as required or contemplated by a Company Benefit Plan or Company Benefit Agreement, grant any increases in the compensation of any of its directors, officers or employees; (ii) other than in the ordinary course of business, consistent with past practice, pay or agree to pay to any director, officer or employee, whether past or present, any pension, retirement allowance, change in control, severance or other employee benefit not required or contemplated by any Company Benefit Plan or Company Benefit Agreement or any other existing benefit, severance, termination, pension or employment plans, Contracts or arrangements as in effect on the date hereof or as adopted, entered into or amended in accordance with clause (iii) of this Section 7.1(i) after the date hereof; (iii) other than in the ordinary course of business, consistent with past practice, adopt or enter into any new, or materially amend any, Company Benefit Plan or Company Benefit Agreement or any other employment or severance or termination Contract with any director, officer or employee; (iv) accelerate the vesting of, or the lapsing of restrictions with respect to, any stock options or other stock-based compensation; or (v) other than as required or contemplated under the terms of the applicable Company Benefit Plan, Company Benefit Agreement or collective bargaining agreement, or other employee plan, agreement, Contract or arrangement (in each case, as in effect on the date hereof or as adopted, entered into or amended in accordance with clause (iii) of this Section 7.1(i) after the date hereof), take any action to fund or in any other way secure the payment of compensation or benefits under any Company Benefit Plan, Company Benefit Agreement or collective bargaining agreement, or any other employee plan, agreement, Contract or arrangement;

(j) authorize, recommend, propose or announce an intention to adopt a plan of complete or partial liquidation or dissolution of the Company or any of the Company Subsidiaries;

(k) make any material change in its methods of accounting in effect at December 31, 2008 or change its fiscal year except for changes required by a change in GAAP or required by the auditors of the Company and the Company Subsidiaries;

(l) enter into or amend any agreement or arrangement with any Affiliate of the Company or any Company Subsidiary (other than with wholly-owned Company Subsidiaries) on terms less favorable to the Company or such Company Subsidiary, as the case may be, than could be reasonably expected to have been obtained with an unaffiliated third party on an arm's-length basis;

(m) except in the ordinary course of business, consistent with past practice, or as required by Law, modify, amend or terminate any Company Material Contract to which the Company or any of the Company Subsidiaries is a party or waive, release or assign any material rights or claims thereunder or enter into any Company Material Contract;

(n) except as would not be expected to materially and adversely affect the Company or any of its Affiliates or the Surviving Corporation on a going-forward basis after the Effective Time, (i) make or rescind any material express or deemed election relating to Taxes, including elections for any and all joint ventures, partnerships, limited liability companies or other investments where the Company has the capacity to make such binding election, (ii) settle or compromise any material claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes, (iii) amend any material Tax Returns or (iv) change in any material respect any of its methods of reporting income or deductions for federal income tax purposes from those expected to be employed in the preparation of its federal income tax return for the taxable year ending December 31, 2008 (unless such change is required by Law);

(o) pay, discharge or satisfy any material claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), except for the payment, discharge or satisfaction (which includes the payment of final and unappealable judgments) in the ordinary course of business, consistent with past practice, or in accordance with their terms, of liabilities (x) reflected or reserved against in, or contemplated by, the most recent consolidated financial statements (or the notes thereto) of the Company included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, or (y) incurred in the ordinary course of business since the date of such financial statements; or

(p) agree or commit to do any of the foregoing actions.

7.2 Conduct of Spinco Business Pending the Merger. Following the date of this Agreement and prior to the earlier of the Effective Time and the date on which this Agreement is terminated pursuant to Section 9.1, except as may be consented to in

writing by the Company (which consent shall not be unreasonably withheld, conditioned or delayed) or as expressly contemplated by a Transaction Agreement or as set forth in Section 7.2 of the Spinco Disclosure Letter, Verizon and Spinco jointly and severally covenant and agree that Verizon and each of the Contributing Companies (in regard to the Spinco Business only) and Spinco and each of the Spinco Subsidiaries shall conduct its operations in accordance with its ordinary course of business, consistent with past practice and in compliance with all Laws applicable to it or to the conduct of its business, and use all commercially reasonable efforts to preserve intact its present business organization, maintain rights and franchises, keep available the services of its current officers and key employees and preserve its relationships with customers and vendors in such a manner that its goodwill and ongoing businesses would not reasonably be anticipated to be impaired in any material respect. Following the date of this Agreement and prior to the earlier of the Effective Time and the date on which this Agreement is terminated pursuant to Section 9.1 (and notwithstanding the immediately preceding sentence) except (i) as may be required by Law or to comply with any Order relating to the transactions contemplated hereby, (ii) as may be consented to in writing by the Company (which consent shall not be unreasonably withheld, conditioned or delayed, except in the case of clauses (a), (c) and (e) and, in respect of the foregoing clauses, (p) of this Section 7.2, with respect to which such consent may be withheld in the Company's sole discretion), (iii) as may be expressly contemplated by this Agreement or the other Transaction Agreements, (iv) as required to permit the ordinary course operation of Verizon's cash management system prior to the Effective Time, including any distributions of cash in connection therewith, or (v) as set forth in Section 7.2 of the Spinco Disclosure Letter, Spinco shall not, nor shall Verizon or Spinco permit any of the Spinco Subsidiaries or, to the extent applicable, any of the Contributing Companies with respect to the Spinco Business to:

(a) issue, deliver or sell, or authorize any shares of Spinco's capital stock or other voting or convertible securities or capital stock or other voting or convertible securities of any Spinco Subsidiary of any class, or any rights, warrants or options to acquire, any such shares or securities (including additional options or other equity-based awards that could be converted into any option to acquire Spinco Common Stock or the capital stock of any Spinco Subsidiary pursuant to the Employee Matters Agreement or otherwise), other than (i) pursuant to this Agreement, pursuant to the Distribution Agreement or required in connection with the Contribution and (ii) issuances by a wholly-owned Subsidiary of Spinco of its capital stock to such Subsidiary's parent or another wholly-owned Subsidiary of Spinco;

(b) adopt any provision of, or otherwise amend, the certificate of incorporation or bylaws (or other similar organizational documents) of Spinco or any Spinco Subsidiary in any manner that would prevent or materially impair or delay the consummation of the transactions contemplated by this Agreement;

(c) acquire or agree to acquire by merger or consolidation, or by purchasing a substantial or controlling equity interest in, or the assets of, or by any other manner, any business or any corporation, partnership, limited liability entity, joint venture, association or other business organization or division or business unit thereof or otherwise acquire or agree to acquire any assets (other than the acquisition of equipment and other assets used in the operations of the Spinco Business in the ordinary course consistent with past practice);

(d) sell, lease, license or otherwise encumber or subject to any Lien or otherwise dispose of, or agree to sell, lease, license or otherwise encumber or subject to any Lien or otherwise dispose of, any of the assets that would constitute Spinco Assets as of the Distribution Date (including capital stock of Spinco Subsidiaries but excluding (i) surplus real property not used in telephone operations, (ii) inventory and obsolete equipment, in each case, in the ordinary course of business consistent with past practice and (iii) Permitted Encumbrances);

(e) incur any Indebtedness or guarantee or otherwise become contingently liable for any Indebtedness or issue or sell any debt securities or warrants or rights to acquire any debt securities of Spinco or any of its Subsidiaries or guarantee any debt securities of others or enter into any material Lease (whether such Lease is an operating or capital Lease) or enter into any interest rate hedge, other than (i) pursuant to any customer Contract, vendor Contract or real property Lease entered into in the ordinary course of business consistent with past practice, (ii) in connection with equipment leasing in the ordinary course of business consistent with past practice and (iii) in connection with the Special Payment Financing and/or the issuance of the Spinco Securities, as contemplated by the Distribution Agreement;

(f) except in the ordinary course of business, consistent with past practice, incur or commit to capital expenditures or obligations or liabilities in connection with any capital expenditure in the aggregate in excess of \$10,000,000, in each case, other than (i) capital expenditures or obligations or liabilities in connection therewith to repair or replace facilities destroyed or damaged due to casualty or accident (whether or not covered by insurance) and (ii) as contemplated by the 2009 capital expenditure budget of Verizon for the Spinco Business, which is set forth in Section 7.2(f) of the Spinco Disclosure Letter, or the 2010 capital expenditure budget, to the extent it is substantially similar in all material respects to the 2009 capital expenditure budget (except as set forth in Section 7.2(f) of the Spinco Disclosure Letter), provided that this Section 7.2(f) shall not permit any action otherwise prohibited by Section 7.2(c);

(g) authorize, recommend, propose or announce an intention to adopt a plan of complete or partial liquidation or dissolution of Spinco or any Spinco Subsidiary;

(h) (i) other than in the ordinary course of business, consistent with past practice, or as required or contemplated by a Spinco Benefit Plan or Spinco Benefit Agreement, grant any increases in the compensation of any of its directors, officers or employees; (ii) other than in the ordinary course of business, consistent with past practice, pay or agree to pay to any director, officer or employee, whether past or present, any pension, retirement allowance, change in control, severance or other employee benefit not required or contemplated by any Spinco Benefit Plan or Spinco Benefit Agreement or any other existing benefit, severance, termination, pension or employment plans, Contracts or arrangements as in effect on the date hereof or as adopted, entered into or amended in accordance with clause (iii) of this Section 7.2(h) after the date hereof; (iii) other than in the ordinary course of business, consistent with past practice, adopt or enter into any new, or materially amend any, Spinco Benefit Plan or Spinco Benefit Agreement or any other employment, severance or termination Contract with any director, officer or employee; (iv) accelerate the vesting of, or the lapsing of restrictions with respect to, any stock options or other stock-based compensation; or (v) other than as required or contemplated under the terms of the applicable Spinco Benefit Plan, Spinco Benefit Agreement or collective bargaining agreement, or other employee plan, agreement, Contract or arrangement (in each case, as in effect on the date hereof or as adopted or entered into or amended in accordance with clause (iii) of this Section 7.2(h) after the date hereof), take any action to fund or in any other way secure the payment of compensation or benefits under any Spinco Benefit Plan, Spinco Benefit Agreement or collective bargaining agreement, or any other employee plan, agreement, Contract or arrangement;

(i) other than in the ordinary course of business, consistent with past practice, establish, adopt, enter into, terminate or amend any collective bargaining agreement, plan, trust, fund, policy or arrangement for the benefit of any current or former directors, officers, employees or any of their beneficiaries, except, in each case, as contemplated by the Employee Matters Agreement, as is necessary to comply with applicable Law, or as would not result in a material increase in the cost of maintaining such collective bargaining agreement, plan, trust, fund, policy or arrangement;

(j) make any material change in Verizon's methods of accounting with respect to the Spinco Business in effect on December 31, 2008 or change the fiscal year of the Spinco Business except for changes required by a change in GAAP or required by the auditors of Verizon and the Verizon Subsidiaries;

(k) except as would not be expected to materially and adversely affect Spinco or any of its Subsidiaries or the Spinco Business, or the Surviving Corporation on a going-forward basis after the Effective Time, (i) make or rescind any material express or deemed election relating to Taxes of Spinco or any of its Subsidiaries or the Spinco Business, including elections for any and all joint ventures, partnerships, limited liability companies or other investments where Verizon or Spinco has the capacity to make such binding election (other than any election necessary in order to obtain the IRS Ruling and/or the Distribution Tax Opinion), (ii) settle or compromise any material claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes of Spinco or any of its Subsidiaries or the Spinco Business, (iii) amend any material Tax Returns of Spinco or any of its Subsidiaries or relating to the Spinco Business or (iv) change in any material respect any method of reporting income or deductions of Spinco or any of its Subsidiaries or the Spinco Business for federal income tax purposes from those expected to be employed in the preparation of its federal income tax return for the taxable year ending December 31, 2008 (unless such change is required by Law);

(l) pay, discharge or satisfy any material claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), except for the payment, discharge or satisfaction (which includes the payment of final and unappealable judgments) in the ordinary course of business, consistent with past practice, or in accordance with their terms, of liabilities (x) reflected or reserved against in, or contemplated by, the Spinco Financial Statements (or the notes thereto) or (y) incurred in the ordinary course of business since the date of such financial statements;

(m) enter into or amend any agreement or arrangement relating to the Spinco Business that would constitute a Transferred Affiliate Arrangement and which constitutes a Spinco Asset or Spinco Liability with any Affiliate of Verizon or any Verizon Subsidiary (other than Spinco or a Spinco Subsidiary), on terms less favorable to Spinco or such Spinco Subsidiary, as the case may be, than could be reasonably expected to have been obtained with an unaffiliated third party on an arm's-length basis;

(n) except in the ordinary course of business, consistent with past practice, or as required by Law, modify, amend or terminate any Spinco Material Contract or waive, release or assign any material rights or claims thereunder or enter into any Spinco Material Contract;

(o) amend the Distribution Agreement; or

- (p) agree to commit to take any of the foregoing actions.

7.3 Proxy Statement/Prospectus: Registration Statements.

(a) As promptly as practicable following the date hereof, the Company, Verizon and Spinco shall prepare, and the Company shall file with the SEC, the Company Registration Statement, including the Proxy Statement/Prospectus with respect to the transactions contemplated by this Agreement, and the Company shall use all commercially reasonable efforts to have such Proxy Statement/Prospectus cleared by the SEC under the Exchange Act and the Company Registration Statement declared effective by the SEC under the Securities Act, as promptly as practicable after such filings or at such other time as Verizon, Spinco and the Company may agree; and

(b) As promptly as practicable after obtaining the Requisite Approval, if required under the Securities Act and/or Exchange Act (or otherwise required by the SEC) Verizon, Spinco and the Company shall prepare, and Spinco shall file with the SEC, the Spinco Registration Statement and Spinco shall use all commercially reasonable efforts to have such Spinco Registration Statement declared effective by the SEC under the Securities Act, as promptly as practicable after such filings or at such other time as Verizon, Spinco and the Company may agree, but in any case prior to the Distribution Date.

(c) The Company shall, as promptly as practicable after receipt thereof, provide to Verizon copies of any written comments and advise Verizon of any oral comments with respect to the Proxy Statement/Prospectus and the Company Registration Statement received from the SEC. Spinco shall, as promptly as practicable after receipt thereof, provide to the Company copies of any written comments and advise the Company of any oral comments with respect to the Spinco Registration Statement received from the SEC. All parties shall have the right to participate in conferences with the SEC with respect to the Registration Statements.

(d) The Company shall provide Verizon with a reasonable opportunity to review and comment on any amendment or supplement to the Proxy Statement/Prospectus or Company Registration Statement prior to filing the same with the SEC, and with a copy of all such filings made with the SEC. No amendment or supplement to the Proxy Statement/Prospectus or the Company Registration Statement will be made by the Company without the approval of Verizon (such approval not to be unreasonably withheld, conditioned or delayed). The Company will advise Verizon, promptly after it receives notice thereof, of the time when the Company Registration

Statement has become effective or any supplement or amendment has been filed, of the issuance of any stop order, of the suspension of the qualification of the Company Common Stock issuable in connection with the Merger for offering or sale in any jurisdiction, or of any request by the SEC for amendment of the Proxy Statement/Prospectus or the Company Registration Statement or requests by the SEC for additional information.

(e) Spinco shall provide the Company with a reasonable opportunity to review and comment on any amendment or supplement to any Spinco Registration Statement prior to filing the same with the SEC, and with a copy of all such filings made with the SEC. No amendment or supplement to any Spinco Registration Statement will be made by Spinco without the approval of the Company (such approval not to be unreasonably withheld, conditioned or delayed). Spinco will advise the Company, promptly after it receives notice thereof, of the time when any Spinco Registration Statement has become effective or any supplement or amendment has been filed, of the issuance of any stop order, of the suspension of the qualification of the Spinco Common Stock issuable in connection with the Distribution for offering or sale in any jurisdiction, or of any request by the SEC for amendment of the Spinco Registration Statement or requests by the SEC for additional information.

(f) As promptly as practicable after the date on which the SEC shall clear (whether orally or in writing) the Proxy Statement/Prospectus and, if required by the SEC as a condition to the mailing of the Proxy Statement/Prospectus, the date on which the Company Registration Statement shall have been declared effective, the Company shall mail, or cause to be mailed, the Proxy Statement/Prospectus to its stockholders.

(g) If, at any time prior to the Effective Time, any event or circumstance should occur that results in the Proxy Statement/Prospectus or one or both of the Registration Statements containing an untrue statement of a material fact or omitting to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, or that otherwise should be described in an amendment or supplement to the Proxy Statement/Prospectus or one or both of the Registration Statements, Verizon and the Company shall promptly notify each other of the occurrence of such event and then the applicable party shall promptly prepare, file and clear with the SEC and, in the case of the Proxy Statement/Prospectus, mail, or cause to be mailed, to the Company's stockholders each such amendment or supplement.

(h) Verizon and Spinco agree to promptly provide the Company with the information concerning Verizon, Spinco and their respective Affiliates required to be

included in the Proxy Statement/Prospectus and the Company Registration Statement. In furtherance of the foregoing, Verizon and Spinco shall use all commercially reasonable efforts to, or shall use all commercially reasonable efforts to cause their representatives to, furnish as promptly as practicable to the Company such additional financial and operating data and other information concerning the Spinco Business as the Company may reasonably request to complete the Proxy Statement/Prospectus and the Company Registration Statement in accordance with the Securities Act and/or Exchange Act (including any financial statements required to be included therein).

(i) The Company agrees to promptly provide Spinco with the information concerning the Company and its Affiliates required to be included in the Spinco Registration Statement. In furtherance of the foregoing, the Company shall use all commercially reasonable efforts to, or shall use all commercially reasonable efforts to cause its representatives to, furnish as promptly as practicable to Spinco such additional financial and operating data and other information concerning the business of the Company as Spinco may reasonably request to complete the Spinco Registration Statement in accordance with the Securities Act and/or Exchange Act (including any financial statements required to be included therein).

7.4 Stockholders Meeting.

(a) As promptly as practicable following the date hereof and the date on which the SEC shall clear (whether orally or in writing) the Proxy Statement/Prospectus and, if required by the SEC as a condition to the mailing of the Proxy Statement/Prospectus, the Company Registration Statement shall have been declared effective, the Company shall call a special meeting of its stockholders (the "Company Stockholders Meeting") to be held as promptly as practicable for the purpose of voting upon (i) the adoption of this Agreement, (ii) the amendment of the Company's certificate of incorporation to increase the number of authorized shares of Company Common Stock in connection with the issuance of the Aggregate Merger Consideration and (iii) the issuance of shares of Company Common Stock pursuant to the Merger. This Agreement shall be submitted for adoption to the stockholders of the Company at such special meeting. The Company shall deliver, or cause to be delivered, to the Company's stockholders the Proxy Statement/Prospectus in definitive form in connection with the Company Stockholders Meeting at the time and in the manner provided by the applicable provisions of the DGCL, the Exchange Act and the Company's certificate of incorporation and bylaws and shall conduct the Company Stockholders Meeting and the solicitation of proxies in connection therewith in compliance with such statutes, certificate of incorporation and bylaws.

(b) The Board of Directors of the Company shall recommend that the Company's stockholders vote in favor of the items in Section 7.4(a)(i)-(iii) (the "Company Board Recommendation") and shall not withdraw, modify or qualify or publicly propose to withdraw, modify or qualify, in any manner adverse to Verizon, the Company Board Recommendation, including approving or recommending a Company Acquisition Proposal or a Company Superior Proposal or any other alternative course of action (any such action, a "Change of Board Recommendation"); provided that the Board of Directors of the Company may make a Change of Board Recommendation pursuant to and in conformity with Section 7.11(c). For the avoidance of doubt, the obligation of the Company to call and hold the Company Stockholder Meeting for the purpose of voting upon the items in Section 7.4(a)(i)-(iii) shall not be affected by a Change of Board Recommendation.

7.5 Efforts to Close. Subject to the terms and conditions of the applicable Transaction Agreement, each of the parties agrees to use all commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective in accordance with the terms of the Transaction Agreements the transactions contemplated by the Transaction Agreements, including executing such documents, instruments or conveyances of any kind that may be reasonably necessary or advisable on the terms set forth herein to carry out any of the transactions contemplated by the Transaction Agreements; provided, however, that such additional documents, instruments and conveyances shall not (w) provide for additional representations or warranties, (x) impose additional obligations or liabilities on any party, (y) delay the consummation of the transactions contemplated by this Agreement or (z) be inconsistent with the express terms of any Transaction Agreement.

7.6 Regulatory Matters.

(a) Subject to the terms and conditions set forth in this Agreement, each of Verizon, Spinco and the Company shall use all commercially reasonable efforts (subject to, and in accordance with, applicable Law) to take promptly, or cause to be taken, all actions, and to do promptly, or cause to be done, and to assist and cooperate with the other party in doing, all things necessary, proper or advisable under applicable Laws and regulations to consummate and make effective the Merger and the other transactions contemplated by this Agreement (including, subject to Section 7.18, consummating the Special Payment Financing), on the express terms set forth herein, including (i) the obtaining of all necessary actions, waivers, consents and approvals from any Governmental Authority and the making of all necessary registrations and filings and the taking of all steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any Governmental Authority, and (ii) the defending of any

lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated by this Agreement.

(b) Subject to the terms and conditions herein provided and without limiting the foregoing, each of Verizon, Spinco and the Company shall (i) promptly (but in no event later than 60 days after the date hereof) file all applications requiring prior approval or other submissions required to be filed with (x) the FCC (the "FCC Applications"), except those submissions addressed in Sections 7.6(i) below and 7.6(j), which shall be made as set forth in those Sections, and except those applications that may be filed with the FCC for "immediate approval" under 47 C.F.R. Section 1.948(j)(2) or for approval that permits operation upon application under 47 C.F.R. Section 90.159(c) and (y) the State Regulators in the states listed in Section 4.2(c) of the Verizon Disclosure Letter and Section 6.3(d) of the Company Disclosure Letter (each, a "State PUC Application"), in each case to effect the transfer of control of the Spinco Business and to cause such authorities to permit consummation of each of the transactions contemplated hereby or by the Distribution Agreement, and respond as promptly as practicable to any additional requests for information received from the FCC or any State Regulator or by any party to a FCC Application or a State PUC Application, (ii) use all commercially reasonable efforts to cure not later than the Effective Time any violations or defaults under any FCC Rules or rules of any State Regulator, (iii) use all commercially reasonable efforts to cooperate with each other in (A) determining whether any filings are required to be made with, or consents, permits, authorizations or approvals are required to be obtained from, any other Governmental Authorities in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and (B) timely making all such filings and timely seeking all such consents, permits, authorizations or approvals. All such filings shall be joint filings, unless Verizon and the Company mutually agree otherwise.

(c) Each of the Company and Verizon shall use all commercially reasonable efforts to obtain the consents of the FCC, the State Regulators in the states listed in Section 4.2(c) of the Verizon Disclosure Letter and Section 6.3(d) of the Company Disclosure Letter, any other State Regulators or other Governmental Authorities relating to communications regulatory matters (including multichannel video) that may require consents, permits, authorizations or approvals and any local municipal and county franchise authorities with respect to video franchises, in each case as are required to effect the transfer of control of the Spinco Business and permit the consummation of each of the transactions contemplated hereby or by the Distribution Agreement (such consents collectively, the "Telecommunications Regulatory Consents"), and the parties agree to cooperate fully with each other and with the applicable Governmental Authorities to obtain the Telecommunications Regulatory Consents at the earliest practicable date. The Company and Verizon shall cooperate in seeking to demonstrate that the transactions contemplated hereby meet all applicable regulatory standards (as they may be in effect

from time to time) and to obtain all Telecommunications Regulatory Consents without any changes or the imposition of any conditions or restrictions, other than those (i) the Company may offer in its discretion in any application for an Order approving the transactions contemplated hereby or in any related filing or testimony or (ii) that would not reasonably be expected to constitute a Materially Adverse Regulatory Condition. In the event any Governmental Authority imposes any such material change, condition or restriction on the grant or receipt of any Telecommunications Regulatory Consents, each of the Company and Verizon shall use all commercially reasonable efforts to seek modification or removal of such change, condition or restriction.

(d) Within 120 days after the date of this Agreement, or such other time as the parties may agree, the parties will make such filings, if any, as may be required by the HSR Act with respect to the transactions contemplated by this Agreement. Thereafter, the parties will file as promptly as practicable all reports or other documents required or requested by the U.S. Federal Trade Commission or the U.S. Department of Justice pursuant to the HSR Act or otherwise, including requests for additional information concerning such transactions, so that the waiting period specified in the HSR Act will expire as soon as reasonably practicable after the execution and delivery of this Agreement. The Company shall pay all application fees required in connection with any filings under the HSR Act.

(e) Verizon and the Company shall each cause their respective counsel to furnish the other party such necessary information and reasonable assistance as the other may reasonably request in connection with its preparation of necessary filings or submissions under the provisions of the HSR Act or with respect to any Telecommunications Regulatory Consents.

(f) Verizon and the Company shall each cause their respective counsel to supply to the other party copies of all correspondence, filings or written communications by such party or its Affiliates with any Governmental Authority or staff members thereof, with respect to the transactions contemplated by this Agreement and any related transactions, except for documents filed pursuant to Item 4(c) of the Hart-Scott-Rodino Notification and Report Form or communications regarding the same, and except for documents or information submitted in response to any request for additional information or documents pursuant to the HSR Act which reveal Verizon's or the Company's negotiating objectives or strategies or purchase price expectations.

(g) The parties shall use all commercially reasonable efforts to cooperate with each other in their communications with any Governmental Authority and related parties, consultants and advisors relative to matters that relate directly to or may affect the

consummation of Merger or the transactions contemplated hereby. No party or its advisor shall initiate communications, orally or in writing, with, or respond to any inquiry or request of, any Governmental Authority, including the FCC, the U.S. Department of Justice, State Regulators, state attorney generals and local franchising authorities, or any consumer advocate which is, or may reasonably be expected to be, a party to a proceeding before a Governmental Authority, or any third-party consultant or advisor to any of the foregoing, regarding the Merger or the transactions contemplated hereby, without providing the other party, when reasonably practicable, with reasonable advance notice of the communication or response. If a Governmental Authority or any consumer advocate or any third-party consultant or advisor to any of the foregoing initiates communications on matters that relate directly to or may affect the Merger or the transactions contemplated hereby, the contents or substance of that communication shall be disclosed as promptly as practicable to the other parties by providing a copy of any written communication and a summary of any oral communication.

(h) If any objections are asserted with respect to the transactions contemplated hereby or the Transaction Agreements under any Regulatory Law or if any suit is instituted (or threatened to be instituted) by any Governmental Authority or any private party recommending or seeking to deny the granting of any Telecommunications Regulatory Consent or challenging any of the transactions contemplated hereby as violative of any Regulatory Law or otherwise, each of the Company, Verizon and Spincoco shall cooperate in all respects with the other and shall use all commercially reasonable efforts to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the transactions contemplated by this Agreement on the express terms contemplated hereby and by the Transaction Agreements without any changes or the imposition of any conditions or restrictions, other than those (i) the Company may offer in its discretion in any application for an order approving the transaction contemplated hereby or in any related filing or testimony or (ii) that would not reasonably be expected to constitute a Materially Adverse Regulatory Condition; provided, however, that the foregoing obligations shall not apply to a final Order of the FCC or any State Regulators. Neither Verizon nor the Company shall settle any such action, suit or proceeding or fail to perfect on a timely basis any right to appeal any judgment rendered or order entered against such party therein without having previously consulted with the other party. Notwithstanding the foregoing or any other provision of this Agreement, nothing in this Section 7.6 shall limit a party's right to terminate this Agreement pursuant to Section 9.1 so long as such party has, prior to such termination, complied in all respects with its obligations under this Section 7.6. For purposes of this Agreement, "Regulatory Law" means the Sherman Antitrust Act, as amended, the Clayton Antitrust Act of 1914, as amended, the HSR Act, the Federal Trade Commission Act of 1914, as amended, the Communications Act of 1934, as amended, and all other

federal, state or foreign, if any, statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other Laws that relate to the granting of regulatory consents in respect of telecommunications matters or that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening competition, whether in the communications industry or otherwise through merger or acquisition.

(i) To the extent necessary to comply with state laws and regulations and FCC Rules, including those prohibiting “slamming” as set forth in 47 C.F.R. Section 64.1120, at least 60 days prior to the estimated Closing Date (as reasonably estimated by the parties), (i) the Company shall, at its own expense, prepare and deliver to Verizon a draft notice providing the information required by 47 C.F.R. Section 64.1120(e) addressed to the telecommunications customers of Spinco and the Spinco Subsidiaries, after giving effect to the Contribution, it being understood that Verizon shall have the opportunity to review and comment on the contents of such notice; and (ii) Verizon shall, at the Company’s cost and expense (which shall be a reimbursement of Verizon’s out-of-pocket costs and expenses), cause such notice to be delivered to such customers at least 30 days before the estimated Closing Date (as reasonably estimated by the parties) by a direct mailing or in accordance with such method of notice and notification period that the FCC or State Regulators may order or require. Verizon and/or Spinco will be responsible for preparing, distributing, and filing (at the Company’s expense) any notices relating to “discontinuance, reduction, or impairment” of service to the customers of Spinco and the Spinco Subsidiaries after giving effect to the Contribution required by 47 C.F.R. Sections 63.19 and 63.71.

(j) On or prior to the Closing Date, the Company, at its own expense, shall adopt (to the extent permitted by State Regulators) the tariffs, price lists, schedules of rates, or other statements of terms and conditions, including special customer arrangements, special assemblies, price flex arrangements, and individual customer-based arrangements of Verizon and other Verizon Affiliates for telecommunications services, which are applicable in whole or in part in the Territory, are effective under applicable Laws, and are in effect immediately prior to the Closing (collectively, the “Tariffs”). The Company shall maintain the Tariffs in effect at least until the end of the service term specified in (i) the Tariffs (to the extent permitted by State Regulators), (ii) agreements implementing such Tariffs with customers served by Verizon’s Affiliates under retained Blended Customer Contracts and the agreements of customers who do not provide Third Party Consents under this Agreement (each a “Specified Contract”) and (iii) agreements implementing such Tariffs with Persons who are Affiliates of Verizon on or before the Closing Date, and any optional renewal term exercisable by customers which are party to a Specified Contract or such Affiliates in such agreements or Tariffs. The Company further agrees that, to the extent such Tariffs or agreements implementing such Tariffs contain rates and charges or other terms and conditions based on volume of service,

amount of purchase or spend, or similar volume commitments by the customers which are party to a Specified Contract or such Affiliates (the "Volume Commitments"), the Company will reduce such Volume Commitments pro-rata, without a change in rates and charges or other terms and conditions under such Tariffs or agreements, to reflect the fact that the customers who are party to a Specified Contract or such Affiliates may, after Closing, take service from both Verizon Affiliates and the Company and not from Verizon Affiliates or the Company alone. The pro-rata reduction shall be equal to or exceed the amount of the Volume Commitment provided by Verizon Affiliates after Closing. By way of example, and not by limitation, if after Closing, such customer or Affiliate purchased 75% of a Volume Commitment from the Company and 25% of a Volume Commitment from Verizon Affiliates, then the Company would reduce the Volume Commitment by 25% in affected Tariffs and agreements implementing such Tariffs. At its own expense, the Company shall make all filings and take all other actions as may be required by applicable Laws to make the Tariffs and pro-rata reductions of Volume Commitments adopted or made by the Company under this Section 7.6(j) legally effective not later than the Effective Time. If the applicable State Regulators do not permit, in whole or in part, the adoption of such Tariffs by the Company or the maintenance of such Tariffs during the service terms described above in this Section 7.6(j), then from and after the Effective Time and through the date on which the Company would no longer have been required under this Section 7.6(j) to maintain the applicable Tariffs had such State Regulators permitted their adoption, the Company will provide service terms, rates and services equivalent to the applicable Tariffs, including reductions in Volume Commitments, by means and methods acceptable to the applicable State Regulators.

(k) In cases in which Verizon or any of its Affiliates is a party to a Contract with a competitive local exchange carrier, a local exchange carrier, or an interexchange carrier for interconnection services within the Territory (collectively, the "Verizon Interconnection Agreements"), Verizon and the Company agree that until Closing and for a period of six months following the Closing Date, each of Verizon and the Company shall use all commercially reasonable efforts to facilitate the negotiation of similar agreements or modifications to and assignments of the Verizon Interconnection Agreements that will transfer the benefits and obligations of Verizon contained in such Verizon Interconnection Agreements to the Company after Closing.

7.7 Employee Matters. Verizon, Spincó and the Company agree that throughout the internal restructurings taken in contemplation of this Agreement, including the Internal Spinoffs and Internal Restructurings, the Contribution, Distribution, and the Merger, the Spincó Business Employees shall maintain uninterrupted continuity of employment, compensation and benefits, and, also for union-represented employees, uninterrupted continuity of representation for purposes of collective bargaining and uninterrupted continuity of coverage under their collective

bargaining agreements, in each case as contemplated by and provided in the Employee Matters Agreement and other than as set forth in Section 2.3 of the Distribution Agreement.

7.8 Certain Third Party Consents.

(a) Verizon and Spinco shall use all commercially reasonable efforts to identify and obtain prior to the Closing any material Verizon Third Party Consents necessary to be obtained to authorize, approve or permit the consummation of the transactions contemplated by the Distribution Agreement or this Agreement. If such Verizon Third Party Consents have not been obtained prior to the Closing, Verizon and the Surviving Corporation shall use all commercially reasonable efforts thereafter to obtain such Verizon Third Party Consents within six months following the Closing Date; provided, however, that any consent costs or other considerations to be paid by Verizon and the Company (or, for periods following the Closing, the Surviving Corporation) to obtain Verizon Third Party Consents sought pursuant to this Section 7.8(a) and Verizon IP Consents sought pursuant to Section 7.8(b), together with costs associated with the separation of any Blended Customer Contract as provided in Section 7.8(e), shall be borne by the parties as provided in Section 7.8(a) of the Verizon Disclosure Letter; provided further, however, that (x) such limitation shall not apply to any filing, recordation or similar fees payable to any Governmental Authority, which filing, recordation or similar fees shall be shared equally between Verizon, on the one hand, and the Company or the Surviving Corporation, on the other hand, and (y) such calculation of amounts for which the parties have agreed to share shall exclude any amounts payable by the Surviving Corporation pursuant to the Software License Agreement.

(b) Promptly following the date hereof and, if the Closing occurs, for a period of six months following the Closing Date, Verizon shall use, and shall cause its Affiliates to use, all commercially reasonable efforts, in cooperation with the Company or the Surviving Corporation, to identify and thereafter obtain Verizon IP Consents. The parties shall bear the costs of obtaining any Verizon IP Consent (collectively, the "Verizon IP Consent Costs") as provided in Section 7.8(a) of the Verizon Disclosure Letter. For the avoidance of doubt, (i) Verizon IP Consents shall include any authorization, approval, consent, waiver or replacement license of a third Person required to permit the Surviving Corporation and its Subsidiaries, as applicable, to retain rights after the Closing to any material Network Element Software that is made available to one or more Contributing Companies pursuant to a Retained Contract and (ii) except to the extent provided otherwise in Section 7.8(a) of the Verizon Disclosure Letter, Verizon IP Consent Costs shall not include the costs attributable to obtaining for the benefit of the Surviving Corporation or its Subsidiaries any upgrade or maintenance, support or other service used or useful in the operation of material Network Element Software following the Closing or

the costs attributable to any licenses under Verizon Third Party Intellectual Property required to receive and use services pursuant to the Software License Agreement.

(c) Notwithstanding anything to the contrary contained herein, but subject to the obligations set forth in this Section 7.8(c) and, with respect to the circumstances described in the first sentence of Section 7.8(f), to the provisions of Section 7.8(f), to the extent any Verizon Third Party Consent or Verizon IP Consent is required in connection with the consummation of the transactions contemplated by the Distribution Agreement or this Agreement and such Verizon Third Party Consent or Verizon IP Consent is not received at or prior to the Closing, then, (i) if applicable, the Contract that is the subject of such Verizon Third Party Consent shall not be assigned in the Contribution and (ii) if applicable, to the extent any such Contract requiring a Verizon Third Party Consent may only be enjoyed by Verizon or an Affiliate of Verizon, such Contract shall be transferred to Verizon or another Affiliate of Verizon, and Verizon agrees in each case to use all commercially reasonable efforts to make the benefits of any such Contract available to the Surviving Corporation for the remaining term thereof (it being understood that Verizon shall not be obligated to renew or extend any such Contract other than those that are up for renewal or extension within six months following the Closing Date) and its Subsidiaries following the Closing Date, subject to (x) the assumption of obligations in respect of such Contract (to the extent such obligations relate to or arise from the benefits of such Contract that have been made available to the Surviving Corporation and its Subsidiaries) by the Surviving Corporation and its Subsidiaries and (y) the limitations on required payments set forth in Sections 7.8(a) and 7.8(b).

(d) Verizon shall use all commercially reasonable efforts to deliver to the Company within 60 days of the date hereof (i) a list of all third parties who are counterparties to a Retained Contract and which Verizon reasonably believes were paid an aggregate of \$250,000 or more in calendar year 2008 by Verizon or its Subsidiaries as indicated in the accounts payable system of Verizon in respect of such Contract and (ii) to the extent not prohibited pursuant to confidentiality obligations contained in any such Contract, either (A) a copy of such Contract (if such Contract is in writing) or (B) a description of the products/services which are the subject of the Contract.

(e) With respect to Blended Customer Contracts, Verizon and the Company will use all commercially reasonable efforts to obtain prior to the Closing or, if not obtained, will use all commercially reasonable efforts to obtain within six months following the Closing Date, from the counterparty to each Blended Customer Contract any needed consent to separate the portion of such Contract that relates to the goods or services purchased from or supplied to the Spinco Business under such Blended Customer Contract, it being agreed that Verizon and the Company shall not be required to grant any consideration to any counterparty to such a Blended Customer Contract

except to the extent of any consent costs that are included in the amounts for which Verizon has agreed to be responsible pursuant to Section 7.8(a). The Contract constituting the separated portion of any Blended Customer Contract that relates to the Spinco Business as described in the preceding sentence shall be assumed by and become the responsibility of Spinco (or the Surviving Corporation to the extent it is separated following the Closing).

(f) With respect to (x) any Contract associated with a Retained Customer Account, (y) any failure to assign any customer Contract that would have been assigned in the Contribution as a Spinco Asset but for the failure to obtain a Verizon Third Party Consent or (z) any failure to assume any Blended Customer Contract that would have been assumed in part by Spinco pursuant to Section 7.8(e) but for the failure of the counterparty to consent to such assumption, then (i) to the extent such Contract involves the provision to the customer thereunder of ILEC services that are a part of the Spinco Business, Verizon shall use the Surviving Corporation and its Subsidiaries succeeding to the Spinco Business to provide such services to such customer subject to the rights, if any, of such customer under such Contract to consent thereto and (ii) to the extent such Contract involves the provision to the customer thereunder of non-ILEC services, Verizon shall continue to provide such services to such customer in accordance with such Contract. With respect to ILEC services delivered by the Surviving Corporation and its Subsidiaries in respect of such Contracts, Verizon shall either (A) remit to the Surviving Corporation amounts received from the applicable customers in accordance with the applicable Tariff (which the Surviving Corporation shall have mirrored in accordance with Section 7.6(j)) or, if applicable, in accordance with Section 7.6(j), in each case including as to payment terms or (B) make payment to the Surviving Corporation in accordance with the terms of the applicable Transferred Affiliate Arrangement, including as to payment terms. With respect to non-ILEC services and ILEC services delivered by Verizon or its Subsidiaries under such Contracts without the assistance of the Surviving Corporation or its Subsidiaries, Verizon shall remit to the Surviving Corporation its net amounts received (after payment of third party costs and any applicable taxes) in respect of the delivery of such services to such customers, which payment shall be made by Verizon promptly after its receipt of such revenues and in any event no later than 45 days thereafter. The provisions of this Section 7.8(f) shall exclusively govern the circumstances described in the first sentence hereof, notwithstanding any other provision of this Agreement or the Distribution Agreement.

(g) Verizon will use all commercially reasonable efforts to identify to the Company prior to the Closing any Verizon Guarantees (as defined in the Distribution Agreement) and any Spinco Guarantees (as defined in the Distribution Agreement).

(h) Within ninety days of the date hereof, Verizon shall deliver to Company, to the best of its knowledge after reasonable diligence, a complete and accurate list, as of the date of delivery of such list, of all Third Party Software (as defined in the Software License Agreement and the FiOS Software License Agreement) used in or with the Software (as defined in the Software License Agreement), the FS Software (as defined in the FiOS Software License Agreement), and other material Third Party Software. Such list shall include the name of the vendor/supplier of each such item of Third Party Software, the type of license (e.g., facilities based, seat, location based, etc.), and a good faith estimate of the license fees for each such item of Third Party Software on such list. Verizon shall update the list promptly if any additional Third Party Software is used as described above at any time after the delivery of the initial list and prior to the Closing. Prior to the Closing, Verizon shall cooperate with Company as reasonably requested by Company in obtaining licenses to such Third Party Software, including by waiving any provisions in its agreements with the vendors/suppliers of the Third Party Software that would prohibit such vendors/suppliers from licensing such software to Company or its Affiliates.

(i) The Parties covenant to work in good faith to complete Schedule A of the Software License Agreement within 30 days of the date hereof. Schedule A shall include (1) a description of the services to be performed, (2) the Software to which such services shall be applied, and (3) a breakdown of the Annual Maintenance Fee (as defined in the Software License Agreement) by each portion of Software. Verizon shall update the list promptly if any additional Maintenance Services (as defined in the Software License Agreement) become applicable to the Software or the FS Software, respectively, as each is used in the Spinco Business and the Spinco FS Business (as defined in the FiOS Software License Agreement) at any time after the delivery of the initial list and prior to the Closing.

7.9 Tax Matters.

(a) As soon as reasonably practicable after the date of this Agreement, Verizon and the Company, as to matters germane to the Merger, shall submit to the IRS a request (the "Ruling Request") for (i) the IRS Ruling, and (ii) any other ruling in connection with the Contribution, the Distribution or the Merger that Verizon, in consultation with the Company, deems to be appropriate. The initial Ruling Request and any supplemental materials submitted to the IRS relating thereto (each, an "IRS Submission") shall be prepared by Verizon. Verizon shall provide the Company with a reasonable opportunity to review and comment on each IRS Submission prior to the filing of such IRS Submission with the IRS as contemplated by Section 10.01(b) of the Tax Sharing Agreement; provided that Verizon may redact from any IRS Submission any information ("Redactable Information") that (A) Verizon, in its good faith judgment,

considers to be confidential and not germane to the Company's or Spinco's obligations under this Agreement or any of the other Transaction Agreements, and (B) is not a part of any other publicly available information, including any non-confidential filing.

(b) Verizon shall provide the Company with copies of each IRS Submission as filed with the IRS promptly following the filing thereof; provided that Verizon may redact any Redactable Information from the IRS Submission. Each of Verizon, Spinco and the Company agrees to use all commercially reasonable efforts to obtain the IRS Ruling and the other rulings set forth in the Ruling Request, including providing such appropriate information and representations as the IRS shall require in connection with the Ruling Request and any IRS Submissions. Solely for the avoidance of doubt, nothing in this Section 7.9(b) shall provide grounds for Verizon, Spinco or the Company to alter any obligation or limitation imposed upon it under this Agreement.

(c) Each of Verizon, Spinco and the Company agrees to use all commercially reasonable efforts to obtain the Distribution Tax Opinion. The Distribution Tax Opinion shall be based upon the IRS Ruling, any other rulings issued by the IRS in connection with the Ruling Request, and customary representations and covenants, including those contained in certificates of Verizon, Spinco, the Company and others, reasonably satisfactory in form and substance to Verizon Tax Counsel (such representations and covenants, the "Distribution Tax Representations"). Each of Verizon, Spinco and the Company shall deliver to Verizon Tax Counsel, for purposes of the Distribution Tax Opinion, the Distribution Tax Representations.

(d) Verizon and Spinco, on the one hand, and the Company, on the other hand, shall cooperate with each other in obtaining, and shall use all their respective commercially reasonable efforts to obtain, a written opinion of their respective tax counsel, Company Tax Counsel, in the case of the Company, and Verizon Tax Counsel, in the case of Verizon and Spinco, in form and substance reasonably satisfactory to the Company and Verizon, respectively (each such opinion, a "Merger Tax Opinion"), dated as of the Effective Time, to the effect that, on the basis of facts, representations and assumptions set forth in such opinion, the Merger will be treated as a tax-free reorganization within the meaning of Section 368(a) of the Code, and no gain or loss will be recognized by Spinco or its stockholders (except to the extent of cash in lieu of fractional share interests) in the Merger. Each of the Company, Verizon and Spinco shall deliver to Company Tax Counsel and Verizon Tax Counsel for purposes of the Merger Tax Opinions customary representations and covenants, including those contained in certificates of the Company, Verizon, Spinco and others, reasonably satisfactory in form and substance to Company Tax Counsel and Verizon Tax Counsel.

(e) Prior to the Effective Time, each of Verizon, Spinco and the Company agrees to use all commercially reasonable efforts to cause the Tax-Free Status of the Transactions.

7.10 Access to Information. Upon reasonable notice, each of Verizon, Spinco and the Company shall, subject to applicable Law, afford to each other and to each other's respective officers, employees, accountants, counsel and other authorized representatives, reasonable access during normal business hours, from the date hereof through to the date which is the earlier of the Effective Time or the date on which this Agreement is terminated pursuant to Section 9.1, to its and its Subsidiaries' officers, employees, accountants, consultants, representatives, plants, properties, Contracts (other than Retained Contracts), commitments, books, records (including Tax Returns) and any report, schedule or other document filed or received by it pursuant to the requirements of the federal or state securities laws, and shall use all commercially reasonable efforts to cause its respective representatives to furnish promptly to the others such additional financial and operating data and other information in its possession, as to its and its Subsidiaries' respective businesses and properties as the others or their respective duly authorized representatives, as the case may be, may reasonably request, it being understood that in no event will any party be required to provide access to its accountants' work papers or to customers proprietary network information (other than as the parties may mutually agree in a separate written agreement and, with respect to customer proprietary network information, to the extent permitted by the FCC Rules) and, in the case of Spinco and Verizon, the foregoing obligations will be limited to information regarding the Spinco Business.

7.11 No Solicitation.

(a) Except as set forth in Sections 7.11(b) through (d) hereof, the Company agrees that, following the date of this Agreement and prior to the earlier of the Effective Time or the date on which this Agreement is terminated pursuant to Section 9.1, neither it nor any Company Subsidiary shall, and that it shall use all commercially reasonable efforts to cause its and each of the Company Subsidiary's officers, directors, employees, advisors and agents not to, directly or indirectly, (i) knowingly solicit, initiate or encourage any inquiry or proposal that constitutes or could reasonably be expected to lead to a Company Acquisition Proposal, (ii) provide any non-public information or data to any Person relating to or in connection with a Company Acquisition Proposal, engage in any discussions or negotiations concerning a Company Acquisition Proposal, or otherwise knowingly facilitate any effort or attempt to make or implement a Company Acquisition Proposal, (iii) approve, recommend, agree to or accept, or propose publicly to approve, recommend, agree to or accept, any Company Acquisition Proposal, or (iv) approve, recommend, agree to or accept, or propose to approve, recommend, agree to

or accept, or execute or enter into, any letter of intent, agreement in principle, merger agreement, acquisition agreement, option agreement or other similar agreement related to any Company Acquisition Proposal. Without limiting the foregoing, any violation of the restrictions set forth in the preceding sentence by any of the Company Subsidiaries or any of the Company's or the Company Subsidiaries' officers, directors, employees, agents or representatives (including any investment banker, attorney or accountant retained by the Company or the Company Subsidiaries) shall be a breach of this Section 7.11(a) by the Company. The Company agrees that it will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any Persons conducted heretofore with respect to any Company Acquisition Proposal (except with respect to the transactions contemplated by this Agreement).

(b) Nothing contained in this Agreement shall prevent the Company or the Company's Board of Directors from, prior to the receipt of the Requisite Approval, engaging in any discussions or negotiations with, or providing any non-public information to, any Person, if and only to the extent that (i) the Company receives from such Person a bona fide Company Superior Proposal or a Company Acquisition Proposal that the Company's Board of Directors determines in good faith (after consultation with a financial advisor of nationally recognized reputation) would reasonably be expected to lead to a Company Superior Proposal and in either case that was not solicited after the date of this Agreement, (ii) the Company's Board of Directors determines in good faith (after consultation with its legal advisors) that its failure to do so would reasonably be expected to result in a breach of the Board of Directors' fiduciary duties under applicable Law, (iii) prior to providing any information or data to any Person in connection with a proposal by any such Person, such information has been provided to Verizon (or is provided to Verizon at the same time it is provided to such Person, to the extent not previously provided or made available to Verizon) and (iv) prior to providing any non-public information or data to any Person or entering into discussions or negotiations with any Person, the Company's Board of Directors notifies Verizon promptly of any such inquiry, proposal or offer received by, any such information requested from, or any such discussions or negotiations sought to be initiated or continued with, the Company, any Company Subsidiary or any of their officers, directors, employees, advisors and agents after the date of this Agreement indicating, in connection with such notice, the material terms and conditions of the Company Acquisition Proposal and the identity of the Person making such Company Acquisition Proposal. The Company agrees that it shall keep Verizon reasonably informed, on a reasonably prompt basis (and in any event within 24 hours following receipt of any Company Acquisition Proposal or any changes thereto), of the status and material terms of any such proposals or offers, any changes thereto, and the status of any such discussions or negotiations and will notify Verizon promptly of any determination by the Company's Board of Directors that a Company Superior Proposal has been made. For purposes of this Agreement, a "Company Superior Proposal" means any proposal or offer made by a third party to acquire, directly or indirectly, by merger,

consolidation or otherwise, for consideration consisting of cash and/or securities, at least a majority of the shares of the Company Common Stock then outstanding or all or substantially all of the assets of the Company and the Company Subsidiaries and otherwise on terms which the Board of Directors of the Company (after consultation with its legal and financial advisors) determines in its good faith judgment to be more favorable to the Company's stockholders than the Merger (taking into account all of the terms and conditions of such proposal and of this Agreement as well as any other factors deemed relevant by the Board of Directors of the Company) and reasonably capable of being consummated on the terms so proposed, taking into account all financial, regulatory, legal and other aspects of such proposal.

(c) Notwithstanding anything to the contrary contained herein, but subject to compliance with this Section 7.11(c), prior to the receipt of the Requisite Approval, the Board of Directors of the Company may, if it concludes in good faith (after consultation with its legal advisors) that failure to do so would reasonably be expected (taking into account any new or revised proposals made by Verizon) to result in a breach of its fiduciary duties under applicable Law, effect a Change of Board Recommendation, but only if:

(i) the Company shall have provided prior written notice to Verizon of its intention to take any such action at least five Business Days in advance of taking such action (the "Notice Period"), which notice shall specify (A) if such Change of Board Recommendation is not being made as a result of a Company Superior Proposal, the Board of Directors' reasons for taking such action, and (B) if such Change of Board Recommendation is being made as a result of a Company Superior Proposal, or involves the recommendation of a Company Superior Proposal, the material terms and conditions of any such Company Superior Proposal (including the identity of the party making such Company Superior Proposal); and

(ii) prior to effecting such Change of Board Recommendation or recommending such Company Superior Proposal the Company shall provide Verizon the opportunity to submit an amended written proposal or to make a new written proposal to the Board of Directors of the Company during the Notice Period.

In the event of any material revisions to the Company Superior Proposal, the Company shall be required to deliver a new written notice to Verizon and to comply with the requirements of this Section 7.11(c) with respect to such new written notice except that the Notice Period shall be reduced to two Business Days.

(d) Nothing in this Agreement shall prohibit the Company from taking and disclosing to its stockholders a position contemplated by Rule 14d-9 and Rule 14e-2(a) promulgated under the Exchange Act or from making any disclosure to the Company stockholders if, in the good faith judgment of the Board of Directors of the Company (after consultation with its legal advisors), it is required to do so in order to comply with its fiduciary duties to the Company's stockholders under applicable Law; provided, however, that any disclosure other than a "stop, look and listen" or similar communication of the type contemplated by Rule 14d-9(f) under the Exchange Act, unless accompanied by an express rejection of any applicable Company Acquisition Proposal or an express reaffirmation of the Company Board Recommendation, shall be deemed to be a Change of Board Recommendation subject to Section 7.11.

7.12 Director and Officer Matters.

(a) From and after the date hereof, the Company, the Surviving Corporation and their respective Subsidiaries shall provide such cooperation and assistance as Verizon may reasonably request to enable, if Verizon so chooses, Verizon or a Subsidiary thereof to maintain following the Closing, at Verizon's expense, directors' and officers' liability insurance policies and fiduciary liability insurance policies covering each person who is, or has been at any time prior to the Effective Time, an officer or director of Verizon or a Contributing Company and each person who served at the request of a Contributing Company as a director, officer, trustee or fiduciary of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise, including any person serving in such capacity with respect to Spinco or a Spinco Subsidiary (the "Identified Persons").

(b) At the Closing, the Surviving Corporation will, on behalf of itself, its Subsidiaries and their respective successors and assigns and for all parties claiming by, through or under them (the "Surviving Corporation Releasers"), execute and deliver to each Identified Person a release irrevocably releasing, remising and forever discharging such Identified Person, and its estates and heirs, of and from any and all claims, whether presently known or unknown, which any Surviving Corporation Releaser has or may have of any kind arising out of or pertaining to acts or omissions, or alleged acts or omissions, by such Identified Person in the capacities specified in Section 7.12(a) prior to the Effective Time; provided, however, that such release shall also include a release, executed by such Identified Person, on behalf of itself and its estates and heirs and for all parties claiming by, through or under them (the "Identified Persons Releasers"), irrevocably releasing, remising and forever discharging the Surviving Corporation, its Subsidiaries and their respective successors and assigns, of and from any and all claims, whether presently known or unknown, which any Identified Persons Releaser has or may have of any kind.

(c) In the event of any claim, action, suit, arbitration, proceeding or investigation (“Action”) arising out of or pertaining to acts or omissions, or alleged acts or omissions, by the Identified Persons in the capacities specified in Section 7.12(a) prior to the Closing, from and after the Effective Time the Surviving Corporation and its Subsidiaries shall provide reasonable cooperation, at Verizon’s expense, in defense of any such Action.

7.13 Public Announcements. Verizon and the Company shall consult with each other and shall mutually agree upon any press release or public announcement relating to the transactions contemplated by this Agreement. Neither of them shall issue any such press release or make any such public announcement or statement (including through any advertising, press conference, media appearance or other forum) prior to such consultation and agreement, except as may be required by applicable Law or by obligations pursuant to any listing agreement with any national securities exchange or automated inter-dealer quotation system, in which case the party proposing to issue such press release or make such public announcement shall use all commercially reasonable efforts to consult in good faith with the other party before issuing any such press release or making any such public announcement.

7.14 Notification.

(a) Verizon shall give notice to the Company, and the Company shall give notice to Verizon, of any occurrence or non-occurrence of any fact or event that would reasonably be expected to cause the failure of Verizon or its Affiliates or the Company or its Affiliates, as the case may be, to comply with or satisfy, in any material respect, any closing condition set forth in Article VIII.

(b) Each of the parties hereto shall keep the others informed on a timely basis as to (i) the status of the transactions contemplated by the Transaction Agreements and the obtaining of all necessary and appropriate exemptions, rulings, consents, authorizations and waivers related thereto, including the Telecommunications Regulatory Consents and (ii) the status of any other material regulatory proceeding pending as of the date hereof or arising prior to the Effective Time, affecting the Spinco Business or the business of the Company, as applicable.

7.15 Control of Other Party’s Business. Nothing contained in this Agreement shall give Verizon or Spinco, directly or indirectly, the right to control or direct the Company’s operations prior to the Effective Time. Nothing contained in this Agreement shall give the Company, directly or indirectly, the right to control or direct the operations

of the Spinco Business prior to the Effective Time. Prior to the Effective Time, Verizon and the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over their respective operations.

7.16 Financial Statements and Related Information.

(a) Beginning with the fiscal quarter ending on March 31, 2009, Verizon will deliver to the Company, (i) with respect to each fiscal quarter other than the last fiscal quarter of a fiscal year, promptly upon their being prepared (and in any event no later than 40 days after the end of such fiscal quarter), unaudited combined Statements of Selected Assets, Selected Liabilities and Parent Funding of the local exchange businesses and related landline activities of Verizon in the Territory (including Internet access and certain long distance services provided to customers in those states), together with the related unaudited combined statements of income, cash flows and parent funding for the portion of the fiscal year then ended and (ii) with respect to the last fiscal quarter of a fiscal year, promptly upon their being prepared (and in any event no later than 75 days after the end of such fiscal quarter), audited combined Statements of Selected Assets, Selected Liabilities and Parent Funding of the local exchange businesses and related landline activities of Verizon in the Territory (including Internet access and certain long distance services provided to customers in those states), together with the related audited combined statements of income, cash flows and parent funding for such fiscal year. Such statements shall be prepared from the books and records of Verizon and the Contributing Companies (to the extent relating to the Spinco Business) in accordance with GAAP applied on a consistent basis throughout the periods involved using the same accounting principles, practices, methodologies and policies used in preparing the Spinco Financial Statements (except as may otherwise be required under GAAP), shall satisfy the requirements of Regulation S-X under the Exchange Act and present fairly, in all material respects, the financial position and operating results and changes in cash flows and changes in parent funding of the Spinco Business as of the dates and for the periods indicated therein.

7.17 Directors of the Surviving Corporation. The Company, Verizon and Spinco shall take all action reasonably necessary to cause the Board of Directors of the Company immediately prior to the Effective Time to consist of twelve members, (i) three of whom shall be designated by Verizon and (ii) nine of whom shall be designated by the Company, which directors shall be the Board of Directors of the Surviving Corporation. One of the Company's designees shall serve as chairman of the board. Within six months following the date of this Agreement, Verizon shall give the Company written notice setting forth its designees to the Surviving Corporation's Board of Directors and such information with respect to each of its designees as is required to be disclosed in the Proxy Statement/Prospectus or would be required to be disclosed in a proxy statement for

an annual meeting. Promptly after Verizon gives such notice to the Company, and in any event within 20 days thereafter, the Company shall notify Verizon of its designees to the Surviving Corporation's Board of Directors. Without limiting the foregoing and prior to the Effective Time, the Company shall take all actions necessary to obtain the resignations of all members of its Board of Directors who will not be directors of the Surviving Corporation and for the Board of Directors of the Company to fill such vacancies with the new directors contemplated by this Section 7.17. Verizon's director nominees under this Section 7.17 will (x) not be employees of Verizon, its Affiliates or Celco Partnership or any of its Subsidiaries and (y) will satisfy the requirements for director independence under the rules and regulations of the SEC and the NYSE.

7.18 Financing

(a) The parties acknowledge that it is contemplated that the Special Payment shall be financed through the incurrence of one or more term loan bank borrowings and/or capital markets issuances by Spinco prior to or substantially contemporaneous with the Distribution (collectively, the "Special Payment Financing") and that in connection with the Distribution Spinco may issue to Verizon or a Verizon Subsidiary Spinco Securities. From time to time following the date hereof, Verizon and the Company shall meet to discuss strategy and timing for seeking proposals from reputable lenders and/or underwriters to provide, arrange and/or underwrite the Special Payment Financing, which financing may be negotiated, drawn down and/or issued in one or more tranches.

(b) Verizon and the Company shall jointly solicit proposals from reputable financing sources no later than nine months after the date hereof (and, at such time, Verizon shall provide the Company with its then-current estimate of its Distribution Date tax basis in Spinco) and the Company shall select from among the proposals received one or more which the Company reasonably determines to be the most favorable. Promptly thereafter, the Company and Verizon shall commence negotiations with the financing sources thereunder. The Company shall take the lead in such negotiations and shall keep Verizon informed of all material developments and provide Verizon with an opportunity to participate in all negotiations. The Company and Verizon shall use all commercially reasonable efforts to finalize all documentation with respect to the Special Payment Financing. The Company agrees to discuss and consider from time to time, at the request of Verizon, the possibility of causing Spinco to incur a portion of the Special Payment Financing in advance of the Closing, it being understood that the Company shall be under no obligation to do so. Subject to Section 7.18(e) and the following proviso, the Company and Verizon shall be required to accept and execute documentation relating to (and cause Spinco to execute documentation relating to) the Special Payment Financing and, if applicable, the Spinco Securities, provided that if at the time proposed for

acceptance and execution of documentation relating to the Special Payment Financing and, if applicable, the Spinco Securities, the negotiated terms thereof do not satisfy the requirements of clauses (i) or (ii) of Section 7.18(e), and if as of such time, the parties would otherwise be obligated to close the transactions contemplated hereby due to the satisfaction of the conditions set forth in Article VIII (other than those that would be satisfied by action at the Closing and other than the condition in Section 8.2(d)), the Company shall promptly so notify Verizon and either the Company or Verizon may elect to defer the Closing (subject to the satisfaction of such closing conditions on such deferral date) until the final Business Day of the next calendar month (a "Financial Market Deferral"). If elected, the parties shall cooperate in seeking to improve the proposed terms of the Special Payment Financing and, if applicable, the Spinco Securities during such deferral period. A Financial Market Deferral may be elected on one or more occasions but no more than four times in total by the Company and Verizon, and, notwithstanding the foregoing, if elected for a fourth time, the period of such deferral shall last until the final Business Day of the second calendar month following the date on which such deferral is elected.

(c) If Verizon notifies the Company that Spinco Securities are to be issued, the Company shall take the lead in the negotiation of the terms and conditions thereof with the financial institutions selected by Verizon to be party to any Debt Exchange elected to be consummated by Verizon and shall keep Verizon informed of all material developments and provide Verizon with an opportunity to participate in all negotiations relating to the terms of such Spinco Securities. In such event, the Company shall, in consultation with Verizon, determine the final form of the Spinco Securities and related agreements (including registration rights arrangements and indenture) consistent with the terms set forth in Exhibit G of the Distribution Agreement; provided that the covenants and economic terms thereof would reasonably be expected to result in the Spinco Securities being exchanged for Verizon obligations in an equal principal amount. If Verizon elects to consummate the Debt Exchange, it shall have the sole right to structure the arrangements relating thereto with underwriters, arrangers and other third parties relating to the Debt Exchange; provided that Verizon shall keep the Company reasonably informed regarding such arrangements.

(d) Notwithstanding the provisions of Sections 7.18(b) and 7.18(c) above, in the event that (i) all of the conditions set forth in Article VIII (other than those that would be satisfied by action at the Closing and other than the condition in Section 8.2(d)) have been satisfied and (ii) the Company (A) is not actively conducting negotiations with financing sources with respect to the Special Payment Financing and, if applicable, the Spinco Securities, and (B) fails to commence such negotiations promptly following notice from Verizon that Verizon reasonably believes the Company is not actively conducting such negotiations, then Verizon shall be entitled to assume the lead role in

conducting such negotiations (and shall keep the Company informed of all material developments with respect thereto) until the Company so acts.

(e) Notwithstanding the provisions of Section 7.18(b) and Section 7.18(c):

(i) The Company shall not be obligated to accept or execute documentation relating to the Special Payment Financing or, if applicable, the Spinco Securities if (w) either (A) the weighted average life of the aggregate of such financing and securities, together with the Distribution Date Spinco Indebtedness, is less than five years or (B) any of the Special Payment Financing or the Spinco Securities would have a final maturity of earlier than January 1, 2014, other than any bridge financing with a maturity of at least 364 days in an aggregate amount not in excess of \$600 million, (x) such financing or securities or the Distribution Date Spinco Indebtedness would be secured by any assets of any operating company, (y) the terms or provisions of such financing or securities or the Distribution Date Spinco Indebtedness would cause their incurrence or assumption by the Company in or as a result of the Merger to be prohibited by or cause (with or without notice or the lapse of time) a default under the Company's existing credit agreements or indentures as in effect on the date hereof, or (z) both (I) the proposed covenants and other terms and conditions in such documentation (excluding (A) any terms of the Spinco Securities set forth in Exhibit G of the Distribution Agreement and (B) the rate, yield or tenor thereof) are not, in the aggregate, substantially in accordance with then prevailing market terms for similarly sized term loan bank borrowings and/or capital market issuances by companies of a size and with credit ratings similar to the Surviving Corporation and (II) the effect of such covenants and other terms and conditions that are not in accordance with the prevailing market terms (excluding (A) any terms of the Spinco Securities set forth in Exhibit G of the Distribution Agreement and (B) the rate, yield or tenor thereof) would, in the aggregate, be materially adverse to the Surviving Corporation.

(ii) The Company shall not be obligated to accept or execute documentation relating to the Special Payment Financing or the Spinco Securities if as a result thereof the weighted average annual cash interest rate (including annual accretion of original issue discount with respect to Indebtedness issued with a material amount of original issue discount) payable on the aggregate of the Special Payment Financing, the Spinco Securities and the Distribution Date Spinco Indebtedness (the "Coverage Costs") would exceed 9.5%, unless the Company reasonably determines in good faith that such Coverage Costs would not be unduly burdensome.

(f) Each of Verizon, Spinco and the Company shall cooperate in connection with the preparation of all documents and the making of all filings required in connection

with the Special Payment Financing, the Spinco Securities and the Debt Exchange (if Verizon elects to consummate the Debt Exchange) and shall use all commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all other things necessary, proper or advisable to consummate the Special Payment Financing, the issuance of the Spinco Securities and the Debt Exchange (if Verizon elects to consummate the Debt Exchange) and the other transactions contemplated in connection therewith. Without limiting the generality of the foregoing, each of Verizon, Spinco and the Company shall use all commercially reasonable efforts to cause their respective employees, accountants, counsel and other representatives to cooperate with each other in (i) participating in meetings, drafting sessions, due diligence sessions, management presentation sessions, “road shows” and sessions with rating agencies in connection with the syndication or marketing of the Special Payment Financing, the Spinco Securities and the Debt Exchange (if Verizon elects to consummate the Debt Exchange), (ii) preparing offering memoranda, private placement memoranda, prospectuses and similar documents deemed reasonably necessary by Verizon, Spinco or the Company, to be used in connection with consummating the Special Payment Financing, the issuance of the Spinco Securities and the Debt Exchange (if Verizon elects to consummate the Debt Exchange), (iii) executing and delivering all documents and instruments deemed reasonably necessary by Verizon, Spinco or the Company to consummate the Special Payment Financing, the issuance of the Spinco Securities and the Debt Exchange (if Verizon elects to consummate the Debt Exchange), including any underwriting or placement agreements, pledge and security documents, other definitive financing documents, including any intercreditor or indemnity agreements, or other requested certificates or documents as may be reasonably requested in connection with the Special Payment Financing, the Spinco Securities or the Debt Exchange (if Verizon elects to consummate the Debt Exchange), provided, however, that (A) no such agreements or documents shall impose any monetary obligation or liability on Spinco or the Company prior to the Effective Time and (B) Verizon shall not be obligated to incur any obligations in connection with the Special Payment Financing (other than the obligation to pay Spinco Debt Expenses as provided in the Distribution Agreement and the non-monetary cooperation obligations set forth above in this Section 7.18(f)), (iv) disclosing the terms and conditions of the Special Payment Financing, the Spinco Securities and the Debt Exchange (if Verizon elects to consummate the Debt Exchange), as reasonably appropriate, in the Registration Statements, and (v) taking all other actions reasonably necessary in connection with the Special Payment Financing, including any such actions required to permit the assumption by the Surviving Corporation of the debt that is part of the Special Payment Financing and the Spinco Securities at the Effective Time.

(g) Not later than 60 days prior to the reasonably anticipated Closing Date, Verizon shall deliver to the Company a certificate setting forth the anticipated amount of the Special Payment, along with Verizon’s then-current estimates of (i) Distribution Date

Spinco Indebtedness and (ii) its tax basis in Spinco as of the Distribution Date. Verizon shall have the right to update such certificate from time to time in advance of the Closing (but no later than 15 days prior to the Closing) in light of any updated information of Verizon regarding its tax basis in Spinco and the amount of the Distribution Date Spinco Indebtedness.

7.19 Accountants.

(a) In connection with the information regarding the Spinco Business or the transactions contemplated by this Agreement provided by Spinco specifically for inclusion in, or incorporation by reference into, the Proxy Statement/Prospectus and the Registration Statements, Verizon shall use all commercially reasonable efforts to cause to be delivered to the Company letters of Ernst & Young LLP, dated the date on which each of the Registration Statements shall become effective, the date on which the Proxy Statement/Prospectus or any Registration Statement is mailed to the Company's stockholders and the Closing Date, and addressed to the Company, in form and substance reasonably satisfactory to the Company and customary in scope and substance for letters delivered by independent public accountants in connection with registration statements similar to the Registration Statements. In the event that Spinco is treated as the acquiring entity for accounting purposes pursuant to GAAP, then Verizon shall use all commercially reasonable efforts to cause any such letter to include such negative assurance statements regarding the pro forma financial information included in the Proxy Statement/Prospectus and the Registration Statements as are customary in scope and substance for letters delivered by independent public accountants in connection with registration statements similar to the Registration Statements.

(b) The Company shall use all commercially reasonable efforts to cause KPMG LLP, the independent auditors of the Company, to provide any unqualified opinions, consents or customary comfort letters with respect to the financial statements of the Company needed in connection with the Special Payment Financing, the Registration Statements and/or the Debt Exchange (if Verizon elects to consummate the Debt Exchange). The Company agrees to allow Verizon's accounting representatives the opportunity to review any such financial statements required in connection therewith and to allow such representatives reasonable access to the Company and the Company Subsidiaries and supporting documentation with respect to the preparation of such financial statements; provided that such access shall not include any right to review the working papers of the independent auditors of the Company and the Company Subsidiaries. The Company shall use all commercially reasonable efforts to cause KPMG LLP to participate in the preparation of any pro forma financial statements necessary or desirable for inclusion in, or incorporation by reference into, the

Registration Statements and for use in connection with the Special Payment Financing and/or the Debt Exchange (if Verizon elects to consummate the Debt Exchange).

(c) In connection with the information regarding the Company or the Company Subsidiaries or the transactions contemplated by this Agreement provided by the Company specifically for inclusion in, or incorporation by reference into, the Proxy Statement/Prospectus and the Registration Statements, the Company shall use all commercially reasonable efforts to cause to be delivered to Spinco letters of KPMG LLP, dated the date on which each of the Registration Statements shall become effective, the date on which the Proxy Statement/Prospectus or any Registration Statement is mailed to the Company's stockholders and the Closing Date, and addressed to Verizon and Spinco, in form and substance reasonably satisfactory to Verizon and customary in scope and substance for letters delivered by independent public accountants in connection with registration statements similar to the Registration Statements. In the event that the Company is treated as the acquiring entity for accounting purposes pursuant to GAAP, then the Company shall use all commercially reasonable efforts to cause any such letter to include such negative assurance statements regarding the pro forma financial information included in the Proxy Statement/Prospectus and the Registration Statements as are customary in scope and substance for letters delivered by independent public accountants in connection with registration statements similar to the Registration Statements.

(d) Verizon shall use all commercially reasonable efforts to cause Ernst & Young LLP, the independent auditors of Spinco, to provide any unqualified opinions, consents or customary comfort letters with respect to the financial statements regarding the Spinco Business needed in connection with the Special Payment Financing, the Proxy Statement/Prospectus, the Registration Statements and/or the Debt Exchange (if Verizon elects to consummate the Debt Exchange). Verizon agrees to allow the Company's accounting representatives the opportunity to review any such financial statements required in connection therewith and to allow such representatives reasonable access to records of the Contributing Companies and supporting documentation with respect to the preparation of such financial statements; provided, however, that such access shall not include any right to review the working papers of the independent auditors of Verizon and its Subsidiaries. Verizon shall use all commercially reasonable efforts to cause Ernst & Young LLP to participate in the preparation of any pro forma financial statements necessary or desirable for inclusion in, or incorporation by reference into, the Registration Statements and for use in connection with the Special Payment Financing and/or the Debt Exchange (if Verizon elects to consummate the Debt Exchange).

7.20 Disclosure Controls. Each of Verizon and the Company shall use all commercially reasonable efforts to enable the Company to implement such programs and

take such steps as are reasonably necessary to (i) develop a system of internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) intended to ensure that after the Effective Time material information relating to the Surviving Corporation is timely made known to the management of the Surviving Corporation by others within those entities, (ii) cooperate reasonably with each other in preparing for the transition and integration of the financial reporting systems of Spinco and the Spinco Subsidiaries with the Company's financial reporting systems following the Effective Time and (iii) otherwise enable the Surviving Corporation to maintain compliance with the provisions of Section 404 of the Sarbanes-Oxley Act.

7.21 Listing. As promptly as reasonably practicable following the date hereof and at least 30 days prior to the date that any party reasonably expects all of the required regulatory approvals to have been obtained, the Company shall make application to the NYSE for the listing of the shares of Company Common Stock to be issued pursuant to the transactions contemplated by this Agreement and use all commercially reasonable efforts to cause such shares to be Approved for Listing.

7.22 Ancillary Agreements.

(a) At the Company's request, which shall be made, if at all, prior to March 31, 2010, Verizon and the Company shall cause their respective Affiliates to enter into an agreement with respect to Video Transport Service incorporating the terms set forth on the term sheet attached as Exhibit D and such other terms as may be reasonably related thereto and agreed by their respective Affiliates (the "Video Transport Service Agreement").

(b) Verizon and the Company shall cause their respective Affiliates to enter into an agreement with respect to Back Office Support Services incorporating the terms set forth on the term sheet attached as Exhibit E and such other terms as may be reasonably related thereto and agreed by their respective Affiliates (the "Back Office Support Services Agreement").

7.23 Directories Agreements. Prior to the Merger, Spinco shall offer to Directories Media Inc. ("Directories") to enter into the proposed Publishing Agreement, the Non-Competition Agreement and the Branding Agreement, between Directories and Spinco (or Subsidiaries of Spinco, as applicable), that are in the form attached hereto as Exhibits F, G and H (the "Directories Agreements"); provided, however, that Spinco shall not have any obligation to enter into (or offer to enter into) any such agreement to the extent the terms of such agreement are not binding upon the Spinco Business as of

immediately prior to the Effective Time. If such agreements are required but are not entered into prior to the Merger, the Surviving Corporation (or Subsidiaries of the Surviving Corporation, as applicable) will offer to enter into such agreements with Directories within 90 days following the Merger to the extent Directories notifies the Surviving Corporation within such time period that it wishes to enter into such agreements.

7.24 Realignment.

(a) Following the date hereof, Verizon shall undertake to segregate the operation of the Spinco Business in the Territory (other than West Virginia) from the Verizon Business (including the completion of the actions contemplated by Section 7.24(c) and the identification, testing and validation of personnel, processes and systems to be working properly) such that the representation set forth in Section 5.17 shall be accurate as of the Closing in accordance with the standards set forth in Section 8.3(b) (the "Realignment"). Verizon shall keep the Company reasonably updated from time to time with respect to the Realignment and shall discuss with the Company its plans for implementing the various aspects of the Realignment on an ongoing basis once Verizon has developed its initial plan for effecting the Realignment. If in connection with the Realignment the Company wishes to remove or omit particular functions or services that are used or held for use in the conduct of the Spinco Business or to replace certain third party vendors of the Spinco business with other third party vendors, the Company will promptly notify Verizon in writing to this effect. Verizon will have the right to disapprove such proposed omissions or replacements to the extent Verizon determines that such omissions or replacements may materially delay or increase the expense of completing the Realignment. No later than 60 days prior to the reasonably anticipated Closing Date, Verizon shall provide written notice to the Company stating that Verizon and its Subsidiaries have completed the Realignment as of the date of such notice. The Company shall be granted reasonable rights of access from time to time prior to the Closing in accordance with Section 7.10 to validate and confirm the completion of the Realignment (including the functioning of principal operating systems) in accordance with the first sentence of this Section 7.24.

(b) In connection with the Realignment, Verizon shall not take any action that would result in any material increase in the number of employees performing each material function of the Spinco Business above the number of such employees performing such function on behalf of the Spinco Business on the date hereof.

(c) Prior to March 31, 2010, Verizon shall create a separate instance in the Fort Wayne, Indiana data center (the "Fort Wayne Data Center") of Verizon proprietary

software systems that will enable Spinco (and following the Merger, the Surviving Corporation) in all states in the Territory (other than West Virginia) to provide functionality substantially similar to, but no less favorable to the Spinco Business than, that which the Spinco Business received from Verizon and its Affiliates as of the date of this Agreement. As of the Closing Date, the Fort Wayne Data Center (i) shall be owned by the Surviving Corporation or an Affiliate thereof and (ii) shall have on site a majority of the hardware reasonably required to provide functionality to the Spinco Business in accordance with the foregoing (and the balance of such hardware, if not held at the Fort Wayne Data Center, shall be available on a firewall basis from Verizon or a Verizon Subsidiary for up to one year following the Closing to allow for Verizon to transfer such hardware to the Fort Wayne Data Center within one year following the Closing).

7.25 California Disclosure. Notwithstanding anything herein to the contrary, the parties acknowledge that the Verizon Disclosure Letter and the Spinco Disclosure Letter and the Disclosure Letter under the Distribution Agreement contain no information regarding the portion of the Spinco Business conducted in California and that such failure shall not constitute a breach of any representation or warranty herein or any breach of the Distribution Agreement. Verizon and Spinco shall have the right to update such Disclosure Letters within 45 days of the date hereof to incorporate any applicable disclosure relating to portion of the Spinco Business conducted in California, whereupon such disclosure will be deemed to have been made as of the date hereof; provided, however, that this Section 7.25 and any disclosure made hereunder shall have no effect with respect to the representations and warranties made in Section 5.5 or Section 5.17.

7.26 Joint Defense Agreement. Within 30 days following the date hereof, Verizon and the Company shall negotiate in good faith the terms of, and enter into, a joint defense agreement regarding certain matters of common interest arising from the transactions contemplated by the Transaction Agreements (the "Joint Defense Agreement").

ARTICLE VIII

CONDITIONS TO THE MERGER

8.1 Conditions to the Obligations of Spinco, Verizon and the Company to Effect the Merger. The respective obligations of each party to consummate the Merger shall be subject to the fulfillment (or, to the extent permitted by applicable Law, waiver by both Verizon and the Company) at or prior to the Effective Time of the following conditions:

(a) Each of the Internal Spinoffs, the Internal Restructuring, the Contribution and the Distribution shall have been consummated, in each case, in accordance with the Distribution Agreement, the IRS Ruling (unless the parties agree in writing upon, and implement, an alternative structure for the transactions contemplated hereby that eliminates the need for an IRS Ruling as contemplated by Section 2.7 hereof) and the Distribution Tax Opinion; provided, however, that this Section 8.1(a) shall not be a condition to the consummation of the Merger by any party whose failure to comply with its obligations and/or covenants set forth in this Agreement, the Tax Sharing Agreement or the Distribution Agreement gives rise to the failure of the Internal Spinoffs, the Internal Restructuring, the Contribution or the Distribution to have been consummated in accordance with the foregoing.

(b) Any applicable waiting period under the HSR Act shall have expired or been terminated.

(c) (i) No regulatory proceeding before any State Regulator that is pending as of the date hereof or arises prior to the Effective Time, and affects either the Spinco Business or the business of the Company, shall have been resolved by final order of the applicable regulator on terms that, and (ii) no condition shall have been imposed in connection with obtaining any Telecommunications Regulatory Consent that, in either case, constitutes a Materially Adverse Regulatory Condition.

(d) All of the Telecommunications Regulatory Consents shall be final and in full force and effect.

(e) The Registration Statements shall have become effective in accordance with the Securities Act or the Exchange Act, as applicable, and shall not be the subject of any stop order or proceedings seeking a stop order; and the shares of Company Common Stock to be issued, and such other shares required to be reserved for issuance, pursuant to the Merger shall have been Approved for Listing.

(f) The Requisite Approval shall have been obtained, in accordance with applicable Law and the rules and regulations of the NYSE.

(g) No court of competent jurisdiction or other Governmental Authority shall have issued an Order that is still in effect restraining, enjoining or prohibiting the Contribution, the Distribution or the Merger.

(h) No action shall have been taken, and no statute, rule, regulation or executive order shall have been enacted, entered, promulgated or enforced, by any Governmental Authority with respect to the Contribution, the Distribution or the Merger or the other transactions contemplated hereby or by the Distribution Agreement or the Employee Matters Agreement that, individually or in the aggregate, would (i) restrain, enjoin or prohibit the consummation of the Internal Spinoffs, the Internal Restructuring, the Contribution, the Distribution or the Merger or the other transactions contemplated hereby or by the Distribution Agreement or the Employee Matters Agreement or (ii) impose any burdens, liabilities, restrictions or requirements thereon or on Verizon, Spinco or the Company with respect thereto that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Verizon (assuming for such purposes that the business, assets, properties and liabilities of Verizon were comparable in size to that of the Surviving Corporation) or the Surviving Corporation (collectively, a “Restraint”), and no Governmental Authority shall have instituted or threatened to institute and not withdrawn any proceeding seeking any such Restraint.

(i) Unless the parties agree in writing upon and implement an alternative structure for the transactions contemplated hereby that eliminates the need for an IRS Ruling as contemplated by Section 2.7 hereof, Verizon and Spinco (and, to the extent applicable, the Company) shall have received the IRS Ruling in form and substance reasonably satisfactory to Verizon, Spinco and the Company, and such IRS Ruling shall continue to be valid and in full force and effect.

(j) The Company shall have received a Merger Tax Opinion from Company Tax Counsel, in form and substance reasonably satisfactory to the Company, and Verizon shall have received a Merger Tax Opinion from Verizon Tax Counsel, in form and substance reasonably satisfactory to Verizon, and Verizon Tax Counsel shall have issued the Distribution Tax Opinion.

(k) Verizon and the Company shall have received the opinion of a nationally recognized independent valuation firm selected by Verizon (and reasonably acceptable to the Company) attesting to the solvency of the Surviving Corporation on a pro forma basis immediately after the Effective Time, which opinion shall be in customary form (the “Solvency Opinion”).

8.2 Additional Conditions to the Obligations of Verizon and Spinco. The obligation of Verizon and Spinco to consummate the Merger shall be subject to the fulfillment (or, to the extent permitted by applicable Law, waiver by Verizon) at or prior to the Effective Time of the following additional conditions:

(a) The Company shall have performed in all material respects all obligations and complied in all material respects with all covenants required by this Agreement to be performed or complied with by it at or prior to the Effective Time.

(b) Each of the representations and warranties of the Company (i) set forth in Article VI (other than Sections 6.3(a) and 6.3(b)) of this Agreement shall be true and correct as of the date of this Agreement and as of the Closing Date as though such representations and warranties were made on and as of the Closing Date, except for representations and warranties that speak as of an earlier date or period (which shall be true and correct as of such earlier date or period); provided, however, that for purposes of this clause (i), such representations and warranties shall be deemed to be true and correct unless the failure or failures of all such representations and warranties to be so true and correct, without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties, has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company and (ii) set forth in Sections 6.3(a) and 6.3(b) of this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date.

(c) The Company shall have delivered to Verizon a certificate, dated as of the Effective Time, of a senior officer of the Company certifying the satisfaction by the Company of the conditions set forth in subsections (a) and (b) of this Section 8.2.

(d) Verizon shall have received in connection with the Distribution the Special Payment and, if applicable, a principal amount of Spinco Securities that, together with the Special Payment (and the amount of any Distribution Date Spinco Indebtedness), equal \$3.333 billion in the aggregate and, if Spinco Securities are issued and if Verizon desires to consummate the Debt Exchange, the Debt Exchange shall have been consummated with respect to a principal amount of Spinco Securities equal to (x) \$3.333 billion minus (y) the sum of (A) the total amount of the Special Payment and (B) the amount of Distribution Date Spinco Indebtedness.

(e) Except as disclosed in the Company Disclosure Letter or as expressly contemplated by the Transaction Agreements, since December 31, 2008, there shall have been no state of facts, change, development, event, effect, condition or occurrence that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

(f) The Company shall have entered into the applicable Transaction Agreements, and to the extent applicable, timely performed them in all material respects, and each such agreement shall be in full force and effect.

8.3 Additional Conditions to the Obligations of the Company. The obligation of the Company to consummate the Merger shall be subject to the fulfillment (or, to the extent permitted by applicable Law, waiver by the Company) at or prior to the Effective Time of the following additional conditions:

(a) Spinco and Verizon shall have performed in all material respects all obligations and complied in all material respects with all covenants required by this Agreement to be performed or complied with by them at or prior to the Effective Time.

(b) Each of the representations and warranties of Verizon and Spinco (i) set forth in Article IV and Article V (other than Sections 4.2(a), 5.2(b), 5.3(a), 5.3(b) and 5.17) of this Agreement shall be true and correct as of the date of this Agreement and as of the Closing Date as though such representations and warranties were made on and as of the Closing Date, except for representations and warranties that speak as of an earlier date or period (which shall be true and correct as of such earlier date or period); provided, however, that for purposes of this clause (i), such representations and warranties shall be deemed to be true and correct unless the failure or failures of all such representations and warranties to be so true and correct, without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties, has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Verizon, Spinco or the Spinco Business and (ii) set forth in Sections 4.2(a), 5.2(b), 5.3(a), 5.3(b) and 5.17 of this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date.

(c) Verizon and Spinco shall have delivered to the Company a certificate, dated as of the Effective Time, of a senior officer of each of Verizon and Spinco certifying the satisfaction of the conditions set forth in subsections (a) and (b) of this Section 8.3.

(d) Spinco and Verizon (or a Subsidiary thereof) shall have entered into the applicable Transaction Agreements, and to the extent timely, performed them in all material respects, and each such agreement shall be in full force and effect.

(e) Except as disclosed in the Spinco Disclosure Letter or as expressly contemplated by the Transaction Agreements, since December 31, 2008, there shall have been no state of facts, change, development, event, effect, condition or occurrence that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Spinco or the Spinco Business.

ARTICLE IX

TERMINATION, AMENDMENT AND WAIVERS

9.1 Termination. Notwithstanding anything contained in this Agreement to the contrary, this Agreement may be terminated and the transactions contemplated hereby may be abandoned prior to the Effective Time, whether before or after the Requisite Approval:

(a) by the mutual written consent of each party hereto, which consent shall be effected by action of the Board of Directors of each such party;

(b) by any party hereto if the Effective Time shall not have occurred on or before July 31, 2010 (as such date may be extended in accordance with the terms of this Agreement, the "End Date"); provided, however, that if as of such date (i) all Closing conditions (ignoring for this purpose Section 8.2(d)) other than the conditions in Section 8.1(c) or 8.1(d), are satisfied or capable of being satisfied as of such date (assuming for such purpose that such date were the Closing Date), or (ii) a Financial Market Deferral is then in effect pursuant to Section 7.18(b), then the End Date may be extended by Verizon or the Company upon written notice and the period of such extension shall be (x) in the case of clause (i), for one or more one month periods, not to exceed four calendar months in the aggregate, to obtain such Telecommunications Regulatory Consents in a manner that satisfies the conditions in Sections 8.1(c) and 8.1(d) and (y) in the case of clause (ii), for one month (or two month, if applicable pursuant to Section 7.18(b)) periods, to the extent permitted to do so pursuant to Section 7.18(b); provided further, however, that the right to terminate this Agreement pursuant to this Section 9.1(b) shall not be available to any party whose failure to perform any of its obligations under this Agreement required to be performed by it at or prior to such date has been a substantial cause of, or substantially contributed to, the failure of the Merger to have become effective on or before such date;

(c) by any party hereto if (i) a statute, rule, regulation or executive order shall have been enacted, entered or promulgated prohibiting the consummation of the Merger

or (ii) an Order shall have been entered that either (A) would result in a failure of a condition set forth in Section 8.1(c) or (B) permanently restrains, enjoins or otherwise prohibits the consummation of the Merger, and in each case such Order shall have become final and non-appealable and the party seeking to terminate this Agreement pursuant to this clause 9.1(c)(ii) shall have used all commercially reasonable efforts to remove such Order in accordance with and to the extent required by Section 7.6(h) insofar as such Section relates to, a final order of the FCC or a State Regulator in the Territory or in the states listed in Section 6.3(d) of the Company Disclosure Letter;

(d) by the Company, if either Verizon or Spinco shall have breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (i) would result in a failure of a condition set forth in Section 8.1 or Section 8.3 and (ii) cannot be cured by the End Date; provided, however, that the Company shall have given Verizon and Spinco written notice, delivered at least 30 days prior to such termination, stating the Company's intention to terminate this Agreement pursuant to this Section 9.1(d) and the basis for such termination;

(e) by Verizon and Spinco, if the Company shall have breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (i) would result in a failure of a condition set forth in Section 8.1 or Section 8.2 and (ii) cannot be cured by the End Date; provided, however, that Verizon and Spinco shall have given the Company written notice, delivered at least 30 days prior to such termination, stating Verizon and Spinco's intention to terminate the Agreement pursuant to this Section 9.1(e) and the basis for such termination;

(f) by Verizon and Spinco, on the one hand, or the Company, on the other hand, if, at the Company Stockholders Meeting (after giving effect to any adjournment, continuation or postponement thereof), the Requisite Approval is not obtained; provided, however, that the right to terminate this Agreement under this Section 9.1(f) shall not be available to the Company where such failure to obtain the Requisite Approval shall have been caused by the action or failure to act of the Company and such action or failure to act constitutes a material breach by the Company of this Agreement;

(g) by Verizon and Spinco, if (i) the Board of Directors of the Company (or any committee thereof) shall have effected a Change of Board Recommendation or resolved to effect a Change of Board Recommendation or (ii) the Company fails to call and hold the Company Stockholders Meeting within 60 days after the date on which the SEC shall clear (whether orally or in writing) the Proxy Statement/Prospectus and, if

required by the SEC as a condition to the mailing of the Proxy Statement/Prospectus, the date of effectiveness of the Company Registration Statement; or

(h) by Verizon and Spinco on any date, if on such date (i) the average of the volume weighted averages of the trading prices of the Company Common Stock for any period of 60 consecutive trading days that ended within three Business Days prior to such date is below \$3.87 and (ii) Verizon and Spinco notify the Company in writing that they are terminating this Agreement in accordance with this Section 9.1(h).

9.2 Effect of Termination. In the event of termination of this Agreement pursuant to Section 9.1, this Agreement shall terminate (except for the Confidentiality Agreement referred to in Section 10.1, the provisions of Section 9.3 and Article XI), without any liability on the part of any party except as set forth in Section 9.3; provided, however, that nothing in this Agreement shall relieve any party of liability for fraud or willful and knowing breach of this Agreement or the Distribution Agreement prior to such termination.

9.3 Amounts Payable in Certain Circumstances. In the event that (i) Verizon and Spinco terminate this Agreement pursuant to Section 9.1(g) or (ii) (A) any Person (other than Verizon, Spinco or any of their Affiliates) shall have made a Company Acquisition Proposal after the date hereof and prior to the Termination Date, and thereafter this Agreement is terminated by any party pursuant to Section 9.1(b) or by Verizon or Spinco pursuant to Section 9.1(e) as a result of a breach by the Company of Section 7.6 or Section 7.18 or by any party pursuant to Section 9.1(f) (and a Company Acquisition Proposal shall have been publicly announced prior to the Company Stockholders Meeting) and (B) within twelve months after the termination of this Agreement, any Company Acquisition shall have been consummated or any definitive agreement with respect to any Company Acquisition Proposal (other than, in each case, with Verizon, Spinco or any of their Affiliates) shall have been entered into, then the Company shall pay Verizon a fee, in immediately available funds, in the amount of \$80 million at the time of such termination, in the case of a termination described in clause (i) above, or upon the occurrence of the earliest event described in clause (ii)(B), in the event of a termination described in clause (ii), and in each case the Company shall be fully released and discharged from any other liability or obligation resulting from or under this Agreement, except with respect to any fraud or willful and knowing breach of this Agreement; provided, however, that for purposes of clause (ii)(B) of this Section 9.3 only, (i) all references to 15% in the definition of Company Acquisition shall be deemed to be references to 50% and (ii) clause (i) of the definition of Company Acquisition shall read as follows: "any merger, consolidation, share exchange, business combination, recapitalization or other similar transaction or series of related transactions involving the Company or any of its Significant Subsidiaries following which the stockholders of the

Company or any such Significant Subsidiary immediately prior to such transactions (or series of transactions) do not hold and own greater than 70% of the issued and outstanding equity securities of the Company or such Significant Subsidiary (or the successor thereof), as the case may be”.

9.4 Amendment. This Agreement may be amended by Verizon, Spinco and the Company at any time before or after receipt of the Requisite Approval; provided, however, that after receipt of the Requisite Approval, no amendment shall be made that by Law or in accordance with the rules of any relevant stock exchange or automated inter-dealer quotation system requires further approval by stockholders of the Company without such further approval of such stockholders. This Agreement may not be amended except by an instrument in writing signed by each of Verizon, Spinco and the Company.

9.5 Waivers. At any time prior to the Effective Time, Verizon and Spinco, on the one hand, and the Company, on the other hand, may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations or acts of Verizon and Spinco or the Company, as applicable; (ii) waive any inaccuracies in the representations and warranties of Verizon and Spinco or the Company, as applicable, contained herein or in any document delivered pursuant to this Agreement; and (iii) waive compliance with any of the agreements or conditions of Verizon and Spinco or the Company, as applicable, contained herein; provided, however, that no failure or delay by Verizon, Spinco or the Company in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right hereunder. Any agreement on the part of Verizon, Spinco or the Company to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

ARTICLE X

SURVIVAL; INDEMNIFICATION

10.1 Survival of Representations, Warranties and Agreements. The covenants and agreements that expressly state that they are to be performed following the Effective Time pursuant to the Distribution Agreement or this Agreement (including Sections 10.2 to 10.6 hereof) shall survive the Effective Time in accordance with their respective terms, and all other covenants and agreements herein and therein shall terminate and shall not survive the Effective Time. None of the representations or warranties in this Agreement or in any certificate or instrument delivered pursuant to this Agreement or any other covenant or agreement set forth herein shall survive the Effective Time. The

Confidentiality Agreement shall survive the execution and delivery of this Agreement and any termination of this Agreement, and the provisions of the Confidentiality Agreement shall apply to all information and material furnished by any party or its representatives thereunder or hereunder.

10.2 Indemnification.

(a) If the Closing occurs, the Surviving Corporation shall indemnify, defend and hold harmless (i) the Verizon Indemnitees from and against all Losses arising out of or due to the failure of any member of the Spinco Group (A) to timely pay or satisfy any Spinco Liabilities, or (B) to perform any of its obligations under this Agreement or the Distribution Agreement and (ii) Verizon and each Person, if any, who controls, within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (any such Person being hereinafter referred to as a "Controlling Person"), Verizon from and against, and pay or reimburse each of the foregoing for, all Losses, arising out of or resulting from, directly or indirectly, or in connection with, any untrue statement or alleged untrue statement of a material fact contained in or incorporated by reference into either of the Registration Statements or the Proxy Statement/Prospectus (or any amendment or supplement thereto) or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the Surviving Corporation shall not be responsible for information provided by Verizon (or its Affiliates) as to itself and its Subsidiaries, including Spinco, specifically for inclusion in, or incorporation by reference into, any such Proxy Statement/Prospectus or Registration Statement.

(b) If the Closing occurs, Verizon shall indemnify, defend and hold harmless (i) the Surviving Corporation Indemnitees from and against all Losses arising out of or due to (x) the failure of any member of the Verizon Group (A) to timely pay or satisfy any Verizon Liabilities, or (B) to perform any of its obligations under this Agreement or the Distribution Agreement or (y) the actual amount of Distribution Date Spinco Indebtedness exceeding the amount of Distribution Date Spinco Indebtedness set forth by Verizon and Spinco in the Closing Statement, and (ii) the Surviving Corporation and each Controlling Person of the Surviving Corporation from and against, and pay or reimburse each of the foregoing for, all Losses arising out of or resulting from, directly or indirectly, or in connection with, any untrue statement or alleged untrue statement of a material fact contained in or incorporated by reference into either of the Registration Statements or the Proxy Statement/Prospectus (or any amendment or supplement thereto) or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, but only with respect to information provided by Verizon (or

its Affiliates) as to itself and its Subsidiaries, including Spinco, specifically for inclusion in, or incorporation by reference into, any such Proxy Statement/Prospectus or Registration Statement.

(c) Notwithstanding anything to the contrary set forth herein, indemnification or other claims relating to any Transaction Agreement (other than the Distribution Agreement) or relating to any ongoing commercial agreement between any member of the Verizon Group and any member of the Spinco Group shall be governed by the terms of such agreement and not by this Article X (except to the extent expressly so stated in such Transaction Agreement), and indemnification for all matters relating to Taxes shall be governed by terms, provisions and procedures of the Tax Sharing Agreement and not this Article X.

10.3 Limitation on Claims for Indemnifiable Losses. Notwithstanding anything to the contrary contained herein:

(a) No claim may be asserted by any Surviving Corporation Indemnitee under this Article X arising from any failure to transfer any Spinco Asset to Spinco unless such claim is asserted, if at all, within 18 months from the Closing Date.

(b) No Indemnitor shall be liable to or obligated to indemnify any Indemnitee hereunder for any consequential, special, punitive or exemplary damages including, but not limited to, damages arising from loss or interruption of business, profits, business opportunities or goodwill, or any cost or expense related thereto, except to the extent such damages are payable to or have been recovered by a third person and are the subject of a Third Party Claim for which indemnification is available under the express terms of this Article X.

(c) Verizon and the Company shall cooperate with each other with respect to resolving any claim or liability with respect to which one party is obligated to indemnify the other party (or its Affiliates) hereunder, including by using all commercially reasonable efforts to mitigate the Losses and resolve any such claim or liability prior to initiating litigation.

10.4 Defense of Claims.

(a) Third Party Claims. If any Indemnitee receives notice of the assertion of any claim or of the commencement of any action or proceeding by any entity that is not

either a Surviving Corporation Indemnitee or a Verizon Indemnitee (each, a "Third Party Claim") against such Indemnitee, with respect to which an Indemnitor is obligated to provide indemnification under this Agreement, the Indemnitee will give such Indemnitor prompt written notice thereof, but in any event not later than ten calendar days after receipt of notice of such Third Party Claim; provided, however, that the failure of an Indemnitee to notify the Indemnitor within the time period set forth herein shall only relieve the Indemnitor from its obligation to indemnify to the extent that the Indemnitor is materially prejudiced by such failure or delay (whether as a result of the forfeiture of substantive rights or defenses or otherwise). Upon receipt of notification of a Third Party Claim, the Indemnitor shall be entitled, upon written notice to the Indemnitee, to assume the investigation and defense thereof at such Indemnitor's expense with counsel reasonably satisfactory to the Indemnitee; provided, however, that the Indemnitor shall not have the right to assume the defense of any Third Party Claim in the event such Third Party Claim is primarily for injunctive relief or criminal penalty of the Indemnitee, in which case the reasonable fees and expenses of counsel to the Indemnitee in connection with such Third Party Claim shall be considered "Losses" for purposes of this Agreement. Whether or not the Indemnitor elects to assume the investigation and defense of any Third Party Claim, the Indemnitee shall have the right to employ separate counsel and to participate in the investigation and defense thereof; provided, however, that the Indemnitee shall pay the fees and disbursements of such separate counsel unless (1) the employment of such separate counsel has been specifically authorized in writing by the Indemnitor; (2) the Indemnitor has failed to assume the defense of such Third Party Claim within 20 calendar days after receipt of notice thereof with counsel reasonably satisfactory to such Indemnitee; or (3) the named parties to the proceeding in which such Third Party Claim has been asserted include both the Indemnitor and such Indemnitee and, in the reasonable judgment of counsel to such Indemnitee, there exists one or more good faith defenses that may be available to the Indemnitee that are in conflict with those available to the Indemnitor or that the Indemnitor and Indemnitee have actual material conflicting interests with respect to such Third Party Claim. Notwithstanding the foregoing, the Indemnitor shall not be liable for the fees and disbursements of more than one counsel for all Indemnitees in connection with any one proceeding or any similar or related proceedings arising from the same general allegations or circumstances. Without the prior written consent of an Indemnitee, which shall not be unreasonably withheld, conditioned or delayed, the Indemnitor will not enter into any settlement of or consent to the entry of judgment in connection with any Third Party Claim that (i) would lead to liability or create any financial or other obligation on the part of the Indemnitee, (ii) does not contain, as an unconditional term thereof, the release of the Indemnitee from all liability in respect of such Third Party Claim or such Third Party Claim is not dismissed against the Indemnitee with prejudice and without the imposition of any financial or other obligation on the Indemnitee or (iii) admits the liability or fault of the Indemnitee (the "Settlement Requirements"). If a settlement offer solely for money damages (and otherwise satisfying the Settlement Requirements) is made to resolve a Third Party Claim and the Indemnitor notifies the Indemnitee in

writing of the Indemnitor's willingness to accept the settlement offer and pay the amount called for by such offer without reservation of any rights or defenses against the Indemnitee and if the Indemnitee fails to consent to such settlement offer within ten calendar days after its receipt of such notice, Indemnitee may continue to contest such claim, free of any participation by the Indemnitor, and the amount of any ultimate liability with respect to such Third Party Claim that the Indemnitor has an obligation to pay hereunder shall be limited to the lesser of (x) the amount of the settlement offer that the Indemnitee declined to accept plus the Losses of the Indemnitee relating to such Third Party Claim through the date of its rejection of the settlement offer and (y) the aggregate Losses of the Indemnitee with respect to such claim. The party controlling any defense shall keep the other party advised of the status of such Third Party Claim and the defense thereof and shall consider in good faith all reasonable recommendations made by the other party with respect thereto.

(b) Direct Claims. Any claim by an Indemnitee for Losses that do not result from a Third Party Claim (each, a "Direct Claim") shall be asserted by giving the Indemnitor prompt written notice thereof, but in any event not later than 60 calendar days after the incurrence thereof or such Indemnitee's actual knowledge of such event (whichever is later); provided, however, that the failure of an Indemnitee to notify the Indemnitor within the time period set forth herein shall only relieve the Indemnitor from its obligation to indemnify to the extent that the Indemnitor is materially prejudiced by such failure or delay (whether as a result of the forfeiture of substantive rights or defenses or otherwise), and the Indemnitor will have a period of 30 calendar days within which to respond in writing to such Direct Claim. If the Indemnitor does not so respond within such 30 calendar day period, the Indemnitor will be deemed to have accepted such claim. If the Indemnitor rejects such claim, the Indemnitee will be free to pursue such remedies as may be available to the Indemnitee on the terms and subject to the provisions of this Article X.

10.5 Subrogation. If after the making of any Indemnification Payment, the amount of the Losses to which such payment relates is reduced by recovery, settlement or otherwise under any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other Person, the amount of such reduction (less any costs, expenses, premiums or Taxes incurred in connection therewith) as and when actually received by the Indemnitee will promptly be repaid by the Indemnitee to the Indemnitor. Upon making any Indemnification Payment, the Indemnitor will, to the extent of such Indemnification Payment, be subrogated to all rights of the Indemnitee against any third party that is not an Affiliate of the Indemnitee in respect of the Losses to which the Indemnification Payment relates; provided, however, that (a) the Indemnitor shall then be in compliance with its obligations under this Agreement in respect of such Losses, and (b) until the Indemnitee recovers full payment of its Losses, all claims of the Indemnitor against any such third party on account of said Indemnification Payment will be

subrogated and subordinated in right of payment to the Indemnitee's rights against such third party. Without limiting the generality or effect of any other provision of this Article X, each such Indemnitee and Indemnitor will duly execute upon request all instruments reasonably necessary to evidence and perfect the above-described subrogation and subordination rights.

10.6 Other Rights and Remedies. Following the Closing, the sole and exclusive remedy at law for Verizon or the Company and all Affiliates thereof for any claim (whether such claim is framed in tort, contract or otherwise) arising out of a breach of this Agreement or the Distribution Agreement (to the extent permitted in Section 6.1 of the Distribution Agreement), other than a claim for fraud or willful and knowing misconduct, shall be a claim by Verizon or the Company for indemnification pursuant to this Article X.

ARTICLE XI

MISCELLANEOUS

11.1 Expenses. Except as expressly set forth in any Transaction Agreement, each party shall bear its own fees and expenses in connection with the transactions contemplated hereby; provided, however, that:

(i) if the Merger is consummated, Verizon and the Company shall each bear and be responsible for 50% of all Distribution/Merger Transfer Taxes and all recording, application and filing fees associated with the transfer of the Spinco Assets in connection with the transactions contemplated by the Distribution Agreement (including the transfer of Spinco Owned Real Property and Real Property Interests such as railroad crossing rights and easements);

(ii) if the Debt Exchange is consummated, (A) Verizon shall pay and be responsible for all fees and expenses of its exchange counterparties and financial and legal advisors and (B) Verizon and the Company shall each bear and be responsible for 50% of all other costs and expenses in connection with the Debt Exchange (including any printing costs, trustees fees and roadshow expenses);

(iii) Verizon shall pay the fees and reimbursable expenses of the independent valuation firm referred to in Section 8.1(k) that are incurred in connection with the preparation and delivery of the Solvency Opinion; and

(iv) the costs of any filing fees or any advisor or consultant hired by any Governmental Agency with the mutual consent of Verizon and the Company (or to which neither party has the right to disapprove), as contemplated by Section 7.6, regardless of which party is allocated such costs under Law, shall be considered joint costs and the non-paying party shall reimburse the paying party for 50% of such costs within 30 days of receipt of an invoice for same.

If any party pays an amount that is the responsibility of another party pursuant to this Section 11.1, such paying party shall be promptly reimbursed by the party responsible for such amount. If the Closing occurs, such reimbursement shall occur on the Closing Date to the extent the paying party provides evidence of such payments at least 10 Business Days prior to the Closing Date.

11.2 Notices. Any notice required to be given to a party hereunder shall be sufficient if in writing, and sent by facsimile transmission (with receipt confirmed, provided that any notice received by facsimile transmission at the addressee's location on any Business Day after 5:00 p.m. (addressee's local time) shall be deemed to have been received at 9:00 a.m. (addressee's local time) on the next Business Day), by reliable overnight delivery service (with proof of service), hand delivery or certified or registered mail (return receipt requested and first-class postage prepaid), addressed as follows:

If to Spinco (prior to the Effective Time) or Verizon, to:

Verizon Communications Inc.
140 West Street
New York, NY 10007
Facsimile: (908) 766-3813
Attn: Marianne Drost
Senior Vice President, Deputy General Counsel and Corporate Secretary

With a copy to (which shall not constitute notice):

Debevoise & Plimpton LLP
919 Third Avenue
New York, NY 10022
Facsimile: (212) 909-6836
Attn: Jeffrey J. Rosen
Kevin M. Schmidt

If to the Company, to:

Frontier Communications Corporation
3 High Ridge Park
Stamford, CT 06905
Facsimile: (203) 614-4661
Attn: Donald R. Shassian
Executive Vice President and Chief Financial Officer

and

Frontier Communications Corporation
3 High Ridge Park
Stamford, CT 06905
Facsimile: (203) 614-4651
Attn: Hilary E. Glassman, Senior Vice President, General Counsel and Secretary

With a copy to (which shall not constitute notice):

Cravath, Swaine & Moore LLP
825 Eighth Avenue
New York, NY 10019
Facsimile: (212) 474-3700
Attn: Robert I. Townsend, III
Craig F. Arcella

or to such other address as any such party shall specify by written notice so given, and such notice shall be deemed to have been delivered as of the date so telecommunicated, delivered or mailed. Any party to this Agreement may notify any other party of any changes to the address or any of the other details specified in this paragraph; provided, however, that such notification shall only be effective on the date specified in such notice or five Business Days after the notice is given, whichever is later. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice as of the date of such rejection, refusal or inability to deliver. Verizon and Spincos shall provide to the Company in a manner consistent with this Section 11.2 copies of any notices that either may deliver to the other under the Distribution Agreement.

11.3 Interpretation: Consent.

(a) When a reference is made in this Agreement to an Article or Section, such reference shall be to an Article or Section of this Agreement unless otherwise indicated. The table of contents to this Agreement, and the Article and Section headings contained

in this Agreement, are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The term "or" is not exclusive. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined herein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms. Unless otherwise specified, any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and includes all attachments thereto and instruments incorporated therein. References to a person are also to its permitted successors and assigns.

(b) Each of the parties hereto has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if it is drafted by all the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authorship of any of the provisions of this Agreement. For the avoidance of doubt, (i) "the business of the Company" or similar terms means the business of the Company and its Subsidiaries, taken as a whole and (ii) "consistent with past practice" when used with respect to Spinco or any of its Subsidiaries shall mean the past practice of Verizon and its Subsidiaries with respect to the conduct of the Spinco Business.

(c) Any matter disclosed in any particular Section or Subsection of the Spinco Disclosure Letter, the Verizon Disclosure Letter or the Company Disclosure Letter shall be deemed to have been disclosed in any other Section or Subsection of this Agreement with respect to which such matter is relevant so long as the applicability of such matter to such other Section or Subsection of this Agreement is reasonably apparent on its face.

(d) Unless otherwise expressly stated in this Agreement, any right of consent, approval or election given to any party hereto may be exercised by such party in its sole discretion.

11.4 Severability. If any provision of this Agreement or the application of any such provision to any Person or circumstance shall be declared judicially to be invalid,

unenforceable or void, such decision shall not have the effect of invalidating or voiding the remainder of this Agreement, it being the intent and agreement of the parties hereto that this Agreement shall be deemed amended by modifying such provision to the extent necessary to render it valid, legal and enforceable while preserving its intent or, if such modification is not possible, by substituting therefor another provision that is valid, legal and enforceable and that achieves the original intent of the parties hereto.

11.5 Assignment: Binding Effect. Neither this Agreement nor any of the rights, benefits or obligations hereunder may be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of all of the other parties, and any purported assignment without such consent shall be null and void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns.

11.6 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person (other than Verizon, Spingo and the Company and their respective successors and permitted assigns) any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, and, except as provided in Article X with respect to Indemnitees, no Person shall be deemed a third party beneficiary under or by reason of this Agreement.

11.7 Limited Liability. Notwithstanding any other provision of this Agreement, no stockholder, director, officer, Affiliate, agent or representative of any of the parties hereto, in its capacity as such, shall have any liability in respect of or relating to the covenants, obligations, representations or warranties of such party under this Agreement or in respect of any certificate delivered with respect hereto or thereto and, to the fullest extent legally permissible, each of the parties hereto, for itself and its stockholders, directors, officers and Affiliates, waives and agrees not to seek to assert or enforce any such liability that any such Person otherwise might have pursuant to applicable Law.

11.8 Entire Agreement. This Agreement (together with the other Transaction Agreements, the Confidentiality Agreement, the exhibits and the Disclosure Letters and the other documents delivered pursuant hereto) constitutes the entire agreement of all the parties hereto and supersedes all prior agreements and understandings, both written and oral, between or among the parties, or any of them, with respect to the subject matter hereof.

11.9 Governing Law. Except to the extent relating to the consummation of the Merger, which shall be consummated in accordance with the DGCL, this Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to the conflicts of law principles thereof.

11.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement binding on the parties hereto, notwithstanding that not all parties are signatories to the original or the same counterpart.

11.11 Waiver of Jury Trial. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF THE PARTIES HERETO IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF.

11.12 Jurisdiction; Enforcement; Service of Process. THE PARTIES HERETO AGREE THAT IRREPARABLE DAMAGE WOULD OCCUR IN THE EVENT THAT ANY OF THE PROVISIONS OF THIS AGREEMENT WERE NOT PERFORMED IN ACCORDANCE WITH THEIR SPECIFIC TERMS OR WERE OTHERWISE BREACHED. IT IS ACCORDINGLY AGREED THAT THE PARTIES HERETO SHALL BE ENTITLED TO AN INJUNCTION OR INJUNCTIONS TO PREVENT BREACHES OF THIS AGREEMENT AND TO ENFORCE SPECIFICALLY THE TERMS AND PROVISIONS OF THIS AGREEMENT IN ANY FEDERAL COURT LOCATED IN THE STATE OF NEW YORK OR, IF SUCH FEDERAL COURTS DO NOT HAVE SUBJECT MATTER JURISDICTION, OF ANY NEW YORK STATE COURT, THIS BEING IN ADDITION TO ANY OTHER REMEDY TO WHICH THEY ARE ENTITLED AT LAW OR IN EQUITY. IN ADDITION, EACH OF THE PARTIES HERETO (A) CONSENTS TO SUBMIT ITSELF TO THE PERSONAL JURISDICTION OF ANY FEDERAL COURT LOCATED IN THE STATE OF NEW YORK OR, IF SUCH FEDERAL COURTS DO NOT HAVE SUBJECT MATTER JURISDICTION, OF ANY NEW YORK STATE COURT IN THE EVENT ANY DISPUTE ARISES OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, (B) AGREES THAT IT WILL NOT ATTEMPT TO DENY OR DEFEAT SUCH PERSONAL JURISDICTION BY MOTION OR OTHER REQUEST FOR LEAVE FROM ANY SUCH COURT AND (C) AGREES THAT IT WILL NOT BRING ANY ACTION RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT IN ANY COURT OTHER THAN A

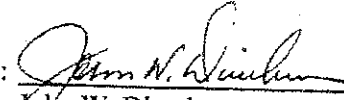
FEDERAL COURT SITTING IN THE STATE OF NEW YORK OR, IF SUCH FEDERAL COURTS DO NOT HAVE SUBJECT MATTER JURISDICTION, A NEW YORK STATE COURT. THE PARTIES HEREBY AGREE THAT MAILING OF PROCESS OR OTHER PAPERS IN CONNECTION WITH ANY SUCH ACTION OR PROCEEDING IN THE MANNER PROVIDED IN SECTION 11.2, OR IN SUCH OTHER MANNER AS MAY BE PERMITTED BY LAW, SHALL BE VALID AND SUFFICIENT SERVICE THEREOF AND HEREBY WAIVE ANY OBJECTIONS TO SERVICE ACCOMPLISHED IN THE MANNER HEREIN PROVIDED.

11.13 Knowledge Convention. As used herein, the phrase "Spinco's Knowledge" and similar phrases shall mean all matters actually known to the following individuals: Stephen E. Smith, J. Goodwin Bennett, Thomas R. Parker, Karen Zacharia, Leonard Suchyta, David Feldman and Dale M. Chamberlain. As used herein, the phrase "Company's Knowledge" and similar phrases shall mean all matters actually known to the following individuals: Hilary Glassman, Dan McCarthy, Don Shassian and Celia McKenney.


[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

VERIZON COMMUNICATIONS INC.

By: 
John W. Dierksen
Executive Vice President Strategy, Planning
and Development

NEW COMMUNICATIONS HOLDINGS
INC.

By: 
Stephen E. Smith
Vice President

FRONTIER COMMUNICATIONS
CORPORATION

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

VERIZON COMMUNICATIONS INC.

By: _____
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Executive Vice President Strategy, Planning
and Development

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INC.

By: _____
Stephen E. Smith
Vice President

FRONTIER COMMUNICATIONS
CORPORATION

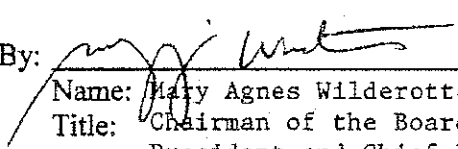
By:  _____
Name: Mary Agnes Wilderotter
Title: Chairman of the Board of Directors,
President and Chief Executive Officer

EXHIBIT 3

Corporate Structure Pre- and Post-Merger

Corporate Structure Pre- and Post-Merger

The following slides illustrate the Frontier Communications Corporation and Verizon Communications Inc. corporate structure for the affected incumbent local exchange companies (ILECs) and long distance service companies pre- and post-merger.

Slide 1 (page 2 of 5) shows the current Verizon structure for the Verizon entities involved in this transaction. All the affected Verizon ILECs (except Verizon West Virginia Inc.) are subsidiaries of GTE Corporation, which is a subsidiary of Verizon Communications Inc. Verizon West Virginia Inc. is a direct subsidiary of Verizon Communications Inc. New Communications Holdings Inc. (NCH) is a newly created Delaware corporation, formed for purposes of this transaction, and that currently is a direct subsidiary of Verizon Communications Inc.

Slide 2 (page 3 of 5) shows the Verizon structure after the ILECs are transferred to NCH. NCH has two subsidiaries: New Communications ILEC Holdings Inc., and New Communications Online and Long Distance Inc. The affected Verizon ILECs will be moved from GTE Corporation (or, in the case of Verizon West Virginia Inc., from Verizon Communications Inc.) to New Communications ILEC Holdings Inc. Certain non-ILEC assets, including the accounts receivables, liabilities, and customer relationships related to the long distance operations being transferred to Frontier, will be moved to New Communications Online and Long Distance Inc.

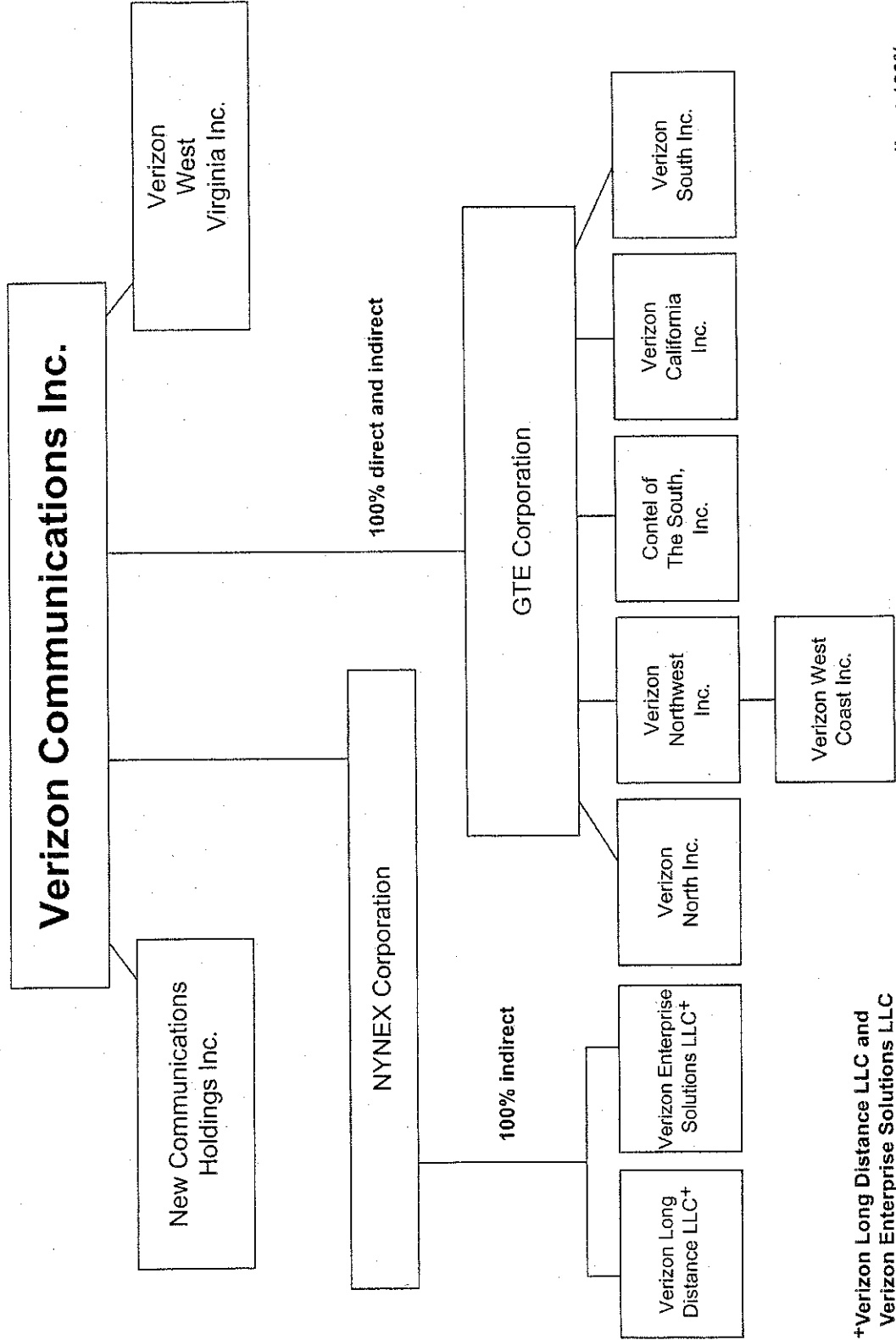
Slide 2 also shows two newly created ILEC subsidiaries of New Communications ILEC Holdings Inc.: New Communications of the Southwest Inc., and New Communications of the Carolinas Inc. New Communications of the Southwest Inc. will hold the assets of Verizon California Inc. that serve Arizona, Nevada, and those portions of California bordering Arizona and Nevada that are being transferred to Frontier. New Communications of the Carolinas Inc. will hold the assets of Verizon South Inc. that serve North Carolina, South Carolina, and a portion of Illinois. (Verizon California Inc. and Verizon South Inc. serve other areas not included in the transaction, and therefore Verizon will retain these companies.)

Slide 2 also shows a new ILEC subsidiary of GTE Corporation: Verizon North Retain Co. When created, this company will hold the assets of Verizon North Inc. that currently serve portions of Pennsylvania. These Pennsylvania assets will not be transferred to Frontier; Verizon will retain them.

Slide 3 (page 4 of 5) shows the distribution of NCH to Verizon's shareholders.

Slide 4 (page 5 of 5) shows Frontier Communications' corporate structure after NCH has been merged into it. Ownership and control of the existing Frontier ILECs and Frontier Communications of America, Inc. will not change as a result of the transaction.

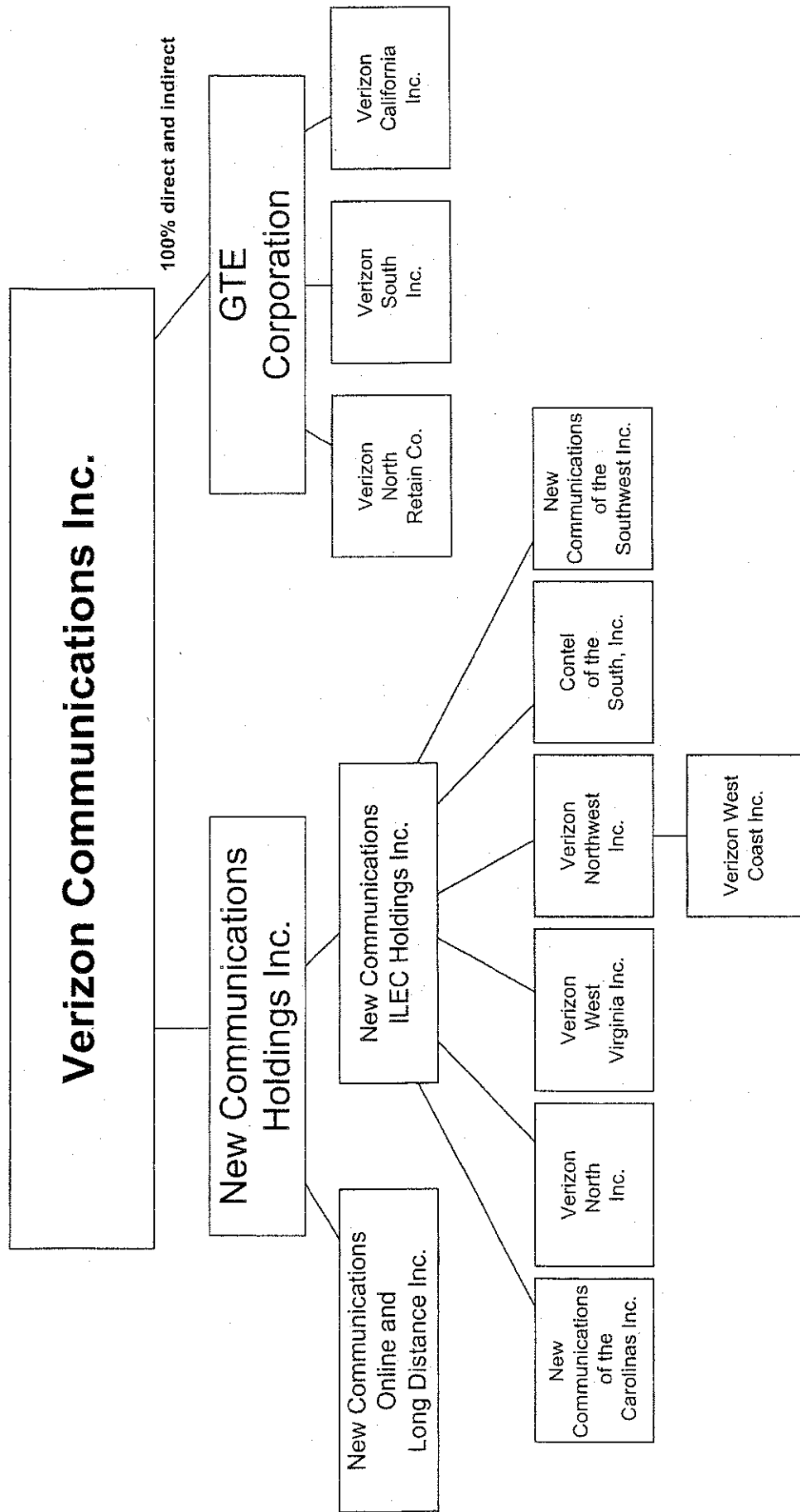
Current Verizon Structure



+Verizon Long Distance LLC and Verizon Enterprise Solutions LLC are only assigning some customer relationships.

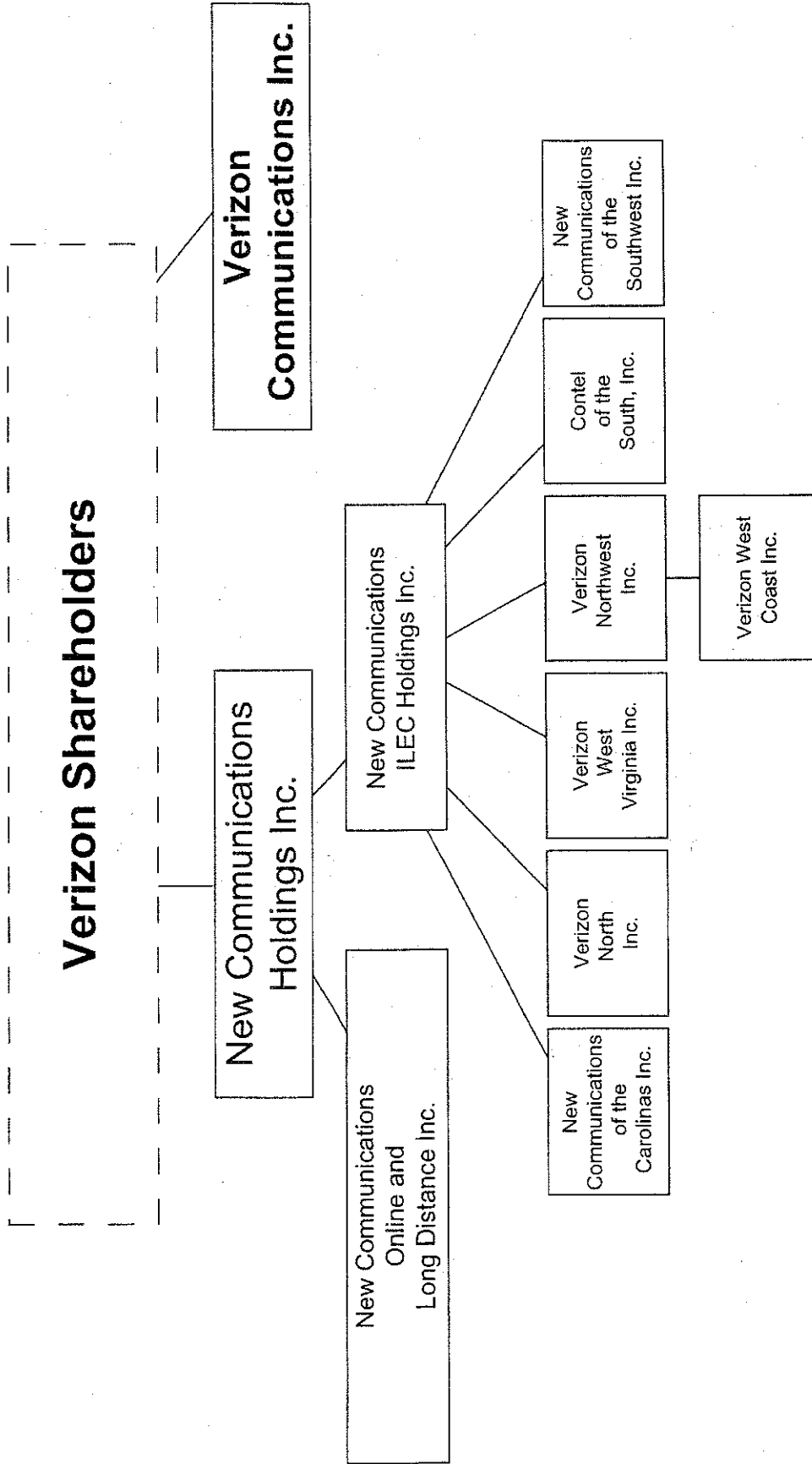
*All interests are direct 100%
Interests unless otherwise indicated.

Verizon Structure After Internal Reorganization



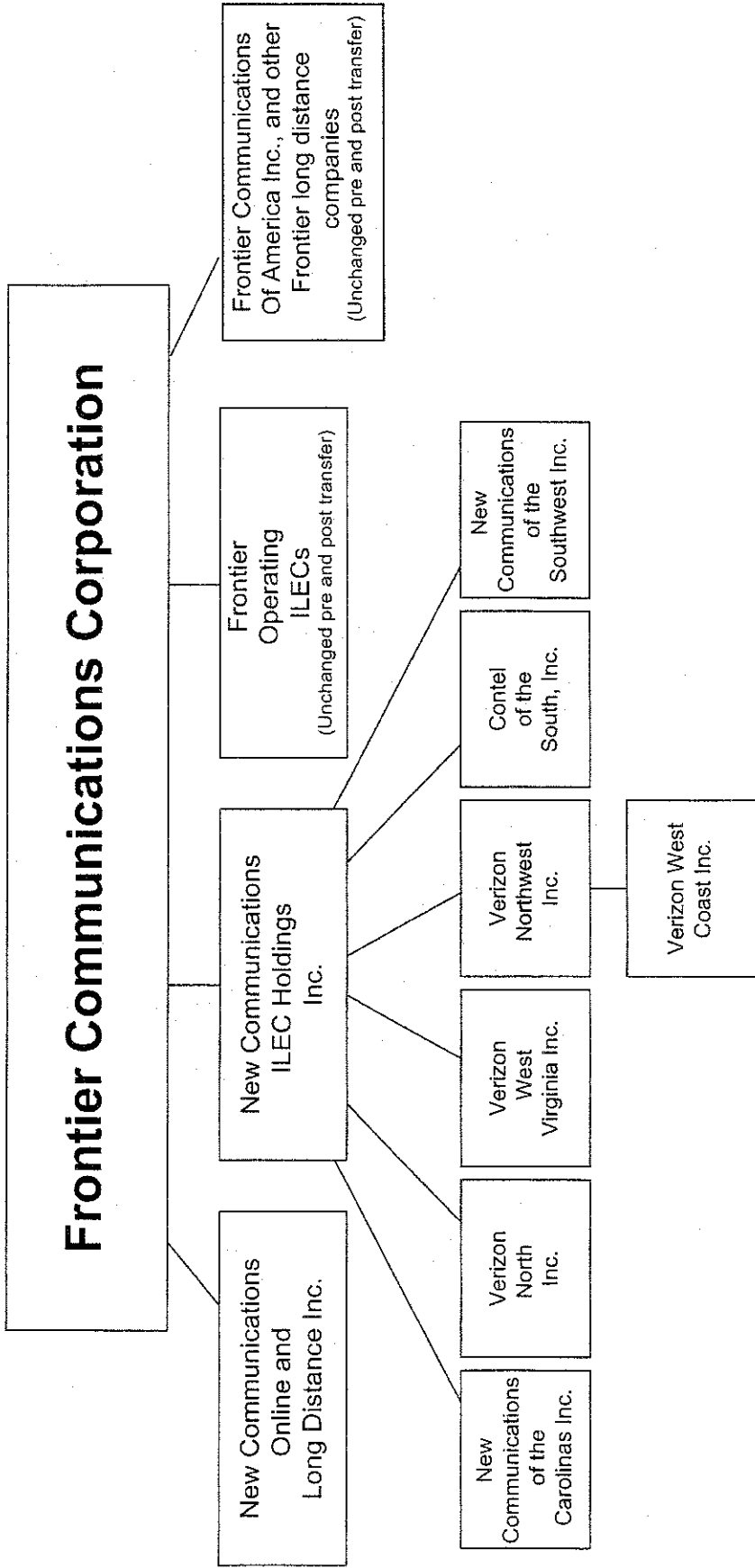
*All interests are direct 100%
interests unless otherwise indicated.

Spin-off to Verizon Shareowners



*All interests are direct 100% interests unless otherwise indicated.

Frontier Structure After Transaction



*All interests are direct 100%
Interests unless otherwise indicated.

EXHIBIT B-1

**Amended and Restated Bylaws of Verizon Northwest
Inc.**

AMENDED AND RESTATED B Y L A W S
OF

VERIZON NORTHWEST INC.

(a Washington corporation)
(as of August 8, 2002)

ARTICLE I

Meetings of Shareholders

SECTION 1.01. Place of Meeting. All meetings of the shareholders of the corporation shall be held at such place within or without the State of Washington as shall be designated by the board of directors (or by an officer or shareholders call in a meeting pursuant to Section 1.03) in accordance with Section 1.02 or Section 1.03.

SECTION 1.02. Annual Meeting. The board of directors shall fix the date, place and time of the annual meeting of the shareholders to be held for the purpose of electing directors and transacting such other business as may properly be brought before the meeting.

SECTION 1.03. Special Meetings. Special meetings of the shareholders of the corporation, for any purpose or purposes for which meetings may lawfully be called, may be called at any time by the chairman or any co-chairman of the board, by the president (or such officer as may be duly authorized to exercise the duties ordinarily exercised by the president), or by shareholders owning at least twenty-five percent of the stock upon written notice to the secretary, which written notice shall state the purpose or purposes of the meeting and designate the date, time and place of the meeting. It shall be the duty of the secretary to fix the date, place and time of such meeting in accordance with such notice (but subject to the express terms of these Bylaws) and to give due notice

thereof pursuant to Section 1.04.

SECTION 1.04. Notice of Meetings. Written notice of the place, date and hour of every meeting of the shareholders, whether annual or special, shall be given to each shareholder of record entitled to vote at the meeting not less than ten nor more than sixty days before the date of the meeting. Every notice of a special meeting shall state the purpose or purposes thereof.

SECTION 1.05. Quorum and Manner of Acting. The holders of a majority of the shares issued and outstanding (not including treasury stock) and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at any meeting of the shareholders for the transaction of business except as otherwise provided by statute, the articles of incorporation or these Bylaws. When a quorum is present or represented at any meeting, the vote of a majority of the shares present in person or represented by proxy and voting on the question shall decide any question brought before such meeting, unless the question is one upon which, by express provision of an applicable statute or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

ARTICLE II

Board of Directors

SECTION 2.01. Powers. The business and affairs of the corporation shall be managed under the direction of its board of directors; and all powers of the corporation, except those specifically reserved or granted to the shareholders by statute, the articles of incorporation or these Bylaws, are hereby granted to and vested in the board of directors.

SECTION 2.02. Number and Term of Office. The board of directors shall

consist of not less than one nor more than ten directors. At each annual meeting of shareholders, directors shall be chosen for a term of one year. Each director shall hold office until the director's successor shall have been elected and qualified, except in the event of the director's earlier death, resignation or removal. All directors of the corporation shall be natural persons, but need not be residents of Washington or shareholders of the corporation.

SECTION 2.03. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the shareholders may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, except in the event of the director's earlier death, resignation or removal.

SECTION 2.04. Resignations. Any director of the corporation may resign at any time upon written notice to the corporation. Such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 2.05. Organization. At every meeting of the board of directors, the following person shall preside: (i) the chairman or co-chairman of the board, or (ii) in the case of a vacancy in, or the nonexistence of, the offices of chairman and co-chairman of the board or the absence of an elected chairman or co-chairman of the board, the president, or (iii) in the case of a vacancy in, or the nonexistence of, the offices of chairman and co-chairman of the board and president or the absence of an elected chairman or co-chairman of the board and president, a chairman chosen by a majority of

the directors present shall preside. The secretary or, in the absence of the secretary, an assistant secretary or, in the absence of the secretary and the assistant secretaries, any person appointed by the chairman of the meeting shall act as secretary.

SECTION 2.06. Place of Meeting. The board of directors may hold its meetings, both regular and special, at such place or places within or without the State of Washington as the board of directors may from time to time determine or as may be designated in the notice calling the meeting.

SECTION 2.07. Annual Meeting. A meeting of the board of directors for the election of officers and the transaction of general business shall, unless a different time or place is designated by the board, be held following each annual meeting of shareholders at the place of the annual meeting of shareholders, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting if a quorum shall be present.

SECTION 2.08. Regular Meetings. Regular meetings of the board of directors may be held without notice at such time and place as shall be designated from time to time by resolution of the board of directors. If the date fixed for any such regular meeting is a Saturday, Sunday or legal holiday under the laws of the State where such meeting is to be held, then the meeting shall be held on the next succeeding business day or at such other time as may be determined by resolution of the board of directors. At such meetings, the directors shall transact such business as may properly be brought before the meeting.

SECTION 2.09. Special Meetings. Special meetings of the board of directors may be called by the chairman or any co-chairman of the board or by the president (or such officer as may be duly authorized to exercise the duties ordinarily

exercised by the president). Notice of each such meeting shall be given to each director by telephone (in which case notice shall be given at least two days before the time of the meeting), sent by telegram or similar method (in which case notice shall be given at least two days before the time of the meeting) or sent by first-class mail (in which case notice shall be given at least two days before the meeting). Each such notice shall state the time and place of the meeting to be so held, but no such notice shall be required to state the purpose or purposes for which the meeting is called nor the matters to be considered at such meeting.

SECTION. 2.10. Quorum, Manner of Acting and Adjournment. At all meetings of the board, one-third of the total number of directors in office shall constitute a quorum for the transaction of business and the vote of a majority of the directors present at any meeting at which there is a quorum present shall be the act of the board of directors, except as may be otherwise specifically provided by statute, these Bylaws or the articles of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the board or committee.

SECTION 2.11. Committees of the Board. The board of directors may, by resolution adopted by a majority of the whole board, designate two or more of its number to constitute an Executive Committee. The Executive Committee, except as otherwise expressly provided by resolution of the board, shall have and may exercise all

the powers and authority of the board of directors in the management of the business and affairs of the corporation to the extent permitted by law, including the power and authority to declare a dividend. The board of directors may, by resolution adopted by a majority of the whole board, designate from time to time such other committees of the board of directors as it shall deem necessary or appropriate. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a committee member, and in the absence or disqualification of the alternate or alternates designated for such member, if any, the committee member or members thereof present at any meeting and not disqualified from voting, whether or not constituting a quorum of the committee, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member. A majority of committee members, or in their absence alternates designated in the manner described in this section, shall constitute a quorum. The vote of a majority of committee members present and voting, or in their absence alternates designated in the manner described in this section, shall be the act of the committee provided that there is a quorum present.

Each committee of the board shall have such duties, power and authority, not inconsistent with these Bylaws, as may from time to time be established by resolution of the board of directors, except as otherwise provided by law.

ARTICLE III

Notice - Waivers - Meetings

SECTION 3.01. Notice, What Constitutes. Whenever, under the provisions of the statutes of Washington or the articles of incorporation or these Bylaws, notice is required to be given to any director or shareholder, it shall not be construed to

mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder at his or her address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given in accordance with Section 2.09 hereof.

SECTION 3.02. Waivers of Notice. Whenever any notice is required to be given under the provisions of the articles of incorporation or these Bylaws, or by statute, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether executed before or after the action or event required to be stated in the notice, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the shareholders, directors, or members of a committee need be specified in any written waiver of notice of such meeting.

Attendance of a person, either in person or by proxy, at any meeting shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

SECTION 3.03. Conference Telephone Meetings. Members of the board of directors, or of any committee of the board of directors, may participate in a meeting of such board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

ARTICLE IV

Officers

SECTION 4.01. Number, Qualifications and Designation. The officers of the corporation shall be (i) one or more of any of the following: a chairman or a vice-chairman of the board or a president or a vice president (or such other officer as may be duly authorized to exercise the duties, respectively, ordinarily exercised by the president or vice president), (ii) a secretary, (iii) a treasurer, and (iv) such other officers as may from time to time be elected by the board of directors or appointed in accordance with the provisions of Section 4.03 hereof. One person may hold more than one office. Officers may be, but need not be, directors or shareholders of the corporation.

SECTION 4.02. Election and Term of Office. The officers of the corporation, except those appointed by delegated authority pursuant to Section 4.03 hereof, shall be elected by the board of directors for such terms as may be specified by the board, and each such officer shall hold such office until such officer's successor shall have been elected and qualified, or until such officer's earlier death, resignation or removal. Any officer may resign at any time by giving written notice to the corporation. Such resignation shall take effect at the date of receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 4.03. Subordinate Officers, Employees and Agents. The board of directors may from time to time appoint such subordinate officers, employees or other agents as it deems necessary, who shall hold such positions for such terms and shall exercise such powers and perform such duties as are provided in these Bylaws, or as the board of directors may from time to time determine. The board of directors may delegate

to any officer or committee of the board the power to appoint or remove subordinate officers and to retain, appoint or remove employees or other agents, or committees thereof, and to prescribe the authority and duties, not inconsistent with these Bylaws, of such subordinate officers, committees, employees or other agents.

SECTION 4.04. Chairman of the Board. The chairman or co-chairman of the board shall preside at all meetings of the board of directors and shall perform such other duties as may from time to time be assigned to him or her by the board of directors.

SECTION 4.05. The President. The president, if one shall be elected by the board of directors, shall have such authority and perform such duties as usually appertain to that office in business corporations; preside at meetings of the board of directors in the absence of the chairman or a co-chairman of the board; and perform such other duties as may from time to time be assigned to him or her by the board of directors.

SECTION 4.06. The Treasurer. The treasurer, or an assistant treasurer, if one shall be elected by the board of directors or appointed by delegated authority pursuant to Section 4.03 hereof, shall have or provide for the custody of the funds and other property of the corporation and shall keep or cause to be kept full and accurate accounts of receipts and disbursements in books belonging to the corporation; collect and receive, or provide for the collection and receipt of, moneys earned by or in any manner due to or received by the corporation; deposit all funds in his or her custody as treasurer in such banks or other places of deposit as the board of directors may from time to time designate; whenever so required by the board of directors, render an account showing his or her transactions as treasurer and the financial condition of the corporation; and, in general, discharge such other duties as may from time to time be assigned to him or her by the board of directors or the chairman or a co-chairman of the board.

SECTION 4.07. The Secretary. The secretary, or an assistant secretary, shall attend all meetings of the shareholders and of the board of directors and shall record the proceedings of the shareholders and of the directors and of committees of the board in a book or books to be kept for that purpose; see that notices are given and records and reports properly kept and filed by the corporation as required by law; be the custodian of the seal of the corporation and attest or cause to be attested documents on behalf of the corporation under its seal; and, in general, perform all duties as may from time to time be assigned to him or her by the board of directors or the chairman or a co-chairman of the board.

SECTION 4.08. Other Officers. Officers other than those elected by the board of directors pursuant to Section 4.01 shall have such authority and duties, not inconsistent with these Bylaws, as may be provided by resolution of the board of directors.

SECTION 4.09. Salaries. The salaries of the officers of the corporation elected by the board of directors shall be fixed from time to time by, or pursuant to authority delegated by, the board of directors.

SECTION 4.10. Voting of Stock. Unless otherwise ordered by the board of directors, the chairman or a co-chairman of the board or the president shall have full power and authority, on behalf of the corporation, to attend and to act and vote, in person or by proxy, at any meeting of the shareholders of any company in which the corporation may hold stock, and at any such meeting shall possess and may exercise any and all of the rights and powers incident to the ownership of such stock which, as the owner thereof, the corporation might have possessed and exercised if present. The board of directors, by resolution adopted from time to time, may confer like powers upon any other person or persons.

ARTICLE V

Certificates for Stock

SECTION 5.01. Issuance. Each shareholder shall be entitled to a certificate certifying the number of shares of stock of the corporation owned by such shareholder upon his or her request therefor.

SECTION 5.02. Stock Certificates. Stock certificates of the corporation shall be in such form as may be approved by the board of directors. The stock record books and the blank stock certificate books shall be kept by the secretary or by any agency designated by the board of directors for that purpose.

ARTICLE VI

Indemnification of Directors and Officers

SECTION 6.01. Indemnification of Authorized Representatives in Third Party Proceedings. The corporation shall indemnify any person who was or is an "authorized representative" of the corporation (which shall mean for purposes of this Article a director or officer of the corporation) and who was or is a party or is threatened to be made a party to any "third party proceeding" (which shall include for purposes of this Article any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation) by reason of the fact that such person was or is an authorized representative of the corporation, against expenditures (which shall include for purposes of this Article attorneys' fees), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such third party proceeding if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect

to any criminal third party proceeding (including any action or investigation which could or does lead to a criminal third party proceeding), had no reasonable cause to believe such conduct was unlawful. The termination of any third party proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the authorized representative (i) did not act in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the corporation or, (ii) with respect to any criminal third party proceeding, had reasonable cause to believe that such conduct was unlawful.

SECTION 6.02. Indemnification of Authorized Representatives in Corporate Proceedings. The corporation shall indemnify any person who was or is an authorized representative of the corporation and who was or is a party or is threatened to be made a party to any "corporate proceeding" (which shall include for purposes of this Article any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor and any investigative proceeding by the corporation) by reason of the fact that such person was or is an authorized representative of the corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such corporate action if such person acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of such person's duty to the corporation unless and only to the extent that the court in which such corporate proceeding was pending shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such authorized representative is fairly and

reasonably entitled to indemnity for such expenses which the court shall deem proper.

SECTION 6.03. Mandatory Indemnification of Authorized

Representatives. To the extent that an authorized representative of the corporation has been successful on the merits or otherwise in defense of any third party or corporate proceeding or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses actually and reasonably incurred by such person in connection therewith.

SECTION 6.04. Determination of Entitlement to Indemnification. Any

indemnification under Section 6.01, 6.02 or 6.03 hereof (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the authorized representative is proper in the circumstances because such person has either met the applicable standard of conduct set forth in Section 6.01 or 6.02 or has been successful on the merits or otherwise as set forth in Section 6.03 and that the amount requested has been actually and reasonably incurred. Such determination shall be made: (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such third party or corporate proceeding, or (2) if such a quorum is not obtainable or, even if obtainable, a majority vote of such a quorum so directs, by independent legal counsel in a written opinion, or (3) by the shareholders.

SECTION 6.05. Advancing Expenses. Expenses actually and reasonably

incurred in defending a third party or corporate proceeding shall be paid on behalf of an authorized representative by the corporation in advance of the final disposition of such third party or corporate proceeding and within 30 days of receipt by the Secretary of (i) an application from such authorized representative setting forth the basis for such

application, and (ii) if required by law at the time such application is made, an undertaking by or on behalf of the authorized representative to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation under this Article. The financial ability of such authorized representative to make such repayment shall not be a prerequisite to the making of an advance.

SECTION 6.06. Scope of Article. The indemnification and advancement of expenses provided by or granted pursuant to this Article shall (i) not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any statute, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office, (ii) unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be an authorized representative and (iii) inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 6.07. Reliance on Provisions. Each person who shall act as an authorized representative of the corporation shall be deemed to be doing so in reliance upon the rights of indemnification and advancement of expenses provided by this Article.

SECTION 6.08. Insurance. The corporation may purchase and maintain insurance on behalf of any person who is or was an authorized representative against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of this Article or otherwise.

ARTICLE VII

General Provisions

SECTION 7.01. Contracts. The board of directors may, by resolution, authorize any officer or officers, including the chairman or any co-chairman of the board, or any agent or agents to enter into any contract or to execute or deliver any instrument on behalf of the corporation and such authority may be general or confined to specific instances. Any officer so authorized may, unless the authorizing resolution otherwise provides, delegate such authority to one or more subordinate officers, employees or agents, and such delegation may provide for further delegation.

SECTION 7.02. Checks, Notes, etc. All checks, notes and evidences of indebtedness of the corporation shall be signed by such person or persons as the board of directors may from time to time designate.

SECTION 7.03 Corporate Seal. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Washington". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

SECTION 7.04. Fiscal Year. The fiscal year of the corporation shall begin on the first day of January of each year and shall end on the last day of December of each year.

SECTION 7.05. Amendment of Bylaws. To the extent permissible under Washington law and the articles of incorporation of the corporation, these Bylaws may be altered, amended or repealed, or new Bylaws may be adopted by (a) the board of directors at any meeting by majority vote of the directors in office or (b) the majority vote of the shareholders entitled to vote at an annual or special meeting

EXHIBIT B-2

**Verizon Communications Inc. (a Delaware
Corporation) Bylaws**

VERIZON COMMUNICATIONS INC.

(a Delaware Corporation)

BYLAWS

As amended, effective as of December 4, 2008

**VERIZON COMMUNICATIONS INC.
BYLAWS**

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BYLAWS
OF
VERIZON COMMUNICATIONS INC.

(a Delaware corporation)

ARTICLE I
Offices and Fiscal Year

SECTION 1.01. **Registered Office.** --The registered office of the corporation shall be in the City of Wilmington, County of New Castle, State of Delaware until a different office is established by resolution of the board of directors and a certificate certifying the change is filed in the manner provided by statute.

SECTION 1.02. **Fiscal Year.** --The fiscal year of the corporation shall end on the 31st day of December in each year.

ARTICLE II
Notice - Waivers - Meetings

SECTION 2.01. **Notice, What Constitutes.** --Whenever, under the provisions of the Delaware General Corporation Law ("GCL") or the certificate of incorporation or these Bylaws, notice is required to be given to any director or stockholder, it shall not be construed to require personal notice, but such notice may be given in writing, by mail or by telegram (with messenger service specified), telex or TWX (with answerback received) or courier service, charges prepaid, or by telephone or facsimile transmission to the address (or to the telex, TWX, facsimile or telephone number) of the person appearing on the books of the corporation, or in the case of directors, supplied to the corporation for the purpose of notice. If the notice is sent by mail, telegram or courier service, it shall be deemed to be given when deposited in the United States mail or with a telegraph office or courier service for delivery to that person or, in the case of telex or TWX, when dispatched, or in the case of facsimile transmission, when received.

SECTION 2.02. **Notice of Meetings of Board of Directors.** --Notice of a regular meeting of the board of directors need not be given. Notice of every special meeting of the board of directors shall be given to each director in person or by telephone or in writing at least 24 hours (in the case of notice in person or by telephone, telex, TWX or facsimile transmission) or 48 hours (in the case of notice by telegram, courier service or express mail) or five days (in the case of notice by first class mail) before the time at which the meeting is to be held. Every such notice shall state the time and place of the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board need be specified in a notice of the meeting.

SECTION 2.03. Notice of Meetings of Stockholders. --Written notice of the place, date and hour of every meeting of the stockholders, whether annual or special, shall be given to each stockholder of record entitled to vote at the meeting not less than ten nor more than 60 days before the date of the meeting. Every notice of a special meeting shall state the purpose or purposes thereof. If the notice is sent by mail, it shall be deemed to have been given when deposited in the United States mail, postage prepaid, directed to the stockholder at the address of the stockholder as it appears on the records of the corporation.

SECTION 2.04. Waivers of Notice.

(a) **Written Waiver.** --Whenever notice is required to be given under any provisions of the GCL or the certificate of incorporation or these Bylaws, a written waiver, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice of such meeting.

(b) **Waiver by Attendance.** --Attendance of a person at a meeting, either in person or by proxy, shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened.

SECTION 2.05. Exception to Requirements of Notice.

(a) **General Rule.** --Whenever notice is required to be given, under any provision of the GCL or the certificate of incorporation or these Bylaws, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given.

(b) **Stockholders Without Forwarding Addresses.** --Whenever notice is required to be given, under any provision of the GCL or the certificate of incorporation or these Bylaws, to any stockholder to whom (i) notice of two consecutive annual meetings, and all notices of meetings or of the taking of action by written consent without a meeting to such person during the period between such two consecutive annual meetings, or (ii) all, and at least two, payments (if sent by first class mail) of dividends or interest on securities during a 12 month period, have been mailed addressed to such person at his address as shown on the records of the corporation and have been returned undeliverable, the giving of such notice to such person shall not be required. Any action or meeting which shall be taken or held without notice to such person shall have the same force and effect as if such notice had been duly given. If any such person shall deliver to the corporation a written notice setting forth the person's then current address, the requirement that notice be given to such person shall be reinstated.

SECTION 2.06. Conference Telephone Meetings. --One or more directors may participate in a meeting of the board, or of a committee of the board, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

ARTICLE III Meetings of Stockholders

SECTION 3.01. Place of Meeting. --All meetings of the stockholders of the corporation shall be held at such place within or without the State of Delaware as shall be designated by the board of directors in the notice of such meeting (or by the Chairman calling a meeting pursuant to Section 3.03).

SECTION 3.02. Annual Meeting. --The board of directors may fix and designate the date and time of the annual meeting of the stockholders. At said meeting the stockholders then entitled to vote shall elect directors and shall transact such other business as may properly be brought before the meeting.

SECTION 3.03. Special Meetings.

(a) A special meeting of the stockholders of the corporation may be called at any time by the chairman of the board or a majority of the board of directors.

(b) A special meeting of stockholders shall be called by the board of directors upon written request to the secretary of one or more record holders owning in the aggregate not less than twenty-five percent (25%) of the total number of shares of stock of the corporation entitled to vote on the matter or matters to be brought before the special meeting. A request to the secretary shall be signed by each stockholder, or a duly authorized agent of such stockholder, requesting the special meeting and shall include: (1) a brief description of each matter of business to be brought before the special meeting and the reasons for conducting such business at the special meeting, (2) the name and record address of each stockholder requesting the special meeting, (3) the class and number of shares of capital stock of the corporation which are owned by each such stockholder, including shares beneficially owned and shares held of record, (4) any material interest of each such stockholder in the business to be brought before the special meeting and (5) if a purpose of the special meeting is to elect directors, the information set forth in Section 4.12(c) of these Bylaws with respect to any persons nominated for election to the board of directors.

(c) A special meeting shall be held at such date, time and place within or without the state of Delaware as may be fixed by the board of directors; provided, however, that the date of any special meeting to be called pursuant to Section 3.03(b) shall be not more than ninety (90) days after the request to call the special meeting is received by the secretary. Notwithstanding the foregoing, a special meeting requested by stockholders shall not be held if (i) the stated business to be brought before the special meeting is not a proper subject for stockholder action under applicable law, or (ii) the board of directors has called or calls for an annual or special meeting of

stockholders to be held within ninety (90) days after the secretary receives the request for the special meeting and the board of directors determines in good faith that the business of such meeting includes the business described in the request.

(d) A stockholder may revoke a request for a special meeting at any time by written revocation delivered to the secretary. If, following such revocation, the stockholders requesting the special meeting hold less than twenty-five percent (25%) of the total number of shares of stock entitled to vote on the matter to be brought before the meeting, the board of directors, in its discretion, may cancel the special meeting.

(e) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the corporation's notice of meeting.

SECTION 3.04. **Quorum, Required Vote and Adjournment.**

(a) **Quorum.** --The holders of a majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders except as otherwise provided by the GCL, by the certificate of incorporation or by these Bylaws. If a quorum is not present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At any such adjourned meeting at which a quorum is present or represented, the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

(b) **Required Vote.**

(1) **Election of Directors.** --At a meeting for the election of directors, each director shall be elected by a majority of the votes cast with respect to that director; provided that, if the number of nominees exceeds the number of directorships to be filled, the directors shall be elected by a plurality of the votes cast. For purposes of this paragraph, a majority of the votes cast means that the number of shares voted "for" must exceed the number of shares voted "against" with respect to that director's election. If a nominee for director who is not an incumbent director does not receive a majority of the votes cast, the nominee shall not be elected. If an incumbent director who is standing for re-election does not receive a majority of the votes cast, the committee of the board authorized to nominate candidates for election to the board will make a recommendation to the board on whether to accept the director's resignation, and on whether other action should be taken. The director will not participate in the committee's recommendation or the board's decision. The independent members of the board will consider the committee's recommendation and publicly disclose the board's decision and the basis for that decision within 90 days from the date of the certification of the final election results. If less than two members of the committee are elected at a meeting for the election of directors, the independent members of the Board who were elected shall consider and act upon the tendered resignation. If

for any reason none of the nominees is elected at a meeting for the election of directors, the incumbent directors shall call a special meeting of the stockholders as soon thereafter as convenient for the purpose of electing a board of directors.

(2) **Other Matters.** --In all matters other than the election of directors, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote and voting thereon shall be the act of the stockholders, unless the question is one upon which, by express provision of the applicable statute, the certificate of incorporation or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of the question. The stockholders present in person or by proxy at a duly organized meeting can continue to do business until adjournment, notwithstanding withdrawal of enough stockholders to leave less than a quorum.

(c) **Stockholder Proposals.** --Nominations by stockholders of persons for election to the board of directors of the corporation may be made at an annual meeting in compliance with Section 4.12 hereof. The proposal of other business to be considered by the stockholders at an annual meeting of stockholders may be made (i) pursuant to the corporation's notice of meeting, (ii) by or at the direction of the board of directors, or (iii) by any stockholder of the corporation pursuant to timely notice in writing to the secretary of the corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the corporation not less than 90 days prior to the anniversary date of the prior year's annual meeting. Such stockholder's notice to the secretary shall set forth (a) as to the stockholder giving notice and the beneficial owner, if any on whose behalf the proposal is made, (i) their name and record address, and (ii) the class and number of shares of capital stock of the corporation which are beneficially owned by each of them, and (b) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder giving notice and the beneficial owner, if any, on whose behalf the proposal is made. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the corporation's notice of meeting. Only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this section.

(d) The chairman of the meeting may, if the facts warrant, determine and declare to the meeting that any proposal made at the meeting was not made in accordance with the foregoing procedures and, in such event, the proposal shall be disregarded. Any decision by the chairman of the meeting shall be conclusive and binding upon all stockholders of the corporation for any purpose.

SECTION 3.05. Organization. --At every meeting of the stockholders, the chairman of the board, if there be one, or in the case of a vacancy in the office or absence of the chairman of the board, one of the following persons present in the order stated: the president, the vice chairman, if one has been appointed, a chairman designated by the board of directors or a chairman chosen by the stockholders entitled to cast a majority of the votes which all stockholders present in person or by proxy are entitled to cast, shall act as chairman, and the secretary, or, in the absence of the secretary, an assistant secretary, or in the absence of the secretary and the assistant secretaries, a person appointed by the chairman, shall act as secretary.

SECTION 3.06. Voting.

(a) **General Rule.** --Unless otherwise provided in the certificate of incorporation, each stockholder shall be entitled to one vote, in person or by proxy, for each share of capital stock having voting power held by such stockholder.

(b) **Voting and Other Action by Proxy.**

(1) A stockholder may execute a writing authorizing another person or persons to act for the stockholder as proxy. Such execution may be accomplished by the stockholder or the authorized officer, director, employee or agent of the stockholder signing such writing or causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature. A stockholder may authorize another person or persons to act for the stockholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission if such telegram, cablegram or other means of electronic transmission sets forth or is submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder.

(2) No proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

(3) A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only so long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the corporation generally.

SECTION 3.07. Voting Lists. --The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting. The list shall be arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 3.08. **Inspectors of Election.**

(a) **Appointment.** --All elections of directors shall be by written ballot; the vote upon any other matter need not be by ballot. In advance of any meeting of stockholders the board of directors may appoint one or more inspectors, who need not be stockholders, to act at the meeting and to make a written report thereof. The board of directors may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the person's best ability.

(b) **Duties.** --The inspectors shall ascertain the number of shares outstanding and the voting power of each, shall determine the shares represented at the meeting and the validity of proxies and ballots, shall count all votes and ballots, shall determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and shall certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

(c) **Polls.** --The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

(d) **Reconciliation of Proxies and Ballots.** --In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information transmitted in accordance with Section 3.06, ballots and the regular books and records of the corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification pursuant to subsection (b) shall specify the precise information considered by them including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

ARTICLE IV
Board of Directors

SECTION 4.01. **Powers.** --All powers vested by law in the corporation shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, the board of directors.

SECTION 4.02. **Number.** --Subject to the provisions of the certificate of incorporation, the board of directors shall consist of such number of directors as may be determined from time to time by resolution adopted by a vote of a majority of the entire board of directors.

SECTION 4.03. **Term of Office.** --Directors of the corporation shall hold office until the next annual meeting of stockholders and until their successors shall have been elected and qualified, except in the event of death, resignation or removal.

SECTION 4.04. **Vacancies.**

(a) Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and a director so chosen shall hold office until the next annual election of the class for which such director shall have been elected and until a successor is duly elected and qualified. If there are no directors in office, then an election of directors may be held in the manner provided by statute.

(b) Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the certificate of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected.

(c) If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the entire board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorship, or to replace the directors chosen by the directors then in office.

SECTION 4.05. **Resignations.**

(a) Any director may resign at any time upon written notice to the chairman, president or secretary of the corporation. A resignation is effective when delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events.

(b) Each director who consents to stand for re-election shall tender an irrevocable resignation in advance of the meeting for the election of directors. Such resignation will be effective if, pursuant to Section 3.04(b)(1) of these Bylaws, (a) the director does not receive the required vote at the next meeting for the election of directors, and (b) the Board accepts the resignation.

SECTION 4.06. Place of Meeting. --Meetings of the board of directors, both regular and special, shall be held at such place within or without the State of Delaware as the board of directors may from time to time determine, or as may be designated in the notice of the meeting.

SECTION 4.07. Regular Meetings. --Regular meetings of the board of directors shall be held without notice at such time and place as shall be designated from time to time by resolution of the board of directors.

SECTION 4.08. Special Meetings. --Special meetings of the board of directors shall be held whenever called by the chairman or by three or more of the directors.

SECTION 4.09. Quorum, Manner of Acting and Adjournment.

(a) **General Rule.** --At all meetings of the board one-third of the total number of directors shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, except as may be otherwise specifically provided by the GCL or by the certificate of incorporation. If a quorum is not present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

(b) **Unanimous Written Consent.** --Unless otherwise restricted by the certificate of incorporation, any action required or permitted to be taken at any meeting of the board of directors may be taken without a meeting, if all members of the board consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board.

SECTION 4.10. Committees of the Board.

(a) **Establishment.** --The board of directors may, by resolution adopted by a majority of the entire board, establish one or more other committees, each committee to consist of one or more directors. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee and the alternate or alternates, if any, designated for such member, the member or members of the committee present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member.

(b) **Powers.** --Any such committee, to the extent provided in the resolution establishing such committee, shall have and may exercise all the power and authority of the board of directors in the management of the business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have such power or authority in reference to amending the certificate of incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the board of directors as provided in Section 151(a) of the GCL, fix the designation and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation or fix the number of shares of any series of stock or authorize the increase or decrease of shares of any series), adopting an agreement of merger or consolidation under Section 251, 252, 254, 255, 256, 257, 258, 263, or 264 of the GCL, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the Bylaws of the corporation. Such committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors. Each committee so formed shall keep regular minutes of its meetings and report the same to the board of directors when required.

(c) **Committee Procedures.** --The term "board of directors" or "board," when used in any provision of these Bylaws relating to the organization or procedures of or the manner of taking action by the board of directors, shall be construed to include and refer to any committee of the board.

SECTION 4.11. Compensation of Directors. --Unless otherwise restricted by the certificate of incorporation, the board of directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

SECTION 4.12. Qualifications and Election of Directors.

(a) All directors of the corporation shall be natural persons of full age, but need not be residents of Delaware or stockholders of the corporation. Except in the case of vacancies, directors shall be elected by the stockholders. If directors of more than one class are to be elected, each class of directors to be elected at the meeting shall be nominated and elected separately. The Board shall establish the retirement policy for directors.

(b) Nominations of persons for election to the board of directors of the corporation may be made at a meeting of stockholders by or at the direction of the board of directors.

(c) Nominations of persons for election to the board of directors of the corporation may also be made at the meeting by any stockholder of the corporation entitled

to vote for the election of directors who complies with the notice procedures set forth in this Section 4.12 (c) and (d). Such nominations, other than those made by or at the direction of the board, shall be made pursuant to timely notice in writing to the secretary of the corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the corporation not less than 90 days prior to the anniversary date of the prior year's meeting for the election of directors. Such stockholder's notice to the secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of capital stock of the corporation which are beneficially owned by the person, and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to the rules and regulations promulgated under the Securities Exchange Act of 1934 as amended; and (b) as to the stockholder giving the notice (i) the name and record address of the stockholder and (ii) the class and number of shares of capital stock of the corporation which are beneficially owned by the stockholder. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as a director of the corporation. No person shall be eligible for election as a director by the stockholders of the corporation unless nominated in accordance with the procedures set forth herein.

(d) The chairman of the meeting may, if the facts warrant, determine and declare to the meeting that any nomination made at the meeting was not made in accordance with the foregoing procedures and, in such event, the nomination shall be disregarded. Any decision by the chairman of the meeting shall be conclusive and binding upon all stockholders of the corporation for any purpose.

SECTION 4.13. Voting of Stock. --Unless otherwise ordered by the board of directors, each of the chairman of the board, the president, and the principal accounting officer (as identified in the corporation's most recent report filed with the United States Securities and Exchange Commission) shall have full power and authority, on behalf of the corporation, to attend and to act and vote, in person or by proxy, at any meeting of the stockholders of any company in which the corporation may hold stock, and at any such meeting shall possess and may exercise any and all of the rights and powers incident to the ownership of such stock which, as the owner thereof, the corporation might have possessed and exercised if present. The board of directors, by resolution adopted from time to time, may confer like powers upon any other person or persons.

SECTION 4.14. Endorsement of Securities for Transfer. --Each of the chairman of the board, the president, and the principal accounting officer shall have the power to endorse and deliver for sale, assignment or transfer certificates for stock, bonds or other securities, registered in the name of or belonging to the corporation, whether issued by the corporation or by any other corporation, government, state or municipality or agency thereof; and the board of directors from time to time may confer like power upon any other officer, agent or person by resolution adopted from time to time. Every such endorsement shall be countersigned by the treasurer or an assistant treasurer.

ARTICLE V

Officers

SECTION 5.01. Number, Qualifications and Designation. --The corporation shall have such officers with such titles and duties as shall be specified by resolution of the board of directors. Any number of offices may be held by the same person. Officers may, but need not, be directors or stockholders of the corporation. The board of directors may elect from among the members of the board a chairman of the board and one or more vice chairmen of the board.

SECTION 5.02. Election and Term of Office. --The officers of the corporation, except those elected by delegated authority pursuant to Section 5.03 of this Article, shall be elected annually by the board of directors, and each such officer shall hold office for a term of one year and until a successor is elected and qualified, or until his or her earlier resignation or removal. Any officer may resign at any time upon written notice to the corporation.

SECTION 5.03. Subordinate Officers, Committees and Agents. --Each officer of the corporation shall have the power to appoint subordinate officers (including without limitation one or more assistant secretaries and one or more assistant treasurers) and to retain or appoint employees or other agents, or committees thereof, and to prescribe the authority and duties of such subordinate officers, committees, employees or other agents.

SECTION 5.04. Officers' Bonds. --No officer of the corporation need provide a bond to guarantee the faithful discharge of the officer's duties unless the board of directors shall by resolution so require a bond in which event such officer shall give the corporation a bond (which shall be renewed if and as required) in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of office.

SECTION 5.05. Salaries. --The salaries of the officers and agents of the corporation elected by the board of directors shall be fixed from time to time by the board of directors.

ARTICLE VI

Certificates of Stock, Transfer, Etc.

SECTION 6.01. Form and Issuance.

(a) **Issuance.** --The shares of the corporation shall be represented by certificates unless the board of directors shall by resolution provide that some or all of any class or series of stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until the certificate is surrendered to the corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the corporation by, the chairman or vice chairman of the board of directors, or the president or vice president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary, representing the number of shares registered in certificate form.

(b) **Form and Records.** --Stock certificates of the corporation shall be in such form as approved by the board of directors or the secretary. The stock record books and the blank stock certificate books shall be kept by the secretary or by any agency designated by the board of directors for that purpose. The stock certificates of the corporation shall be numbered and registered in the stock ledger and transfer books of the corporation as they are issued.

(c) **Signatures.** --Any of or all the signatures upon the stock certificates of the corporation may be a facsimile. In case any officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon, any share certificate shall have ceased to be such officer, transfer agent or registrar before the certificate is issued, it may be issued with the same effect as if the signatory were such officer, transfer agent or registrar at the date of its issue.

SECTION 6.02. Transfer. --Transfers of shares shall be made on the share register or transfer books of the corporation and (1) in the case of certificated shares, upon surrender of the certificate therefor, endorsed by the person named in the certificate or by an attorney lawfully constituted in writing or (2) in the case of uncertificated shares, upon receipt of proper transfer instructions from the registered holder of the shares or by an attorney lawfully constituted in writing. No transfer shall be made which would be inconsistent with the provisions of applicable law.

SECTION 6.03. Lost, Stolen, Destroyed or Mutilated Certificates. --The board of directors, the secretary or any transfer agent may direct a new certificate of stock or uncertificated shares to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors, the secretary or any transfer agent may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or the legal representative of the owner, to give the corporation a bond sufficient to indemnify against any claim that may be made against the corporation on account of the alleged loss, theft or destruction of such certificate or the issuance of such new certificate or uncertificated shares.

SECTION 6.04. Record Holder of Shares. --The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

SECTION 6.05. Determination of Stockholders of Record.

(a) **Meetings of Stockholders.** --In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which record date shall not be more than 60 nor less than ten days

before the date of such meeting. If no record date is fixed by the board of directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting unless the board of directors fixes a new record date for the adjourned meeting.

(b) **Consent of Stockholders.** --In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the board of directors. If no record date has been fixed by the board of directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the board of directors is required by the GCL, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the board of directors and prior action by the board of directors is required by the GCL, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the board of directors adopts the resolution taking such prior action.

(c) **Dividends.** --In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights of the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

ARTICLE VII General Provisions

SECTION 7.01. **Dividends.** --Subject to the restrictions contained in the GCL and any restrictions contained in the certificate of incorporation, the board of directors may declare and pay dividends upon the shares of capital stock of the corporation.

SECTION 7.02. **Contracts.** --Except as otherwise provided in these Bylaws, the board of directors may authorize any officer or officers including the chairman and vice chairman of the board of directors, or any agent or agents, to enter into any contract or to execute or deliver any instrument on behalf of the corporation and such authority may be general or confined to specific instances. Any officer so authorized may, unless the

authorizing resolution otherwise provides, delegate such authority to one or more subordinate officers, employees or agents, and such delegation may provide for further delegation.

SECTION 7.03. Corporate Seal. --The corporation shall have a corporate seal, which shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

SECTION 7.04. Checks, Notes, Etc. --All checks, notes and evidences of indebtedness of the corporation shall be signed by such person or persons as the board of directors may from time to time designate.

SECTION 7.05. Corporate Records.

(a) **Examination by Stockholders.** --Every stockholder shall, upon written demand under oath stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business, for any proper purpose, the stock ledger, list of stockholders, books or records of account, and records of the proceedings of the stockholders and directors of the corporation, and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the corporation at its registered office in Delaware or at its principal place of business. Where the stockholder seeks to inspect the books and records of the corporation, other than its stock ledger or list of stockholders, the stockholder shall first establish (1) that the stockholder has complied with the provisions of this section respecting the form and manner of making demand for inspection of such documents; and (2) that the inspection sought is for a proper purpose. Where the stockholder seeks to inspect the stock ledger or list of stockholders of the corporation and has complied with the provisions of this section respecting the form and manner of making demand for inspection of such documents, the burden of proof shall be upon the corporation to establish that the inspection sought is for an improper purpose.

(b) **Examination by Directors.** --Any director shall have the right to examine the corporation's stock ledger, a list of its stockholders and its other books and records for a purpose reasonably related to the person's position as a director.

SECTION 7.06. Amendment of Bylaws.

(a) Except as otherwise provided herein, these Bylaws may be altered, amended or repealed, or new Bylaws may be adopted, either by (1) the affirmative vote of the majority of shares present in person or represented by proxy and entitled to vote and voting thereon at a duly organized meeting of stockholders called for that purpose, or (2) the affirmative vote of a majority of the board of directors.

(b) Any amendment or repeal of, or the adoption of any Bylaw inconsistent with, the provisions contained in Section 3.04(b)(1), Section 4.05(b) or this Section

7.06(b) shall require the affirmative vote of the majority of shares present in person or represented by proxy and entitled to vote and voting thereon at a duly organized meeting of stockholders called for that purpose.

EXHIBIT B-3

Bylaws of Frontier Communications Corporation

BYLAWS*
OF
CITIZENS COMMUNICATIONS COMPANY

* As amended March 9, 1937; May 12, 1942; June 15, 1946; October 1, 1946; May 23, 1947; January 7, 1948; April 1, 1948; March 31, 1949; January 26, 1951; April 11, 1952; July 28, 1954; February 24, 1960; November 18, 1963; May 10, 1966; February 3, 1967; April 10, 1968; April 17, 1970; June 11, 1970; June 7, 1974; August 8, 1975; November 7, 1980; January 16, 1981; March 3, 1981; February 20, 1986; June 5, 1987; August 8, 1988; May 5, 1989; May 31, 1989; June 23, 1989; September 11, 1989 (clerical correction); May 1, 1990; April 14, 1992; February 17, 1993; February 8, 1994 (clerical correction); October 24, 1995; August 8, 1996 (clerical correction); December 17, 1996; January 20, 1998; May 20, 1999; July 18, 2000; March 6, 2002; May 16, 2002; July 30, 2002; April 1, 2003; July 10, 2004; and May 25, 2006.

BYLAWS
OF
CITIZENS COMMUNICATIONS COMPANY

NAME

Section 1. The name of this Corporation is CITIZENS COMMUNICATIONS COMPANY.

LOCATION OF OFFICES

Section 2. The principal office of the Corporation in Delaware shall be in Wilmington and the resident agent in charge thereof shall be THE CORPORATION TRUST COMPANY, The Corporation Trust Center, 1209 Orange Street.

The Corporation may also have an office or offices at such other places within or without the State of Delaware as the Board of Directors may from time to time designate.

CORPORATE SEAL

Section 3. The corporate seal shall be circular in form and have inscribed thereon the name of the Corporation, the year of its incorporation (1935) and the words "Incorporated Delaware."

MEETINGS OF STOCKHOLDERS

Section 4. All meetings of stockholders shall be held at the offices of the Corporation or such other place as shall be designated by the Board of Directors of the Corporation.

Annual Meetings of Stockholders shall be held on a date and at a time designated by the Board of Directors of the Corporation for the purpose of electing directors and for the transaction of such other business as may be properly brought before the meeting.

Each stockholder shall, at every meeting of the stockholders, be entitled to one vote in person or by written proxy signed by him, for each share of stock held by him, but no proxy shall be voted after one year from its date. Such right to vote shall be subject to the right of the Board of Directors to close the transfer books or to fix a record date for voting stockholders as hereinafter provided.

Special meetings of the stockholders may be called by the Chairman of the Board or the Chief Executive Officer and shall be called upon the request in writing or by vote of a majority of the Board of Directors or upon request in writing of stockholders of record owning fifty percent (50%) in amount of the capital stock of the Corporation outstanding and entitled to vote. Any such request by stockholders shall set forth a brief description of the business desired to be brought before the special meeting and the reasons for conducting such business at the special meeting.

The record date for determining the stockholders of record entitled to vote at a special meeting called upon the written request of stockholders shall be fixed by resolution of the Board of Directors. Written notice of such record date shall be sent promptly to stockholders and the meeting shall be held on such date as shall be determined by the Board of Directors which shall be not less than sixty (60) nor more than one hundred and twenty (120) days after the date on which a proper demand for a stockholders meeting has been made by stockholders.

The Board of Directors may determine rules and procedures for the conduct of the special meeting.

No business may be transacted at a special meeting of stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise

properly brought before the special meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the special meeting by any stockholder of the Corporation who complies with the procedures set forth in this Section.

Notice of each meeting of stockholders, whether annual or special, shall be mailed by the Secretary to each stockholder of record, at his or her post office address as shown by the stock books of the Corporation, at least ten days and not more than sixty days prior to the date of the meeting.

The holders of a majority of the stock outstanding and entitled to vote shall constitute a quorum, but the holders of a smaller amount may adjourn any meeting from time to time without further notice until a quorum is secured.

No business may be transacted at an annual meeting of stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the annual meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice of the annual meeting provided for in this Section and on the record date for the determination of stockholders entitled to vote at such annual meeting and (ii) who complies with the notice procedures set forth in this Section.

In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary of the Corporation must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) nor more than one hundred-twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that an annual meeting was not held in the previous year, or if the annual meeting is called for a date that is more than thirty (30) days from such anniversary date, notice by the stockholder in order to be timely must be so received not less than a reasonable time, as determined by the Board of Directors, prior to the printing and mailing of the proxy materials for the applicable annual meeting.

To be in proper written form, a stockholder's notice to the Secretary of the Corporation must set forth, as to each matter such stockholder proposes to bring before the annual meeting, (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of such stockholder, (iii) the class and series and number of shares of each class and series of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business, (v) a representation that such stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting, and (vi) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies pursuant to Section 14 of the

Securities Exchange Act of 1934 (the "Exchange Act") (or in any law or statute replacing such section), and the rules and regulations promulgated thereunder.

No business shall be conducted at any annual meeting of stockholders except business brought before the meeting in accordance with the procedures set forth in this Section; provided, however, that, once business has been properly brought before the meeting in accordance with such procedures, nothing in this Section shall be deemed to preclude discussion by any stockholder of any such business. If the chairman of a meeting determines that business was not properly brought before the meeting in accordance with the foregoing procedures, the chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

In addition, notwithstanding anything in this Section to the contrary, a stockholder intending to nominate one or more persons for election as a director at an annual or special meeting of stockholders must comply with Section 5 for such nominations to be properly brought before such meeting.

DIRECTORS

Section 5. The property and business of the Corporation shall be managed and controlled by its Board of Directors, which shall consist of not less than seven nor more than fifteen members. The number of Directors shall be fixed from time to time, within the limits prescribed, by resolution of the Board of Directors. Vacancies in the Board of Directors (except vacancies resulting from the removal of directors by stockholders), including vacancies in the Board of Directors resulting from any increase in the number of Directors, may be filled by a majority of the Directors then in office.

Directors shall otherwise be elected by the stockholders at the annual meeting and shall hold office until the next annual election and until their successors are elected and qualified. At all elections of Directors of this Corporation each stockholder shall be entitled to one vote in person or by written proxy signed by him, for each share of stock owned by him, and election shall be by majority vote of the stock present or represented by proxy and entitled to vote at the meeting.

The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of one or more Directors. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. The Board of Directors shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board of Directors or such committee shall otherwise provide, regular and special meetings and other actions of any such committee shall be governed by the provisions of this

Section applicable to meetings and actions of the Board of Directors. Each committee shall keep regular minutes and report to the Board of Directors when required.

Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, subject to the rights of holders of any class or series of stock having a preference over the common stock of the Corporation as to dividends or upon liquidation to elect directors under specified circumstances. Nominations of persons for election to the Board of Directors may be made at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors, (a) by or at the direction of the Board of Directors or the Nominating and Corporate Governance Committee, or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section and on the record date for the determination of stockholders entitled to vote at such meeting and (ii) who complies with the notice procedures set forth in this Section.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation (a) in the case of an annual meeting, not less than ninety (90) days nor more than one hundred-twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that an annual meeting was not held in the previous year, or if the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not less than

a reasonable time, as determined by the Board of Directors, prior to the printing and mailing of the proxy materials for the applicable annual meeting; and (b) in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the tenth (10th) day following the day on which public announcement of the date of such special meeting is first made by the Corporation.

To be in proper written form, a stockholder's notice to the Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation and employment of the person, (iii) the class and series and number of shares of each class and series of capital stock of the Corporation which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act (or in any law or statute replacing such section), and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice (i) the name and record address of such stockholder, (ii) the class and series and number of shares of each class and series of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (iv) a representation that such stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and that such stockholder intends to appear in person or by proxy at the meeting to nominate the person or persons named in its notice, and (v) any other information relating to such stockholder that would be required to be

disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act (or in any law or statute replacing such section) and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section. If the chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

POWERS OF DIRECTORS

Section 6. The Board of Directors shall have all such powers as may be exercised by the Corporation, subject to the provisions of the Delaware General Corporation Law, the Certificate of Incorporation, and these Bylaws.

MEETINGS OF DIRECTORS

Section 7. Meetings of the Board of Directors shall be held at such place within or without the State of Delaware as may from time to time be fixed by resolution of the Board of Directors, or as may be specified by the Chairman of the Board and/or the Chief Executive Officer in the notice of any meeting. Regular meetings of the Board of Directors shall be held at such times as may from time to time be fixed by resolution of the Board of Directors and special meetings of the Board of Directors may be held at any time upon the call of two (2) Directors or of the Chairman of the Board and/or the Chief Executive Officer by oral, facsimile, written, electronic mail or other electronic notice duly sent or mailed to each Director not less than

twenty-four (24) hours before such meeting. A meeting of the Board may be held without notice immediately after the annual meeting of stockholders at the same place at which such meeting is held. Notice need not be given of regular meetings of the Board held at times fixed by resolution of the Board. Meetings may be held at any time without notice if all the Directors are present or if those not present waive notice of the meeting in writing.

Members of the Board of Directors (or any committees thereof) may participate in a meeting of the Board of Directors (or of such committees) by means of conference telephone or other communications equipment via which all persons participating can hear each other. Such participation in the substantive discussion and determinations of a meeting shall constitute presence in person at such meeting.

A majority of the Directors shall constitute a quorum, but a smaller number may adjourn any meeting from time to time without further notice until a quorum is secured.

OFFICERS OF THE COMPANY

Section 8.

(a) **General.** The officers of the Corporation shall be chosen by the Board of Directors and shall be a Chief Executive Officer, a President, a Chief Financial Officer and a Secretary. The Board of Directors, in its sole discretion, may also choose one or more Executive Vice Presidents, Senior Vice Presidents, Vice Presidents and other officers (with such duties and titles as may be assigned to them). Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these Bylaws.

(b) **Term of Office.** The officers of the Corporation, except those elected by delegated authority pursuant to Section 8(c), shall be elected annually by the Board of Directors, and shall hold office until their successors are elected and qualified, or until their earlier

resignation or removal. If the office of any officer or officers, other than the Chief Executive Officer, becomes vacant for any reason, the vacancy shall be filled by the Chief Executive Officer. If the office of Chief Executive Officer becomes vacant for any reason, the vacancy shall be filled by resolution of the Board of Directors.

(c) Subordinate Officers, Committees and Agents. The Chief Executive Officer shall have the power to appoint subordinate officers (including, without limitation, Assistant Vice Presidents and Assistant Secretaries) and to retain or appoint employees or other agents or committees thereof, and to prescribe the authority and duties of such subordinate officers, committees, employees and other agents.

(d) Execution of Contracts and Other Documents. Each officer of the Corporation may execute, affix the corporate seal and/or deliver, in the name and on behalf of the Corporation, deeds, mortgages, notes, bonds, contracts, agreements, powers of attorney, guarantees, settlements, releases, evidences of indebtedness, conveyances, or any other document or instrument which is authorized by the Board of Directors or is required to be executed in the ordinary course of business, except in cases where the execution, affixation of the corporate seal and/or delivery thereof shall be expressly and exclusively delegated by the Board of Directors or the Corporation to some other officer or agent of the Corporation.

CERTIFICATED OR UNCERTIFICATED STOCK

Section 9.

(a) Form. Shares of the Corporation may be represented by certificates (in such form as the Board of Directors may from time to time prescribe) or may be issued in uncertificated, book-entry form. The issuance of shares in uncertificated form shall not affect shares already represented by a certificate until the certificate is surrendered to the Corporation.

(b) Signatures. Every holder of stock in the Corporation represented by certificates, and upon request every holder of uncertificated shares, shall be entitled to have a certificate signed, in the name of the Corporation (i) by the Chairman of the Board, Chief Executive Officer, President or any Executive Vice President, Senior Vice President or Vice President and (ii) by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by such holder in the Corporation.

(c) Lost Certificates. The Board of Directors may direct a new certificate or uncertificated shares to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or uncertificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his, her or its legal representative, to give the Corporation a bond sufficient to indemnify the Corporation against any claim that may be made against the Corporation on account of the certificate alleged to have been lost, stolen or destroyed.

TRANSFER OF STOCK

Section 10. All transfer of stock of the Corporation shall be made upon its books, (a) in the case of certificated shares, only upon surrender of the certificate or certificates representing such shares, properly endorsed or accompanied by a duly executed stock transfer power, or (b) in the case of uncertificated shares, upon receipt of proper transfer instructions from the registered owner of such uncertificated shares, or from a duly authorized attorney or from an individual presenting proper evidence of succession, assignment or authority to transfer the stock. The Board of Directors may make such additional rules and regulations as it may

deem expedient concerning the issue and transfer of certificates representing shares of the capital stock of the Corporation.

CLOSING OF TRANSFER BOOKS

Section 11. The Board of Directors shall have the power to close the stock transfer books of the Corporation for a period not exceeding sixty (60) days preceding the date for any meeting of stockholders or for payment of any dividend or for the allotment of rights or when any change or conversion or exchange of capital stock shall go into effect. In lieu of so closing the books, the Board of Directors may fix in advance a date, not exceeding sixty (60) days preceding the abovementioned dates, as a record date for the determination of the stockholders entitled to notice of or to vote at any such meeting, any adjournment thereof, or entitled to dividends or other rights hereinbefore mentioned.

In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors (or such later date as the stockholder may request). Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary of the Corporation, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten (10) days after the date on which such request is received, the record date for determining stockholders entitled to consent to corporate action in writing

without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Secretary of the Corporation at its principal executive offices. Delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

STOCKHOLDERS OF RECORD

Section 12. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof, save as expressly provided by the laws of Delaware.

FISCAL YEAR

Section 13. The fiscal year of the Corporation shall begin on the first day in January in each year.

DIVIDENDS

Section 14. Subject to the restrictions contained in the Delaware General Corporation Law, the Corporation's Certificate of Incorporation or by subsisting agreements of the Corporation, the Board of Directors may declare any pay dividends upon the shares of capital stock of the Corporation in cash, in property, or in shares of the capital stock of the Corporation.

BOOKS AND RECORDS

Section 15. The books, accounts, and records of the Corporation may be kept within or without the State of Delaware, at such place or places as may from time to time be designated by the Bylaws or by resolution of the Directors.

NOTICES

Section 16. Notice required to be given under the provisions of these Bylaws to any Director, officer or stockholder shall not be construed to mean personal notice, but may be given in writing, by mail, courier service, facsimile or electronic mail or other electronic transmission. If notice is sent by mail or courier service, it shall be deemed to be given when deposited in the United States mail or with a courier service, in the case of a facsimile transmission, when received, or in the case of electronic mail or other electronic transmission, when sent or given; provided, however, that any notice to Directors may also be made orally, and such notice shall be deemed to be given when made. In computing the number of days notice required for any meeting, the day on which the notice shall be deposited in the United States mail or with a courier service shall be excluded; provided, however, that in computing the number of hours required for any oral, facsimile, electronic mail or other electronic notice to Directors of a special meeting of Directors, the time of delivery of such notice shall be the time of sending or giving such notice.

WAIVER OF NOTICE

Section 17. Any stockholder, officer or Director may waive in writing, or by electronic mail or other electronic transmission, any notice required to be given under these Bylaws, whether before or after the time stated therein.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 18.

(a) Right of Indemnification. The Corporation shall, to the fullest extent permitted by applicable law as then in effect, indemnify any person (the "indemnitee") who was or is involved in any manner (including, without limitation, as a party or a witness) or was or is threatened to be made so involved in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal administrative or investigative (including, without limitation, any action or proceeding by or in the right of the Corporation to procure a judgment in its favor) (a "Proceeding") by reason of the fact that he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, or of a partnership, joint venture, trust or other enterprise (including, without limitation, service with respect to any employee benefit plan), whether the basis of any such Proceeding is alleged action in an official capacity as director or officer or in any other capacity while serving as a director or officer, against all expenses, liability and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties, and amounts paid or to be paid in settlement) actually and reasonably incurred by him in connection with such Proceeding. Such indemnification shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of his heirs, executors, administrators and legal representatives. The right to indemnification conferred in this Section and in Section 19 shall include the right to receive payment of any expenses incurred by the indemnitee in connection with such Proceeding in advance of the final disposition of the Proceeding, consistent with applicable law as then in effect. All rights to indemnification conferred in this Section and in Section 19, including rights to the advancement of expenses and the evidentiary, procedural and other provisions of this

Section and Section 19, shall be contract rights. The Corporation may, by action of its Board of Directors, provide indemnification for employees, agents, attorneys and representatives of the Corporation with the same, or with more or less, scope and extent as herein provided for officers and directors. No amendment to the Certificate of Incorporation or amendment or repeal of these Bylaws purporting to have the effect of modifying or repealing any of the provisions of this Section or Section 19 in a manner adverse to the indemnitee shall abridge or adversely affect any right to indemnification or other similar rights and benefits with respect to any acts or omissions occurring prior to such amendment or repeal. This Section and Section 19 shall be applicable to all Proceedings, whether arising from acts or omissions occurring before or after the adoption of such Sections.

(b) Bylaws Not Exclusive. The right of indemnification, including the right to receive payment in advance of expenses, conferred in these Bylaws shall not be exclusive of any other rights to which any person seeking indemnification may otherwise be entitled under any provision of the Certificate of Incorporation, any agreement, applicable corporate law and statute, vote of disinterested directors or stockholders or otherwise. The indemnitee is free to proceed under any of the rights or procedures available to him.

(c) Burden of Proof. In any determination, review of a determination, action, arbitration, or other proceeding relating to the right to indemnification conferred in this Section or Section 19, the Corporation shall have the burden of proof that the indemnitee has not met any standard of conduct or belief which may be required by applicable law to be applied in connection with a determination that the indemnitee is not entitled to indemnity and also the burden of proof on any of the issues which may be material to a determination that the indemnitee is not entitled to indemnification. Neither a failure to make such a determination of

entitlement nor an adverse determination of entitlement to indemnity shall be a defense of the Corporation in an action or proceeding brought by the indemnitee or by or on behalf of the Corporation relating to indemnification or create any presumption that the indemnitee has not met any such standard of conduct or belief or is otherwise not entitled to indemnity. If successful in whole or in part in such an action or proceeding, the indemnitee shall be entitled to be further indemnified by the Corporation for the expenses actually and reasonably incurred by him in connection with such action or proceeding.

(d) Advancement of Expenses. All reasonable expenses incurred by or on behalf of indemnitee in connection with any Proceeding shall be advanced from time to time to the indemnitee by the Corporation promptly after the receipt by the Corporation of a statement from the indemnitee requesting such advance, whether prior to or after final disposition of such Proceeding.

(e) Insurance, Contracts and Funding. The Corporation may purchase and maintain insurance to protect itself and any person who is, or may become an officer, director, employee, agent, attorney, trustee or representative (any of the foregoing being herein referred to as a "Representative") of the Corporation or, at the request of the Corporation, a Representative of another corporation or entity, against any expenses, liability or loss asserted against him or incurred by him or her in connection with any Proceeding in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such expense, liability or loss under the provisions of these Bylaws or otherwise. The Corporation may enter into contracts with any Representative of the Corporation, or any person serving as such at the request of the Corporation for another corporation or entity, in furtherance of the provisions of this Section or Section 19. Such contracts shall be deemed

specifically approved and authorized by the stockholders of the Corporation and not subject to invalidity by reason of any interested directors. The Corporation may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit, surety bonds and/or other similar arrangements) to ensure the payment of such amounts as may be necessary to effect indemnification of any person entitled thereto.

(f) Severability; Statutory Alternative. If any provision or provisions of this Section or Section 19 shall be held to be invalid, illegal or unenforceable for any reason whatsoever (i) the validity, legality and enforceability of all of the remaining provisions of such Sections shall not in any way be affected or impaired thereby; and (ii) to the fullest extent possible, the remaining provisions of such Sections shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable. In the event that the indemnitee elects, as an alternative to the procedures specified in this Section or in Section 19, to follow one of the procedures authorized by applicable corporate law or statute to enforce his right to indemnification and notifies the Corporation of his or her election, the Corporation agrees to follow the procedure so elected by the indemnitee. If in accordance with the preceding sentence, the procedure therefor contemplated herein or the procedure elected by the indemnitee in any specific circumstances (or such election by the indemnitee) shall be invalid or ineffective in bringing about a valid and binding determination of the entitlement of the indemnitee to indemnification, the most nearly comparable procedure authorized by applicable corporate law or statute shall be followed by the Corporation and the indemnitee.

(g) Certain Limitations. The Corporation shall indemnify any indemnitee as provided in this Section and in Section 19 in connection with a Proceeding initiated by such indemnitee only if such Proceeding was authorized by the Board of Directors of the Corporation; provided,

however, that the Corporation shall further indemnify an indemnitee in connection with a Proceeding to enforce such indemnitee's rights under this Section and Section 19.

Section 19. Procedures: Presumptions and Effect of Certain Proceedings: Remedies.

In furtherance, but not in limitation, of the foregoing provisions of Section 18, the following procedures, presumptions and remedies shall apply with respect to advancement of expenses and the right to indemnification under Section 18:

(a) Advancement of Expenses. The advancement or reimbursement of expenses to an indemnitee shall be made within twenty (20) days after the receipt by the Corporation of a request therefor from the indemnitee. Such request shall reasonably evidence the expenses incurred or about to be incurred by the indemnitee and, if required by law at the time of such advance, shall include or be accompanied by an undertaking by or on behalf of the indemnitee to repay the amounts advanced if it should ultimately be determined that the indemnitee is not entitled to be indemnified against such expenses.

(b) Procedure for Determination of Entitlement to Indemnification.

(i) To obtain indemnification (except with respect to the advancement of expenses), an indemnitee shall submit to the Chief Executive Officer or Secretary of the Corporation a written request, including such documentation and information as is reasonably available to the indemnitee and reasonably necessary to determine whether and to what extent the indemnitee is entitled to indemnification (the "Supporting Documentation"). The Secretary of the Corporation shall promptly advise the Board of Directors in writing that the indemnitee has requested indemnification. The determination of the indemnitee's entitlement to indemnification shall be made not later than sixty (60) days after receipt by the Corporation of the written request and Supporting Documentation.

(ii) The indemnitee's entitlement to indemnification shall be determined in one of the following ways: (A) by a majority vote of the Disinterested Directors (as hereinafter defined) (which term shall mean the Disinterested Director, if there is only one); (B) by a written opinion of the Independent Counsel (as hereinafter defined) if (1) a majority of the Disinterested Directors so directs; (2) there is no Disinterested Director, or (3) a Change of Control (as hereinafter defined) shall have occurred and the indemnitee so requests in which case the Disinterested Directors shall be deemed to have so directed; (C) by the stockholders of the Corporation (but only if a majority of the Disinterested Directors determines that the issue of entitlement to indemnification should be submitted to the stockholders for their determination); or (D) as provided in Section 19(c).

(iii) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 19(b)(ii), a majority of the Disinterested Directors shall select the Independent Counsel, but only an Independent Counsel to which the indemnitee does not reasonably object; provided, however, that if a Change of Control shall have occurred, the indemnitee shall select such Independent Counsel, but only an Independent Counsel to which the Board of Directors does not reasonably object.

(c) Presumptions and Effect of Certain Proceedings. Except as otherwise expressly provided in this Section or in Section 18, the indemnitee shall be presumed to be entitled to indemnification upon submission of a request for indemnification together with the Supporting Documentation, and thereafter in any determination or review of any determination, and in any arbitration, proceeding or adjudication the Corporation shall have the burden of proof to overcome that presumption in reaching a contrary determination. In any event, if the person or persons empowered under Section 19(b)(ii) to determine entitlement to indemnification shall not

have been appointed or shall not have made a determination within 60 days after receipt by the Corporation of the request therefor together with the Supporting Documentation, the indemnitee shall be deemed to be entitled to indemnification. In either case, the indemnitee shall be entitled to such indemnification, unless (i) the indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (ii) such indemnification is prohibited by law, in either case as finally determined by adjudication or, at the indemnitee's sole option, arbitration (as provided in Section 19(d)). The termination of any Proceeding, or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, adversely affect the right of the indemnitee to indemnification or create any presumption with respect to any standard of conduct or belief or any other matter which might form a basis for a determination that the indemnitee is not entitled to indemnification. With regard to the right to indemnification for expenses, (x) if and to the extent that the indemnitee has been successful on the merits or otherwise in any Proceeding, or (y) if a Proceeding was terminated without a determination of liability on the part of the indemnitee with respect to any claim, issue or matter therein or without any payments in settlement or compromise being made by the indemnitee with respect to a claim, issue or matter therein, or (z) if and to the extent that the indemnitee was not a party to the Proceeding, the indemnitee shall be deemed to be entitled to indemnification, which entitlement shall not be defeated or diminished by any determination which may be made pursuant to Section 19(b)(i), (ii) or (iii). The indemnitee shall be presumptively entitled to indemnification in all respects for any act, omission or conduct taken or occurring which (whether by condition or otherwise) is required, authorized or approved by any order issued or other action by any commission or governmental body pursuant to any federal statute or state

statute regulating the Corporation or any of its subsidiaries by reason of its status as a public utility or public utility holding company or by reason of its activities as such. To the extent permitted by law, the presumption shall be conclusive on all parties with respect to acts, omissions or conduct of the indemnitee if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation or its subsidiary. No presumption adverse to an indemnitee shall be drawn with respect to any act, omission or conduct of the indemnitee if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation or its subsidiary taken or occurring in the absence of, or inconsistent with, any order issued or action by any commission or governmental body.

(d) Remedies of Indemnitee.

(1) In the event that a determination is made pursuant to Section 19(b) that the indemnitee is not entitled to indemnification under this Section or Section 18, (A) the indemnitee shall be entitled to seek an adjudication of his entitlement to such indemnification either, at the indemnitee's sole option, in (1) an appropriate court of the State of Delaware or any other court of competent jurisdiction or (2) to the extent consistent with law, arbitration to be conducted by three arbitrators (or, if the dispute involves less than \$100,000, by a single arbitrator) pursuant to the rules of the American Arbitration Association; (B) any such judicial Proceeding or arbitration shall be de novo and the indemnitee shall not be prejudiced by reason of such adverse determination; and (C) in any such judicial Proceeding or arbitration the Corporation shall have the burden of proof that the indemnitee is not entitled to indemnification under this Section or Section 19.

(ii) If a determination shall have been made or deemed to have been made, pursuant to Section 19(b) or (c), that the indemnitee is entitled to indemnification, the Corporation shall be obligated to pay the amounts constituting such indemnification within five days after such determination has been made or deemed to have been made and shall be conclusively bound by such determination, unless (A) the indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law, in either case as finally determined by adjudication or, at the indemnitee's sole option, arbitration (as provided in Section 19(d)(i)). In the event that (1) advancement of expenses is not timely made by the Corporation pursuant to this Bylaw or (2) payment of indemnification is not made within five days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Section 19(b) or (c), the indemnitee shall be entitled to seek judicial enforcement of the Corporation's obligations to pay to the indemnitee such advancement of expense of indemnification. Notwithstanding the foregoing, the Corporation may bring an action, in an appropriate court in the State of Delaware or any other court of competent jurisdiction, contesting the right of the indemnitee to receive indemnification hereunder due to the occurrence of a circumstance described in subclause (A) of this Section 19(d)(ii) or a prohibition of law (both of which are herein referred to as a "Disqualifying Circumstance"). In either instance, if the indemnitee shall elect, at his sole option, that such dispute shall be determined by arbitration (as provided in Section 19(d)(i)), the indemnitee and the Corporation shall submit the controversy to arbitration. In any such enforcement action or other proceeding whether brought by the indemnitee or the Corporation, indemnitee shall be entitled to indemnification unless the Corporation can satisfy the burden or proof that indemnification is prohibited by reason of a Disqualifying Circumstance.

(iii) The Corporation shall be precluded from asserting in any judicial Proceeding or arbitration commenced pursuant to Section 19(d) that the procedures and presumptions of this Section and Section 18 are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator or arbitrators that the Corporation is bound by all the provisions of such Sections.

(iv) In the event that the indemnitee, pursuant to this Section or Section 18, seeks a judicial adjudication of or an award in arbitration to enforce his rights under, or to recover damages for breach of, this Section or Section 18, or is otherwise involved in any adjudication or arbitration with respect to his right to indemnification, the indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any expenses actually and reasonably incurred by him if the indemnitee prevails in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that the indemnitee is entitled to receive part but not all of the indemnification or advancement of expenses sought, the expenses incurred by the indemnitee in connection with such judicial adjudication or arbitration shall be prorated accordingly.

(e) Definitions. For purposes of indemnification under this Section and Section 18 or otherwise:

(i) "Change in Control" means a change in control of the Corporation of a nature that would be required to be reported in response to Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934 (the "Act"), whether or not the Corporation is then subject to such reporting requirement; provided that, without limitation, such a change in control shall be deemed to have occurred if (A) any "person" (as such term is used in Sections 13(d) and 14(d) of the Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act),

directly or indirectly, of securities of the Corporation representing 20 percent or more of the combined voting power of the Corporation's then outstanding securities without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such acquisition; (B) the Corporation is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which, members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (C) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors (including for this purpose any new Director whose election or nomination for election by the Corporation's stockholders was approved by a vote of at least two-thirds of the Directors then still in office who were Directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board of Directors.

(ii) "Disinterested Director" means a Director of the Corporation who is not or was not a material party to the Proceeding in respect of which indemnification is sought by the indemnitee.

(iii) "Independent Counsel" means a law firm or a member of a law firm that neither presently is, nor in the past five years has been, retained to represent (A) the Corporation or the indemnitee in any manner or (B) any other party to the Proceeding giving rise to a claim for indemnification under this Section or Section 18. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing under the law of the State of Delaware, would have a conflict of interest in representing either the Corporation or the indemnitee in an action to determine the indemnitee's rights under this Section or Section 18.

(f) Acts of Disinterested Directors. Disinterested Directors considering or acting on any indemnification matter under this Section or Section 18 or under governing corporate law or otherwise may consider or take action as the Board of Directors or may consider or take action as a committee or individually or otherwise. In the event that Disinterested Directors consider or take action as the Board of Directors, one-third of the total number of Directors in office shall constitute a quorum.

AMENDMENTS OF BYLAWS

Section 20. These Bylaws may be amended or altered by the vote of a majority of the whole Board of Directors at any meeting provided that notice of such proposed amendment shall have been given in the notice given to the Directors of such meeting. Such authority in the Board of Directors is subject to the power of the stockholders to change or repeal any Bylaws by a majority vote of the stockholders present and represented at any annual meeting or at any special meeting called for such purpose, and the Board of Directors shall not repeal or alter any Bylaws , other than Section 19, adopted by the stockholders.

EXHIBIT B-4

**Bylaws of Citizens Telecommunications Company of
Oregon**

**BY - LAWS
OF
CITIZENS TELECOMMUNICATIONS COMPANY OF OREGON**

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ARTICLE I

OFFICES

1.1 Registered Office. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

1.2 Other Offices. The corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

2.1 Location of Meeting. All meetings of the stockholders for the election of Directors shall be held in the City of Stamford, State of Connecticut, at such place as may be fixed from time to time by the Board of Directors, or at such other place either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

2.2 Annual Meetings. Annual meetings of stockholders shall be held at such other date and time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which they shall elect by a plurality vote a Board of Directors, and transact such other business as may properly be brought before the meeting.

2.3 Notice of Annual Meeting. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

2.4 Voting Eligibility. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary

business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

2.5 Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the president and shall be called by the president or secretary at the request in writing of a majority of the Board of Directors, or at the request in writing of stockholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

2.6 Notice of Special Meeting. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten days nor more than sixty days before the date of the meeting, to each stockholder entitled to vote at such meeting.

2.7 Business Transacted. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

2.8 Quorum. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

2.9 Voting. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

2.10 Voting by Proxy. Unless otherwise provided in the certificate of incorporation each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power

held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

2.11 Written Consent in Lieu of Meeting. Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III

DIRECTORS

3.1 Number. The number of Directors which shall constitute the whole Board of Directors shall be not less than three nor more than five. The first Board of Directors shall consist of three Directors. Thereafter, within the limits above specified, the number of Directors shall be determined by resolution of the Board of Directors or by the stockholders at their annual meeting. The Directors shall be elected at the annual meeting of the stockholders, and each Director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

3.2 Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of Directors may be filled by a majority of the Directors then in office, though less than a quorum, or by a sole remaining Director, and the Directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no Directors in office, then an election of Directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the Directors then in office shall constitute less than a majority of the whole Board of Directors (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent of the total number of the shares at the time outstanding having the right to vote for such Directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the Directors chosen by the Directors then in office.

3.3 Duties and Powers. The business of the corporation shall be managed by or under the direction of its Board of Directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these bylaws directed or required to be exercised or done by the stockholders.

3.4 Removal. Unless otherwise restricted by the certificate of incorporation or by law, any Director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of shares entitled to vote at an election of Directors.

ARTICLE IV

MEETINGS OF THE BOARD OF DIRECTORS

4.1 Location. The Board of Directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

4.2 First Meeting. The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected Directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly, elected Board of Directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the Directors.

4.3 Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors.

4.4 Special Meetings. Special meetings of the Board of Directors may be called by the president on five days' notice to each Director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two Directors unless the Board of Directors consists of only one Director; in which case special meetings shall be called by the president or secretary in like manner and on like notice on the written request of the sole Director.

4.5 Quorum. At all meetings of the Board of Directors two Directors shall constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the Board of Directors the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

4.6 Written Consent in Lieu of Meeting. Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken

without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

4.7 Teleconferencing. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE V

COMMITTEES OF THE BOARD OF DIRECTORS

5.1 Designation of Committee. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of one or more of the Directors of the corporation. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the certificate of incorporation, (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors as provided in Section 151(a) fix any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation) adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the by-laws of the corporation; and, unless the resolution or the certificate of incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock or to adopt a certificate of ownership and merger. Such

committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

5.2 Records. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

ARTICLE VI

COMPENSATION OF DIRECTORS

6. Unless otherwise restricted by the certificate of incorporation or these by-laws, the Board of Directors shall have the authority to fix the compensation of Directors. The Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as Director. No such payment shall preclude any Director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE VII

OFFICERS

7.1 Offices. The officers of the corporation shall be chosen by the Board of Directors and shall be a president, a vice-president, a secretary and a treasurer. The Board of Directors may choose additional vice-presidents, and one or more Directors may also choose more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide.

7.2 First Meeting. The Board of Directors at its first meeting after each annual meeting of stockholders shall choose a president, one or more vice-presidents, a secretary or assistant secretary and a treasurer.

7.3 Officers and Agents. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

7.4 Compensation. The salaries of all officers and agents of the corporation shall be fixed by the Board of Directors.

7.5 Term of Office. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the corporation shall be filled by the Board of Directors.

ARTICLE VIII

THE PRESIDENT

8.1 Duties. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the stockholders and the Board of Directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect.

8.2 Powers. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the corporation.

ARTICLE IX

THE VICE-PRESIDENTS

9. In the absence of the president or in the event of his inability or refusal to act, the vice-president (or in the event there be more than one vice-president, the vice-presidents in the order designated by the Directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE X

THE SECRETARY AND ASSISTANT SECRETARY

10.1 Secretary. The secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

10.2 Assistant Secretary. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE XI

THE TREASURER AND ASSISTANT TREASURERS

11.1 Powers and Duties. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors.

11.1.1 He shall disburse the funds of the corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

11.1.2 If required by the Board of Directors, he shall give the corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

11.2 Assistant Treasurer. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE XII

CERTIFICATES FOR SHARES

12.1 Certificates. The shares of the corporation shall be represented by a certificate or shall be uncertified. Certificates shall be signed by, or in the name of the corporation by, the chairman or vice-chairman of the Board of Directors, or the president or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation.

Upon the face or back of each stock certificate issued to represent any partly paid shares, or upon the books and records of the corporation in the case of uncertified partly paid shares, shall be set forth the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated.

If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualification, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 151, 156, 202(a) or 218(a) or a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

12.2 Signatures. Any of or all the signatures on a certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

12.3 Lost Certificates. The Board of Directors may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates therefore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates or uncertificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

ARTICLE XIII

TRANSFER OF STOCK

13. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Upon receipt of proper transfer instructions from the registered owner of uncertificated shares such uncertificated shares shall be canceled and issuance of new equivalent uncertificated shares or certificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of the corporation.

ARTICLE XIV

FIXING RECORD DATE

14. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE XV

REGISTERED STOCKHOLDERS

15. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE XVI

DIVIDENDS

16.1 Declaration. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

16.2. Reserves. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Directors shall think conducive to the interest of the corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE XVII

ANNUAL STATEMENT

17. The Board of Directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the corporation.

ARTICLE XVIII

CHECKS

18. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

ARTICLE XIX

FISCAL YEAR

19. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

ARTICLE XX

SEAL

20. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE XXI

INDEMNIFICATION

21. The corporation shall indemnify its officers, Directors, employees and agents to the extent permitted by the General Corporation Law of Delaware.

ARTICLE XXII

NOTICES

22.1 Form of Notice. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these by-laws, notice is required to be given to any Director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such Director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to Directors may also be given by telegram or facsimile.

22.2 Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE XXIII

AMENDMENTS

23. These by-laws may be altered, amended or repealed or new by-laws may be adopted by the stockholders or by the Board of Directors, when such power is conferred upon the Board of Directors by the certificate of incorporation at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new by-laws be contained in the notice of such special meeting. If the power to adopt, amend or repeal by-laws is conferred upon the Board of Directors by the certificate of incorporation it shall not divest or limit the power of the stockholders to adopt, amend or repeal by-laws.

EXHIBIT E-1

**Verizon Northwest Inc. Annual Report
Form O**

REDACTED

ANNUAL REPORT FORM O

Total Company and Total Oregon Operations

OF

Verizon Northwest Inc.

(name of responding telecommunications cooperative or utility)

TO THE

PUBLIC UTILITY COMMISSION OF OREGON
Street Address: 550 Capitol Street NE Suite 215, Salem OR 97301-2551
Mailing Address: PO Box 2148, Salem OR 97308-2148

FOR THE YEAR ENDING DECEMBER 31, 2008

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© This schedule contains **CONFIDENTIAL** information.

* All telecommunications utilities and cooperatives (incumbent local exchange carriers) must provide the information requested on this schedule. Specific ILECs may leave portions of other schedules blank, as indicated in the instructions.

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Schedules from other reports are not acceptable. See attached instructions for more information.

A-1. GENERAL INFORMATION	
A. Identity of Respondent	
Assumed Business Name, Doing Business As Name, or Also Known As Name (if same as legal name, write "SAME"):	
1. Verizon Northwest Inc.	Same
Name of Person (including title) Whom OPUC Should Contact About This Report:	Business Street Address:
2. David Valdez - Vice President Northwest Region	1800 41st Street, Everett, WA 98201
E-mail Address:	Mailing Address (if same as street address, write "SAME"):
david.s.valdez@verizon.com	Same
	Voice Telephone Number: 425-261-5691
	Facsimile Number: 425-261-5262

B. Other Published Annual Reports

- REPORT TO STOCKHOLDERS / MEMBERS.** A copy of the annual report to stockholders or members was will be sent to OPUC on or about _____.
- Annual reports to stockholders or members are not published.
- RUS REPORT.** A copy of the published annual report to the Rural Utilities Service was will be sent to OPUC on or about _____.
- The respondent does not report to the Rural Utilities Service.
- ARMIS REPORT.** A copy of the ARMIS report Part 43-02 was will be sent to OPUC on or about _____.
- The respondent does not file ARMIS reports with the Federal Communications Commission.
- LEC REPORT.** A copy of the respondent's Annual Report for Local Exchange Carriers to OPUC is attached.

C. Signature

I certify that I am the responsible accounting officer or director of the above-named company and I examined this report. To the best of my knowledge, information, and belief, all statements of fact in this report are true, and this report correctly states the respondent's business and affairs in each matter set forth from January 1, 2008, through December 31, 2008.

(signature) Sandra Anderson Assistant Controller
(printed or typed name) (printed or typed title)

(date)

Company: Verizon Northwest Inc.

Schedules from other reports may be acceptable. See attached instructions for more information.

A-2. IMPORTANT CHANGES DURING THE YEAR

<p>1. CHANGES IN SERVICE TERRITORY, EXTENSIONS OF SERVICES, SALES, MERGERS, ABANDONMENT, AND CHANGES IN IDENTITY. If there were changes in the respondent's identity or Oregon service territory during the year, describe the changes.</p> <p>2. CHANGES IN ACCOUNTING STANDARDS. Briefly describe the changes in accounting standards, including the effective date of the change and the impact on the accounts as provided for by generally accepted accounting principles.</p> <p>3. CHANGES IN OWNERSHIP OR DIRECT CONTROL. If ownership or direct control over the respondent changed during the year, provide the following information: a. State the form of control (i.e., sole or joint). b. State the names and addresses of the directly controlling organizations or persons. c. State the means by which control was held (for example, through ownership of voting securities, common directors, officers, stockholders, voting trusts, etc.). d. State the extent of control. e. If the directly controlling organization or person was in turn controlled by another organization or person, show the chain of control to the ultimately controlling organization or person and the extent of control over each directly controlled organization or person in the chain. f. If any controlling organization or person held control as trustee, give the names and addresses of the beneficiaries for whom the trust is maintained and the purpose of the trust.</p>	<p><input type="checkbox"/> NOT REQUIRED, because the respondent is a cooperative.</p> <p>1. None</p> <p>2.a. On Feb. 12, 2008, FASB issued FASB Staff Position (FSP) No. FAS 157-2, Effective Date of FASB Statement No. 157 (FSP 157-2), which delays the effective date of SFAS No. 157 for one year for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. We adopted certain provisions which pertain to SFAS No. 157 under the provisions of FSP 157-2 related to the measurement of fair value used when evaluating other intangible. On October 10, 2008 the FASB issued FSP 157-3, Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active, (FSP 157-3), which clarifies application of SFAS No. 157 in a market that is not active. FSP 157-3 was effective upon issuance, including prior periods for which financial statements have not been issued. The impact of adopting these provisions in SFAS No. 157 on January 1, 2008 and the related FSPs 157-2 and 157-3 had no impact to our consolidated financial statements.</p> <p>2.b. Adoption of SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, effective January 1, 2008 did not have an impact on the financial statements.</p> <p>3. None</p>
--	--

A-3. STOCKHOLDERS

Line No.	Class of Stock (a)	Shares Held (b)	Name of Stockholder (c)
1	Common Stock	one	GTE Corporation
2			
3			
4			
5			
6			
7			
8			
9			
10			
11	Date of Completion: December 31, 2008		

NOT REQUIRED, because the respondent is a cooperative.

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B.1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Assets						
1	Cash and Equivalents.....					37,314,839
2	Receivables.....					125,963,345
3	Allowance for Doubtful Accounts.....					(7,654,167)
4	Inventories.....	4,969,792	<-- Beginning and Ending Balances Required -->			6,548,972
5	Prepayments.....					(23,096,406)
6	Other Current Assets.....					20,731,638
7	Total Current Assets (lines 1..6).....					159,808,221
8	Nonregulated Investments.....					-
9	Other Noncurrent Assets.....					282,410,516
10	Deferred Maintenance, Retirements, and Other Deferred Charges.....	18,269,469	<-- Beginning and Ending Balances Required -->			13,674,887
11	Other Jurisdictional Assets - Net.....					6,234,198
12	Total Noncurrent Assets (lines 8..11).....					302,319,601
13	Telecommunications Plant in Service (line 60).....	4,761,859,755	<-- Beginning and Ending Balances Required -->			5,002,031,104
14	Property Held for Future Telecommunications Use.....					-
15	Telecommunications Plant Under Construction.....					31,573,536
16	Telecommunications Plant Adjustment.....	-	<-- Beginning and Ending Balances Required -->			-
17	Nonoperating Plant.....					368,067
18	Goodwill.....					-
19	Total Plant (lines 13..18).....	4,787,656,139	<-- Beginning and Ending Balances Required -->			5,033,972,707

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B.1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Telecommunications Plant in Service						
20	2111 Land.....	11,837,565			(12,116)	11,825,449
21	2112 Motor Vehicles.....	28,548,343	348,927	2,161,856		26,735,414
22	2113 Aircraft.....					
23	2114 Tools and Other Work Equipment.....	44,501,804	1,229,529	3,764,786	(64,214)	41,902,333
24	2121 Buildings.....	291,370,972	779,656	76,546	649,658	292,723,740
25	2122 Furniture.....	5,371,584	5,562	3,531,046		1,846,100
26	2123.1 Office Support Equipment.....	514,698		38,140		476,558
27	2123.2 Company Communications Equipment.....	9,636,005	2,351	700,085		8,938,271
28	Sub-Total 2123 Office Equipment (lines 26..27).....	10,150,703	2,351	738,225		9,414,829
29	2124 General Purpose Computers.....	7,390,018	558,883	3,765,287	139,849	4,323,463
30	Total Land and Support (lines 20..27 and 29).....	399,170,989	2,924,908	14,037,746	713,177	388,771,328
31	2211 Nondigital Switching.....					
32	2212.1 Digital Electronic Switching - Circuit.....	828,532,557	12,131,681	15,518,663	10,687,276	835,932,851
33	2212.2 Digital Electronic Switching - Packet.....	24,947,537	723,954	583,665	(692,471)	24,395,355
34	Total Central Office - Switching (lines 31..33).....	853,480,094	12,855,635	16,102,328	9,994,805	860,228,206
35	2220 Operator Systems.....	1,126,743	142,684	226,077	(43,320)	1,000,030
36	2231 Radio Systems.....	25,575,987	399,828	1,450,996	4,580	24,529,399
37	2232.1 Circuit Equipment - Electronic.....	965,338,969	79,474,836	47,848,033	16,563,532	1,013,529,304
38	2232.2 Circuit Equipment - Optical.....					
39	Total Circuit (lines 36..38).....	990,914,956	79,874,664	49,299,029	16,568,112	1,038,058,703
40	Total Switching and Central Office (lines 34..38).....	1,845,521,793	92,872,983	65,627,434	26,519,597	1,899,286,939
41	2310 Information Origination/Termination.....					
42	2351 Public Telephone Terminal Equipment.....	39,295	10,331			49,626
43	2362 Other Terminal Equipment.....	27,454,808	2,595,459	3,260,920	6,121	26,795,468
44	Total Information Origination/Termination (lines 41..43).....	27,494,103	2,605,790	3,260,920	6,121	26,845,094

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET

Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
45	Poles.....	78,740.322	3,671.971	825.674	193.539	81,780.158
46	Aerial Cable - Metallic.....	360,666.328	5,353.566	4,214.812	336.351	362,141.433
47	Aerial Cable - Nonmetallic.....	49,196.212	18,255.677	177.095	9,409.500	76,684.294
48	Underground Cable - Metallic.....	513,642.155	13,773.364	2,876.653	1,631.835	526,170.701
49	Underground Cable - Nonmetallic.....	158,368.344	25,421.120	343.789	10,332.207	193,777.882
50	Buried Cable - Metallic.....	779,245.184	11,299.273	5,469.246	431.798	785,507.009
51	Buried Cable - Nonmetallic.....	249,829.734	75,138.562	778.895	22,723.290	346,912.691
52	Submarine and Deep Sea Cable.....	2,589.061	1.298		(0.093)	2,590.266
53	Intrabuilding Network Cable.....	184.872				184.872
54	Aerial Wire.....	670.639	41.232	0.827	2.224	713.268
55	Conduit Systems.....	287,020.104	4,386.274	218.115	1,097.115	292,285.378
56	Total Cable and Wire Facilities (lines 45..55).....	2,480,152.955	157,342.337	14,905.106	46,157.766	2,668,747.952
57	Amortizable Tangible Assets.....	6,214.365	1,115.370	274.032	5,103.896	12,159.599
58	Amortizable Intangible Assets.....	3,305.550	3,630.547	3,159.542	2,443.637	6,220.192
59	Total Other Assets (lines 57..58).....	9,519.915	4,745.917	3,433.574	7,547.533	18,379.791
60	Telecommunications Plant in Service (lines 30+40+44+56+59).....	4,761,859.755	260,491.935	101,264.780	80,944.194	5,002,031.104
Accumulated Depreciation and Amortization						
61	Depreciation - Telecommunications Plant in Service.....	3,131,216.687	<-- Beginning and Ending Balances Required -->		<--	3,368,231.138
62	Depreciation - Property Held for Future Telecommunications Use.....		<-- Beginning and Ending Balances Required -->		<--	
63	Depreciation - Nonoperating.....	1,656	<-- Beginning and Ending Balances Required -->		<--	1,656
64	Amortization of Tangible Assets.....	1,066.391	<-- Beginning and Ending Balances Required -->		<--	1,401.736
65	Amortization of Intangible Assets.....	-	<-- Beginning and Ending Balances Required -->		<--	-
66	Accumulated Depreciation and Amortization (lines 61..65).....	3,132,284.734	<-- Beginning and Ending Balances Required -->		<--	3,369,634.530
67	Net Plant (line 19 less line 66).....	1,655,371.405	<-- Beginning and Ending Balances Required -->		<--	1,664,338.177
68	Total Assets (lines 7+12+67).....					2,126,465.999

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Liabilities and Equity						
69	4010-4030 Accounts and Notes Payable.....					572,586,951
70	4040 Customer Deposits.....					65,592
71	4070 Income Taxes - Accrued.....					14,537,986
72	4080 Other Taxes - Accrued.....					11,318,984
73	4100 Net Current Deferred Operating Income Tax.....	3,383,694	<-- Beginning and Ending Balances Required -->			(2,795,554)
74	4110 Net Current Deferred Nonoperating Income Tax.....					
75	4130 Other Current Liabilities.....					90,008,559
76	Total Current Liabilities (lines 69..75).....					685,722,518
77	4200 Long Term Debt.....					174,471,774
78	4310 Other Long Term Liabilities.....					215,536,902
79	4320 Unamortized Operating Investment Tax Credits - Net.....					
80	4330 Unamortized Nonoperating Investment Tax Credits - Net.....					
81	4340.1 Net Noncurrent Deferred Operating Federal Income Tax.....	217,883,949	<-- Beginning and Ending Balances Required -->			206,047,958
82	4340.2 Net Noncurrent Deferred Operating State Income Tax.....	16,774,087	<-- Beginning and Ending Balances Required -->			15,909,631
83	4341 Net Deferred Tax Liability Adjustments.....					656,895
84	4350 Net Noncurrent Deferred Nonoperating Income Tax.....					
85	4361 Deferred Tax Regulatory Liability - Net.....	(731,640)	<-- Beginning and Ending Balances Required -->			(656,895)
86	4370 Other Jurisdictional Liabilities and Deferred Credits - Net.....	(134,760,252)	<-- Beginning and Ending Balances Required -->			(138,604,642)
87	Total Other Liabilities and Deferred Credits (lines 77..86).....					473,361,623
88	4510 Capital Stock.....					448,000,000
89	4520 Additional Paid-In Capital.....					103,379,812
90	4530 Treasury Stock.....					
91	4540 Other Capital.....					3,764,684
92	4550 Retained Earnings (from Retained Earnings, below).....					412,237,362
93	Total Stockholders' Equity (lines 88..92).....					967,381,858
94	Total Liabilities and Equity (lines 76+87+93).....					2,126,465,999

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Retained Earnings						
95	Balance at January 1					407,301.459
96	Net Income (from Income Statement, Schedule I-1, line 82)					59,935.953
97	Dividends Declared					55,000.000
98	Miscellaneous Debits (Include explanation in footnotes)					-
99	Miscellaneous Credits (Include explanation in footnotes)					(0.050)
100	Balance at December 31 (lines 95+96+99 less line 97 less 98)					412,237.362

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

Line No.	Plant Account Description (a)	Accumulated Balance at Beginning of Year (b)	CREDITS During the Year		CHARGES During the Year		Accumulated Balance at End of Year (g)	Composite Depreciation Rate (%) (h)
			Charged to Expense Account (c)	Other Credits (d)	Plant Retired (e)	Other Charges (f)		
NOT REQUIRED , because the respondent is an average schedule company, has elected price cap regulation under ORS 759.405, or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule.								
DEPRECIATION:								
1	2112 Vehicles	19,817,920	2,513,151	31,427	1,906,246		20,456,252	
2	2113 Aircraft							
3	2114 Tools and Other Work Equipment	37,096,160	3,621,679		3,718,035		36,999,804	
4	2121 Buildings	85,868,860	8,259,485		898,136	404,538	92,825,671	
5	2122 Furniture	5,129,601	86,842		3,531,046		1,685,397	
6	2123.1 Office Support Equipment	108,869	126,230		38,140		196,959	
7	2123.2 Company Communications Equipment	9,005,972	175,106		700,085		8,480,993	
8	Sub-Total 2123 Office Equipment (lines 6..7)	9,114,841	301,336		738,225		8,677,952	
9	2124 General Purpose Computers	544,842	208,881	1,059	3,746,429		(2,991,647)	
10	Total Support (lines 1..7 and 9)	157,572,224	14,991,374	32,486	14,538,117	404,538	157,653,429	
11	2211 Nondigital Switching							
12	2212.1 Digital Electronic Switching - Circuit	684,684,149	71,481,884		15,942,263	(4,825,928)	745,049,698	
13	2212.2 Digital Electronic Switching - Packet	9,542,612	2,144,885		602,661	(6,131)	11,090,967	
14	Total Switching (lines 11..13)	694,226,761	73,626,769		16,544,924	(4,832,059)	756,140,665	
15	2220 Operator Systems	361,260	115,623		140,971	(1,786)	337,698	
16	2231 Radio Systems	25,706,376	352,047		1,492,229	(166,883)	24,733,077	
17	2232.1 Circuit Equipment - Electronic	690,643,491	94,472,505		46,190,071	(7,576,617)	746,502,542	
18	2232.2 Circuit Equipment - Optical							
19	Total Circuit (lines 16..18)	716,349,867	94,824,552		47,682,300	(7,743,500)	771,235,619	
20	Information Origination/Termination							
21	2351 Public Tel. Terminal Equipment	33,561	5,806		3,604,099		39,367	
22	2362 Other Terminal Equipment	27,497,861	3,115,936		2,871,113		27,009,698	
23	2411 Poles	71,033,501	6,755,573		4,316,831	(1,075)	74,917,961	
24	2421.1 Aerial Cable - Metallic	322,917,225	21,020,528		200,776		339,621,997	
25	2421.2 Aerial Cable - Nonmetallic	13,249,518	3,282,456		3,347,852	0.372	16,331,198	
26	2422.1 Underground Cable - Metallic	321,255,255	27,900,148		379,500	(0.373)	345,807,179	
27	2422.2 Underground Cable - Nonmetallic	48,245,078	9,801,501		5,875,845	15.083	57,667,452	
28	2423.1 Buried Cable - Metallic	623,688,315	47,560,770		794,188		665,358,157	
29	2423.2 Buried Cable - Nonmetallic	36,372,001	15,421,054				50,998,867	
30	2424 Submarine and Deep Sea Cable	2,263,996	88,459				2,352,455	
31	2426 Infrabuilding Network Cable	185,286	1,947		17,217		187,233	
32	2431 Aerial Wire	417,270	46,490		234,309		446,543	
33	2441 Conduit Systems	95,547,708	6,811,625			(0.595)	102,125,619	
34	Total Cable and Wire (lines 23..33)	1,535,175,153	138,690,551		18,037,631	13,412	1,655,814,661	
35	Total Depreciation (lines 10+14+15+19+20+21+22+34)	3,131,216,687	325,370,611	32,486	100,548,042	(12,159,395)	3,368,231,137	

This information is PUBLIC record under ORS 193.410-505 and OAR 860-032-0070.

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

Line No.	Plant Account Description (a)	Accumulated Balance at Beginning of Year (b)	CREDITS During the Year		CHARGES During the Year		Accumulated Balance at End of Year (g)	Composite Amortization Rate (%) (h)
			Charged to Expense Account (c)	Other Credits (d)	Plant Retired (e)	Other Charges (f)		
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company, has elected price cap regulation under ORS 759.405, or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule.							
	AMORTIZATION							
36	Amortizable Tangible Assets	4,160,669	440,129		271,697		4,329,101	
37	Amortizable Intangible Assets	5,655,918	2,947,084		3,159,542		5,443,460	
38	Total Amortization (lines 35..36)	9,816,587	3,387,213		3,431,239		9,772,561	

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

B-3. ANALYSIS OF CHARGES RELATED TO PLANT RETIRED

Line No.	Plant Account Description (a)	Book Cost (b)	Cost of Removal (c)	Salvage and Insurance (d)	Miscellaneous Adjustments (e)	Net Retirements [Sch. B-2, Col. (e)] (f)
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company, has elected price cap regulation under ORS 759.405, or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule.					
1	2112 Vehicles	2,161.856		(255.610)		1,906.246
2	2113 Aircraft					
3	2114 Tools and Other Work Equipment	3,764.786	0.112	(46.863)		3,718.035
4	2121 Buildings	76.546	821.590			898.136
5	2122 Furniture	3,531.046				3,531.046
6	2123.1 Office Support Equipment	38.140				38.140
7	2123.2 Company Communications Equipment	700.085				700.085
8	Sub-Total 2123 Office Equipment (lines 6..7)	738.225				738.225
9	2124 General Purpose Computers	3,765.287	49.855	(68.713)		3,746.429
10	2211 Nondigital Switching					
11	2212.1 Digital Electronic Switching - Circuit	15,518.663	710.411	(286.811)		15,942.263
12	2212.2 Digital Electronic Switching - Packet	583.665	18.996			602.661
13	2220 Operator Systems	226.077	30.431	(115.537)		140.971
14	2231 Radio Systems	1,450.996	120.604	(79.371)		1,492.229
15	2232.1 Circuit Equipment - Electronic	47,848.033	2,055.264	(3,713.226)		46,190.071
16	2232.2 Circuit Equipment - Optical					
17	2310 Information Origination/Termination					
18	2351 Public Tel. Terminal Equipment					
19	2362 Other Terminal Equipment	3,260.920	343.179			3,604.099
20	2411 Poles	825.674	2,161.513	(116.074)		2,871.113
21	2421.1 Aerial Cable - Metallic	4,214.812	974.094	(872.075)		4,316.831
22	2421.2 Aerial Cable - Nonmetallic	177.095	28.815	(5.134)		200.776
23	2422.1 Underground Cable - Metallic	2,876.653	472.876	(1.677)		3,347.852
24	2422.2 Underground Cable - Nonmetallic	343.789	36.637	(0.926)		379.500
25	2423.1 Buried Cable - Metallic	5,469.246	407.880	(1.281)		5,875.845
26	2423.2 Buried Cable - Nonmetallic	778.895	15.293			794.188
27	2424 Submarine and Deep Sea Cable					
28	2426 Intra-building Network Cable					
29	2431 Aerial Wire	0.827	16.390			17.217
30	2441 Conduit Systems	218.115	16.194			234.309
31	Total Charges Related to Plant Retired (lines 1..7 and 9..30)	97,831.206	8,280.134	(5,563.298)		100,548.042

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

B-4. LONG-TERM DEBT

Line No.	Description of Obligation (a)	Balance Outstanding at the End of the Year (b)	Stated Rate On the Face Amount (c)	Interest	
				Dollar Amount Accrued During the Year (d)	
<input type="checkbox"/>	NOT REQUIRED, because the respondent is an average schedule company, has elected price cap regulation under ORS 759.405, or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule.				
1	Debenture, Series C	175,000.000	6.30%	11,025.000	
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26	Total	175,000.000	6.30%	11,025.000	

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-1. INCOME STATEMENT		
Line No.	Description (a)	Total Amount During the Year (b)
Operating Revenues		
1	5000 Local Service Revenues.....	333,346,380
2	5070 Distributions of State Universal Service Funds (Monies Received from State USFs).....	15,349,773
3	5081.1 Subscriber Line Charges and Presubscribed Interexchange Carrier Charges.....	84,378,160
4	5081.2 Collections of Federal Universal Service Funds (Monies Billed to Customers for Fed USF).....	11,624,135
5	5081.3 Collections of State Universal Service Funds (Monies Billed to Customers for State USF).....	6,604,041
6	5081.4 Distributions of Federal Universal Service Funds (Monies Received from Federal USF).....	32,220,987
7	5081.5-9 Other Intrastate End User Revenues.....	(2,234)
8	5082.1 Switched Access Revenue - Interstate.....	36,575,045
9	5082.2 Switched Access Revenue - Intrastate.....	19,083,738
10	5083.1 Special Access Revenue - Interstate.....	227,161,308
11	5083.2 Special Access Revenue - Intrastate.....	25,376,811
12	Total Network Access Revenues (lines 3..11).....	443,021,991
13	5105 Long Distance Message Revenue.....	24,403,160
14	5200.1 Directory Revenue.....	3,240,230
15	5200.2 Carrier Billing and Collection Revenue.....	13,925,742
16	5200.3 Other Miscellaneous Revenue.....	37,026,062
17	Total Miscellaneous Revenues (lines 14..16).....	54,192,034
18	5280 Nonregulated Operating Revenue.....	85,358,459
19	5300 Uncollectible Revenues.....	5,513,252
20	Total Operating Revenues (lines 1+2+12+13+17+18-19).....	950,158,545
21	Interstate and Foreign (International) Revenues Included in the Above Operating Revenues.....	496,927,388
Operating Expenses		
22	6110-6114 Network Support Expenses.....	1,248,742
23	6120-6124 General Support Expenses.....	42,206,436
24	6211 Nondigital Switching Expense.....	107,791
25	6212.1 Digital Electronic Expense - Circuit.....	14,117,485
26	6212.2 Digital Electronic Expense - Packet.....	14,225,276
27	Total Central Office Switching Expenses (lines 24..26).....	14,225,276

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ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-1. INCOME STATEMENT

Line No.	Description (a)	Total Amount During the Year (b)
28	Operator Systems Expense.....	89,005
29	Radio System Expense.....	218,182
30	Circuit Equipment Expense - Electronic.....	13,009,680
31	Circuit Equipment Expense - Optical.....	48,254
32	Total Switching and Central Office Transmission Expenses (lines 28..31).....	13,365,121
33	Information Origination/Termination Expense.....	23,199,869
34	Public Telephone Terminal Equipment Expense.....	664,920
35	Other Terminal Equipment Expense.....	18,971,014
36	Total Information Origination/Termination (lines 33..35).....	42,835,803
37	Poles Expense.....	4,083,793
38	Aerial Cable Expense.....	11,144,126
39	Underground Cable Expense.....	2,201,336
40	Buried Cable Expense.....	18,246,774
41	Submarine and Deep Sea Cable Expense.....	6,813
42	Intrabuilding Network Cable Expense.....	385,591
43	Aerial Wire Expense.....	35,673
44	Conduit Systems Expense.....	305,281
45	Total Cable and Wire Facilities Expenses (lines 37..44).....	36,409,387
46	Total Plant Specific Expenses (lines 22+23+27+32+36+45).....	150,290,765
47	Property Held for Future Telecommunications Use Expense.....	
48	Provisioning Expense.....	552,886
49	Total Other Property, Plant, and Equipment Expense (lines 47..48).....	552,886
50	Network Operations Expenses.....	53,844,976
51	Access Expense.....	8,619,743
52	Federal Universal Support Contributions (Monies You Paid Into Fed USF).....	15,380,299
53	State Universal Support Contributions (Monies You Paid Into State USF).....	3,591,530
54	Total Universal Service Fund Contributions (lines 52..53).....	18,971,829
55	Depreciation - Telecommunications Plant in Service.....	325,370,611
56	Depreciation - Property Held for Future Telecommunications Use.....	440,129
57	Amortization Expense - Tangible Assets.....	2,947,084
58	Amortization Expense - Intangible Assets.....	328,757,824
59	Total Depreciation and Amortization Expenses (lines 55..58).....	410,747,258
60	Total Plant Nonspecific Expenses (lines 49+50+51+54+59).....	410,747,258

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<-- B-2, Total of Column (c) Depreciation
 <-- B-2, Column (c), Acct 2680
 <-- B-2, Column (c), Acct 2690

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-1. INCOME STATEMENT		
Line No.	Description (a)	Total Amount During the Year (b)
61	6610-6613 Marketing Expenses.....	54,190,857
62	6620 Services Expenses.....	63,744,251
63	Total Customer Operations Expenses (lines 61..62).....	117,935,108
64	6720 General and Administrative Expense.....	114,030,557
65	6790 Less: Provision for Uncollectible Notes Receivable.....	
66	Total Operating Expenses (lines 46+60+63+64-65).....	793,003,688
67	Net Revenue (line 20 less line 66).....	157,154,857
Other Income and Expenses		
68	7100 Other Operating Income and Expenses.....	641,624
69	7210 Operating Investment Tax Credits - Net.....	
70	7220 Operating Federal Income Taxes.....	54,169,640
71	7230 Operating State and Local Income Taxes.....	4,188,724
72	7240 Operating Other Taxes.....	36,563,751
73	7250.1 Provision for Deferred Operating Federal Income Tax - Net.....	(24,679,293)
74	7250.2 Provision for Deferred Operating State Income Tax - Net.....	(1,380,295)
75	Net Operating Taxes (lines 69..74).....	68,862,527
76	Net Operating Income (lines 67+68-75).....	88,933,954
77	7300 Nonoperating Income and Expenses.....	633,945
78	7400 Nonoperating Taxes.....	236,846
79	7500 Interest and Related Items.....	31,913,742
80	7600 Extraordinary Items.....	
81	7910 Income Effect of Jurisdictional Differences - Net.....	2,518,642
82	7990 Nonregulated Net Income.....	
83	Net Income (lines 76+77+80+81+82-78-79).....	59,935,953
I-2. FULL-TIME EMPLOYEES		
1	Management Employees (Regulated Activities).....	370
2	Nonmanagement Employees (Regulated Activities).....	1,832
3	Employees Allocated From or Paid by Affiliated Companies (Regulated Activities).....	
4	Total Full-Time Employees (lines 1..3 - Regulated Activities).....	2,202

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ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.
TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are whole; other amounts are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-3. COMPENSATION OF DIRECTORS, OFFICERS AND MANAGERS

Line No.	Name of Person, Title, and Department (a)	Total Amount of Compensation Paid During the Year					Total Compensation Paid by Affiliates (g)	Total Compensation (Columns b+c+d+e+g) (h)	Amount Charged to Oregon Operating Accounts (i)
		Salaries (b)	Insurance and Pensions (c)	Director Fees (d)	Other Compensation				
					Total Amount (e)	Description (f)			
A utility that is not partially exempt from regulation under ORS 759.040 must list the same or equivalent positions as shown in its Annual Budget of Expenditures for the year. A cooperative or small utility must list owners, officers, members of the board of directors, managers, and members of their families whom the respondent or its affiliates paid more than \$25,000 during the year and charged any portion thereof to Oregon operating accounts.									
1	Chief Executive Officer	667,692				38,396	VELIP Bonus Payment		
2	4/16/07 to Present					1,312,425	PSU Cash		
3	Director 4/10/07 to Present					769	Retro Wage Adj		
4						136,500	STIP Award Deferred		
5						805,996	RSU Cash		
6						345,427	Deferred RSU		
7						89,440	EDP - NQ Match/Credit		
8						546,000	STIP Award Cash	3,942,645	35,380
9	Chief Financial Officer	365,481				19,870	VELIP Bonus Payment		
10	11/1/05 to Present					462,510	PSU Cash		
11						181,611	RSC Cash		
12						405,710	RSU Cash		
13						673	Retro Wage Adj		
14						31,282	STIP Award Deferred		
15						35,609	EDP - NQ Match/Credit		
16						281,534	STIP Award Cash	1,784,280	16,011
17	VP - Taxes 9/1/01 to Present	139,681				727	Grp Insurance Income		
18						65,858	PSU Cash		
19						57,597	RSU Cash		
20						73	Retro Wage Adj		
21						50,773	STIP Award Cash	314,709	2,155
22	Secretary 5/1/98 to Present	462,542				84,300	VELIP Bonus Payment		
23						5,000	Financial Counseling		
24						887,307	PSU Cash		
25						778,338	RSU Cash		
26						519	Retro Wage Adj		
27						24,968	STIP Award Defer.		
28						56,246	EDP - NQ Match/Credit		
29						391,170	STIP Award Cash	2,690,390	
30	Controller 8/1/00 to 11/14/08	229,119				25,155	VELIP Bonus Payment		
31						1,813	Financial Counseling		

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.
 TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are whole; other amounts are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-3 COMPENSATION OF DIRECTORS, OFFICERS, AND MANAGERS

Line No.	Name of Person, Title, and Department (a)	Total Amount of Compensation Paid During the Year				Total Compensation Paid by Respondent (e)	Description (f)	Total Compensation Paid by Affiliates (g)	Total Compensation (Columns b+c+d+e+g) (h)	Amount Charged to Oregon Operating Accounts (i)
		Salaries (b)	Insurance and Pensions (c)	Director Fees (d)	Other Compensation (e)					
32					377,795	PSU Cash				
33					331,572	RSU Cash				
34					146	Retro Wage Adj				
35					10,084	STIP Award Defer				
36					15,476	EDP - NQ Match/Credit				
37					157,988	STIP Award Cash				
38	VP - Taxes 9/1/01 to Present	149,542			259	Grp Insurance Income		1,149,148	10,312	
39					65,858	PSU Cash				
40					9,231	Relo Comm Alw				
41					57,597	RSU Cash				
42					1,127	Retro Wage Adj				
43					56,930	STIP Award Deferred				
44					4,554	EDP - NQ Match/Credit				
45	Director 5/22/06 to 10/31/08	276,177			774	Grp Insurance Income		345,098	1,877	
46	Senior VP-Finance 5/22/06 to Present				397,513	PSU Cash				
47					7,750	Qrt Fin Svc Reim				
48					4,960	Rent Dif Girs Up BR				
49					103,778	RSC Cash				
50					348,695	RSU Cash				
51					307	Retro Wage Adj				
52					11,464	STIP Award Defer				
53					23,408	EDP - NQ Match/Credit				
54					179,597	STIP Award Cash				
55	VP - Taxes 9/1/01 to Present	153,858			288	Grp Insurance Income		1,354,423	113,174	
56					65,858	PSU Cash				
57					58,115	RSU Cash				
58					81	Retro Wage Adj				
59					3,734	STIP Award Deferred				
60					4,978	EDP - NQ Match/Credit				
61					58,494	STIP Award Cash				
62	Director 5/22/06 to Present	287,431			30,266	VELIP Bonus Payment		345,406	1,774	
63	President 5/22/06 to Present				3,625	Financial Counseling				
64					261,855	PSU Cash				
65					229,868	RSU Cash				
66					323	Retro Wage Adj				
67					12,000	STIP Award Defer				
68					25,049	EDP - NQ Match/Credit				
69					188,000	STIP Award Cash		1,038,417		

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.
TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are whole; other amounts are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

1-3. COMPENSATION OF DIRECTORS, OFFICERS, AND MANAGERS

Line No.	Name of Person, Title, and Department (a)	Total Amount of Compensation Paid During the Year				Total Compensation Paid by Respondent (e)	Other Compensation (f)	Description (f)	Total Compensation Paid by Affiliates (g)	Total Compensation (Columns b+c+d+e+g) (h)	Amount Charged to Oregon Operating Accounts (i)
		Salaries (b)	Insurance and Pensions (c)	Director Fees (d)	Total Amount (e)						
70	Treasurer 8/1/01 to Present	249,458			18,840	VELIP Bonus Payment					
71					3,875	Financial Counseling					
72					232,671	PSU Cash					
73					103,778	RSC Cash					
74					51,111	RSU Cash					
75					153,333	Deferred RSU					
76					281	Retro Wage Adj					
77					155,520	STIP Award Defer					
78					18,476	EDP - NQ Match/Credit					
79					229	Gip Insurance Income					
80	Director 3/10/06 to Present	179,423			110,421	PSU Cash					
81	VP-General Counsel 3/10/06 to Present				51,889	RSC Cash					
82					97,033	RSU Cash					
83					192	Retro Wage Adj					
84					4,860	STIP Award Deferred					
85					6,480	EDP - NQ Match/Credit					
86					76,140	STIP Award Cash					
87	VP-California Region 12/6/04 to Present	210,792			9,470	VELIP Bonus Payment					
88					851	Empl Inc Award Total					
89					290,642	PSU Cash					
90					500	Qrt Fin Svc Reim					
91					369	Retro Wage Adj					
92					8,618	STIP Award Defer					
93					255,295	RSU Cash					
94					11,490	EDP - NQ Match/Credit					
95					135,015	STIP Award Cash					
96	VP-Northwest Region 5/22/06 to Present	194,423			7,630	VELIP Bonus Payment					
97					3,875	Financial Counseling					
98					110,420	PSU Cash					
99					36,323	RSC Cash					
100					97,033	RSU Cash					
101					192	Retro Wage Adj					
102					7,840	STIP Award Defer					
103					7,840	EDP - NQ Match/Credit					
104					90,160	STIP Award Cash					
105	Senior VP - Finance 11/1/05 to Present	343,935			31,669	VELIP Bonus Payment					
106					5,000	Financial Counseling					
107					610,467	PSU Cash					
								987,343	987,343	4,302	
									526,667	94,098	
									923,042	77,443	
									555,736	98,022	

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.
 TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are whole; other amounts are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-3. COMPENSATION OF DIRECTORS, OFFICERS, AND MANAGERS

Line No.	Name of Person, Title, and Department (a)	Total Amount of Compensation Paid During the Year				Total Compensation Paid by Respondent	Total Compensation Paid by Affiliates (g)	Total Compensation (Columns b+c+d+e+g) (h)	Amount Charged to Oregon Operating Accounts (i)
		Salaries (b)	Insurance and Pensions (c)	Director Fees (d)	Other Compensation				
					Total Amount (e)	Description (f)			
108					3,971	Relo Commuting Alw			
109					535,498	Deferred RSU			
110					388	Retro Wage Adj			
111					241,200	STIP Award Deferred			
112					34,798	EDP - NQ Match/Credit			
113					80,400	STIP Award Cash		11,088	
114	Senior VP-Gen Mgr 10/31/08 to Present	49,231			3,875	Financial Counseling			
115	Director 10/31/08 to Present				300	EDP - NQ Match/Credit			
116	VP - Taxes	52,985			99	Grp Insurance Income			
117	09/01/08 to Present				1,510	Relo Commuting Alw		94	
118	VP - Taxes	23,538			17	Grp Insurance Income		40	
119	10/31/08 to Present								
120	Controller 11/14/08 to Present	34,077			1,207	Financial Counseling			
121					5,695	Tax Equal-Pymt			
122					202	Relo Mort Assist BR		370	
							1,887,326		
							53,406		
							54,594		
							23,555		
							41,181		

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.
 TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-6 RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAX			
Line No.	Particulars (a)	Total Oregon Amount	
		Company Amount (b)	Operating (c) / Nonregulated (d)
<input checked="" type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company; or is a cooperative that reports no Oregon income tax on Schedule I-1; or is a large utility that elected price cap regulation under ORS 759.405; or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit report schedule; or is a large utility that is subject to unbundling requirements under docket UIM 351.		
1	Total revenues (Accounts 5xxx except 5300)		
2	Total expenses (Accounts 6xxx and 5300)		
3	Other income (Accounts 71xx, 73xx, 76xx, 79xx)		
4	Operating Taxes Other Than Federal (Accounts 72xx)		
5	Nonoperating Taxes (Accounts 74xx)		
6	Interest, including debt discount, expense, and premium amortization (Accounts 75xx)		
7	Net income before federal income tax (lines 1..6)		
8	Tax additions (identify):		
9	Tax depreciation and amortization (additions)		
10			
11			
12			
13	Total additions (lines 8..12)		
14	Tax deductions and nontaxable income (identify):		
15	Tax depreciation and amortization (deductions)		
16			
17			
18			
19	Total deductions (lines 14..18)		
20	Taxable net income as shown on tax return (lines 7+13-19)		
21	Tax computation and adjustments (identify):		
22			
23			
24	Total current federal income tax expense (lines 21..23)		
25	Net investment tax credits		
26	Current deferred federal income tax expense		
27	Prior deferred federal income tax expense		
28	Net federal income tax expense shown on Schedule I-1 (lines 24..27)		
<input type="checkbox"/> Federal income tax information is not available. The respondent will file this data with OPUC on or about _____. The respondent needs extra time because: _____			

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.
 TOTAL COMPANY AND TOTAL OREGON OPERATIONS
 1. Dollars are shown in thousands.
 2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-7. RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR OREGON STATE EXCISE (INCOME) TAX

Line No.	Particulars (a)	Total Oregon Amount	
		Company Amount (b)	Operating (c) / Nonregulated (d)
<input checked="" type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company; or is a cooperative that reports no Oregon income tax on Schedule I-1; or is a large utility that elected price cap regulation under ORS 759.405; or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule; or is a large utility that is subject to unbundling requirements under docket UM 351.		
1	Total revenues (Accounts 5xxx except 5300)		
2	Total expenses (Accounts 6xxx and 5300)		
3	Other income (Accounts 71xx, 73xx, 76xx, 79xx)		
4	Operating Taxes Other Than Oregon State (Accounts 72xx)		
5	Nonoperating Taxes (Accounts 74xx)		
6	Interest, including debt discount, expense, and premium amortization (Accounts 75xx)		
7	Net income before Oregon income tax (lines 1..6)		
8	Tax additions (identify):		
9	Tax depreciation and amortization (additions)		
10			
11			
12	Total additions (lines 8..11)		
13	Tax deductions and nontaxable income (identify):		
14	Tax depreciation and amortization (deductions)		
15			
16			
17	Total deductions (lines 13..16)		
18	Taxable income on tax return (lines 7+12-17)		
19	Apportionment factor (applies to multistate companies)		
20	Apportioned taxable income		
21	Oregon income tax rate		
22	Oregon income tax		
23	Adjustments:		
24			
25	Total current Oregon income tax expense (lines 23..24)		
26	Current deferred Oregon income tax expense		
27	Prior deferred Oregon income tax expense		
28	Net Oregon income taxes on Schedule I-1 (lines 25..27)		

Oregon excise (corporate income) tax information is not available. The respondent will file this data with OPUC on or about _____.

The respondent needs extra time because: _____

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS

A. Cost Allocation Manual (CAM)

- The respondent is not required to file a CAM under Oregon Administrative Rules (OARs) 860-027-0052, 860-034-0394, or 860-034-0740.
- The respondent's CAM, filed with OPUC, is up to date for the year covered by this report.
- The respondent's filed CAM is not up to date. A revised CAM is attached.
- The respondent's CAM is not up to date. The respondent will file a revised CAM with OPUC on or about _____.
- The respondent needs this extra time because _____.

B. Intercompany Loans

Line No.	Name of Affiliated Company (a)	Respondent Lent (L) or Borrowed (B) (b)	Highest Amount Outstanding During Year (c)	Total Interest Accrued During the Year (d)
<input checked="" type="checkbox"/>		NOT REQUIRED: The respondent is an average schedule company, does not make annual access charge filings, is subject to price cap regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule. REQUIRED. The respondent is a cost company and makes annual access charge filings. See attached instructions.		
<input type="checkbox"/>				
1				
2				
3				
4				
5				
6				

C. Intracompany Transfers and Payments

Line No.	Segment or Division of Respondent (a)	Description of Transactions Between Regulated and Nonregulated Segments of the Respondent (amounts subject to Part 64) (b)	Total Company Charges and Credits to Operating Accounts (c)	Total Oregon Charges and Credits to Operating Accounts (d)
<input checked="" type="checkbox"/>		NOT REQUIRED: The respondent is an average schedule company, does not make annual access charge filings, is subject to price cap regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule. REQUIRED. The respondent is a cost company and makes annual access charge filings. See attached instructions.		
<input type="checkbox"/>				
1				
2				
3				
4				
5				
6				
7		Other Transfers or Payments (where annual amounts < \$50,000)		
8		Total Intracompany Transactions		

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

1-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS
D. Intercompany Transactions

Line No.	Name of Affiliated Company (a)	Description of Transaction and Date of Contract (b)	Charges and Credits to Operating Accounts (c)	Total Oregon Charges and Credits to Operating Accounts (d)
<input checked="" type="checkbox"/>		NOT REQUIRED. The respondent is an average schedule company, or a cooperative that does not make annual access charge filings, or is subject to price cap regulation under ORS 759.405, or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule.		
<input type="checkbox"/>		SEE PART E. The utility does not make annual access charge filings.		
<input type="checkbox"/>		REQUIRED. The respondent is a cost company and makes annual access charge filings. See attached instructions.		
1		(1) Total Payments Made by the Respondent to Affiliated Companies During the Year:		
2				
3				
4				
5				
6				
7				
8				
9				
10				
11		Total Other Payments (where annual payments < \$50,000)		
12		Total Payments Made by the Respondent to Affiliated Companies During the Year		
13		(2) Total Payments Made by Affiliated Companies to the Respondent During the Year:		
14				
15				
16				
17				
18				
19				
20				
21				
22				
23		Total Other Payments (where annual payments < \$50,000)		
24		Total Payments Made by Affiliated Companies to the Respondent During the Year		

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.
 TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS

E. Intercompany Transactions of Utilities That Do Not File Annual Access Charges

	Names of Parties to Affiliated Interest Contracts Issued During the Year (a)	Dollar Amount of the Contract (b)	Date of Contract (c)
<input checked="" type="checkbox"/>	<p>NOT REQUIRED. The respondent is an average schedule company or a cooperative that does not make annual access charge filings. NOT REQUIRED. The respondent is a price regulated company under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule. NOT REQUIRED. The respondent is a cost company and makes annual access charge filings. See Part D. REQUIRED (ORS 759.393 and OARs 860-027-0100 and 860-034-0396). Utility does not make annual access charge filings. List each affiliate contract executed during the year covered by this report. Include the names of the parties to the contracts, the dollar amounts of the contracts, and the dates of execution of the contracts.</p>		

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL COMPANY OPERATIONS

1. All amounts are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

S-1. SWITCHES AND ACCESS LINES IN SERVICE

Line No.	Description (a)	Balance at End of Year (b)
1	Total Central Office Switches in Service.....	201
	Access Lines in Service by Customer:	
	Residential Access Lines:	
2	Single Party.....	658,130
3	Multiparty.....	
4	Total Residential Access Lines (lines 2..3).....	658,130
	Business Access Lines:	
5	Single Line.....	124,643
6	Multi Line.....	20,987
7	PEX Trunks.....	15,388
8	Centrex-CO Line Count.....	95,399
9	ISDN "B" Channels.....	46,344
10	Total Business Access Lines (lines 5..9).....	302,461
	Other Access Lines:	
11	Radio Common Carrier (RCC) and Mobile.....	156
12	WATS Closed End (inWATS and outWATS).....	3,390
13	Switched Access - FGA FX/ONAL.....	2,941
14	Payphone (public and semipublic).....	15,820
15	UNE Network Access Channels (NACs).....	40,880
16	Dedicated (non-switched) Private Lines and Special Access.....	234,168
17	Wideband Data Lines.....	797
18	Other.....	
19	Total Other Access Lines (lines 11..18).....	298,152
20	Total Access Lines (lines 4+10+19).....	1,258,743

(This space is not used.)

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

Ob-1. OREGON RATE BASE						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
1	Inventories.....	2,217,620	<- Beginning and Ending Balances Required -->			2,420,091
2	Deferred Maintenance, Retirements, and Other Deferred Charges.....		<- Beginning and Ending Balances Required -->			
3	Telecommunications Plant Adjustment.....		<- Beginning and Ending Balances Required -->			
4	Net Noncurrent Deferred Operating Federal Income Tax.....	92,177,546	<- Beginning and Ending Balances Required -->			87,719,342
5	Net Noncurrent Deferred Operating State Income Tax.....	11,610,994	<- Beginning and Ending Balances Required -->			11,008,913
Telecommunications Plant in Service						
6	Land.....	2,877,303				2,877,303
7	Motor Vehicles.....	9,339,583		762,722	87,634	8,664,495
8	Aircraft.....					
9	Tools and Other Work Equipment.....	12,006,260	297,633	1,020,182	(46,663)	11,237,028
10	Buildings.....	73,172,441	210,443	65,279	135,117	73,452,722
11	Furniture.....	280,947		91,076		189,871
12	Office Support Equipment.....	34,264				34,264
13	Company Communications Equipment.....	638,152		112,017		526,135
14	Sub-Total 2123 Office Equipment (lines 12..13).....	672,416		112,017		560,399
15	General Purpose Computers.....	813,362	236,052	494,870	(46,178)	508,366
16	Total Land and Support (lines 6..13 and 15).....	99,162,312	744,128	2,546,146	129,890	97,490,184
17	Nondigital Switching.....					
18	Digital Electronic Switching - Circuit.....	245,048,742	3,579,879	3,393,901	3,196,131	248,430,851
19	Digital Electronic Switching - Packet.....	7,163,930	171,316	61,834	(166,996)	7,106,416
20	Total Central Office - Switching (lines 17..19).....	252,212,672	3,751,195	3,455,735	3,029,135	255,537,267
21	Operator Systems.....					
22	Radio Systems.....	7,227,525	0,372	347,093	27,551	6,908,355
23	Circuit Equipment - Electronic.....	295,878,774	29,667,659	14,399,746	3,892,277	315,038,964
24	Circuit Equipment - Optical.....					
25	Total Circuit (lines 22..24).....	303,106,299	29,668,031	14,746,839	3,919,828	321,947,319
26	Total Switching and Central Office (lines 20..24).....	555,318,971	33,419,226	18,202,574	6,948,963	577,484,586
27	Information Origination/Termination.....					
28	Public Telephone Terminal Equipment.....	11,503				11,503
29	Other Terminal Equipment.....	7,893,636	691,535	1,037,828		7,547,343
30	Total Information Origination/Termination (lines 27..29).....	7,905,139	691,535	1,037,828		7,558,846

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

Ob-1. OREGON RATE BASE

Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
31	Poles.....	18,993.474	310.677	225.682	52.301	19,130.770
32	Aerial Cable - Metallic.....	102,352.732	1,256.201	1,476.029	139.414	102,272.318
33	Aerial Cable - Nonmetallic.....	16,509.073	3,862.253	60.333	837.942	21,148.935
34	Underground Cable - Metallic.....	175,344.589	3,362.803	738.562	1,250.038	179,218.868
35	Underground Cable - Nonmetallic.....	75,093.958	9,892.786	103.195	2,065.429	86,948.978
36	Buried Cable - Metallic.....	174,739.651	1,593.563	1,320.468	51.567	175,064.313
37	Buried Cable - Nonmetallic.....	155,092.715	29,321.721	122.044	6,234.451	190,526.843
38	Submarine and Deep Sea Cable.....	309.646	0.404		(0.093)	309.957
39	Intrabuilding Network Cable.....	26.033				26.033
40	Aerial Wire.....	443.434	37.089	0.487	2.224	482.260
41	Conduit Systems.....	106,171.756	796.956	71.748	796.140	107,693.104
42	Total Cable and Wire Facilities (lines 31..41).....	825,077.061	50,434.453	4,118.548	11,429.413	882,822.379
43	Amortizable Tangible Assets.....	4,096.312	76.435	5.501	4,906.645	9,073.891
44	Amortizable Intangible Assets.....	1,453.414	1,270.305	417.327	(268.700)	2,037.692
45	Total Other Assets (lines 43..44).....	5,549.726	1,346.740	422.828	4,637.945	11,111.583
46	Telecommunications Plant in Service (lines 16+26+30+42+45).....	1,493,013.209	86,636.082	26,327.924	23,146.211	1,576,467.578
47	Accumulated Depreciation and Amortization					
3100	Depreciation - Telecommunications Plant in Service.....	947,266.812	<- Beginning and Ending Balances Required ->			1,030,594.708
3200	Depreciation - Property Held for Future Telecommunications Use.....		<- Beginning and Ending Balances Required ->			
3300	Depreciation - Nonoperating.....		<- Beginning and Ending Balances Required ->			
3400	Amortization of Tangible Assets.....	400.000	<- Beginning and Ending Balances Required ->			600.000
3500	Amortization of Intangible Assets.....		<- Beginning and Ending Balances Required ->			
45	Accumulated Depreciation & Amortization (lines 47..51).....	947,666.812	<- Beginning and Ending Balances Required ->			1,031,194.708
53	Net Plant (line 46 less line 52).....	545,346.397	<- Beginning and Ending Balances Required ->			545,272.870

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

Line No	Plant Account Description (a)	Accumulated Balance at Beginning of Year (b)	CREDITS During the Year		CHARGES During the Year		Accumulated Balance at End of Year (g)	Composite Depreciation Rate (%) (h)
			Charged to Expense Account (c)	Other Credits (d)	Plant Retired (e)	Other Charges (f)		
<p>NOT REQUIRED, because the respondent is an average schedule company, has elected price cap regulation under ORS 759.405, or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule.</p>								
DEPRECIATION								
1	2112 Vehicles	4,861.124	675.361		725.647	(9.598)	4,820.436	
2	2113 Aircraft							
3	2114 Tools and Other Work Equipment	7,632.105	805.457		1,017.038		7,420.524	
4	2121 Buildings	18,946.128	1,979.560		136.400		20,789.288	
5	2122 Furniture	279.306			91.076		188.230	
6	2123.1 Office Support Equipment	3.874	0.685				4.559	
7	2123.2 Company Communications Equipment	231.513			112.017		119.496	
8	Sub-Total 2123 Office Equipment (lines 6-.7)	235.387	0.685		112.017		124.055	
9	2124 General Purpose Computers	767.844	59.913		494.870		332.887	
10	Total Support (lines 1-.7 and 9)	32,721.894	3,520.976		2,577.048	-9.598	33,675.420	
11	2211 Nondigital Switching							
12	2212.1 Digital Electronic Switching - Circuit	202,372.399	19,985.563		3,547.288	(1,293.846)	220,104.520	
13	2212.2 Digital Electronic Switching - Packet	2,529.079	581.578		61.880	(4.108)	3,052.885	
14	Total Switching (lines 11-.13)	204,901.478	20,567.141		3,609.168	(1,297.954)	223,157.405	
15	2220 Operator Systems							
16	2231 Radio Systems	7,561.737			341.519	(57.085)	7,277.303	
17	2232.1 Circuit Equipment - Electronic	198,210.332	30,107.661		14,100.326	(3,209.443)	217,427.110	
18	2232.2 Circuit Equipment - Optical							
19	Total Circuit (lines 16-.18)	205,772.069	30,107.661		14,441.845	(3,266.528)	224,704.413	
20	2310 Information Origination/Termination							
21	2351 Public Tel Terminal Equipment	9.586	1.917				11.503	
22	2362 Other Terminal Equipment	4,128.682	551.352		1,103.217		3,576.817	
23	2411 Poles	20,518.920	1,621.054		455.505		21,694.469	
24	2421.1 Aerial Cable - Metallic	104,984.242	7,578.283		1,738.268	(1.181)	110,825.438	
25	2421.2 Aerial Cable - Nonmetallic	6,680.428	2,232.906		67.771		8,845.563	
26	2422.1 Underground Cable - Metallic	139,496.004	13,283.807		870.988	1.952	151,906.871	
27	2422.2 Underground Cable - Nonmetallic	18,998.622	4,429.359		117.796	8.490	23,301.695	
28	2423.1 Buried Cable - Metallic	160,570.224	11,375.421		1,380.531		170,565.114	
29	2423.2 Buried Cable - Nonmetallic	13,846.611	7,866.462		125.043	62.425	21,525.605	
30	2424 Submarine and Deep Sea Cable	328.921					328.921	
31	2426 Intra-building Network Cable	26.106	0.885		15.215		26.991	
32	2431 Aerial Wire	84.320	34.425		76.847		103.530	
33	2441 Conduit Systems	34,198.716	2,242.963		4,847.964	9.879	36,354.953	
34	Total Cable and Wire (lines 23-.33)	499,733.114	50,665.565		26,579.242	(4,492.515)	545,469.150	
35	Total Depreciation (lines 10+14+15+19+20+21+22+34)	947,266.823	105,414.612				1,030,594.708	

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

Line No	Plant Account Description (a)	Accumulated Balance at Beginning of Year (b)	CREDITS During the Year		CHARGES During the Year		Accumulated Balance at End of Year (g)	Composite Amortization Rate (%) (h)
			Charged to Expense Account (c)	Other Credits (d)	Plant Retired (e)	Other Charges (f)		
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company, has elected price cap regulation under ORS 759.405, or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule.							
	AMORTIZATION							
35	Amortizable Tangible Assets	520.014	235.838		5.501	750.351		
36	Amortizable Intangible Assets	1,057.688	789.217		417.327	1,438.578		
37	Total Amortization (lines 35..36)	1,577.702	1,034.055		422.828	2,188.929		

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.
TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

Ob-3. ANALYSIS OF CHARGES RELATED TO OREGON PLANT RETIRED

Line No.	Plant Account Description (a)	Book Cost (b)	Cost of Removal (c)	Salvage and Insurance (d)	Miscellaneous Adjustments (e)	Net Retirements [Sch. Ob-2, Col. (e)] (f)
<input type="checkbox"/>	NOT REQUIRED, because the respondent is an average schedule company, has elected price cap regulation under ORS 759.405, or has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule.					
1	2112 Vehicles	762.722		(37.075)		725.647
2	2113 Aircraft					
3	2114 Tools and Other Work Equipment	1,020.182	0.112	(3.256)		1,017.038
4	2121 Buildings	65.279	71.121			136.400
5	2122 Furniture	91.076				91.076
6	2123.1 Office Support Equipment					
7	2123.2 Company Communications Equipment	112.017				112.017
8	Sub-Total 2123 Office Equipment (lines 6..7)	112.017				112.017
9	2124 General Purpose Computers	494.870				494.870
10	2211 Nondigital Switching					
11	2212.1 Digital Electronic Switching - Circuit	3,393.901	153.387			3,547.288
12	2212.2 Digital Electronic Switching - Packet	61.834	0.046			61.880
13	2220 Operator Systems					
14	2231 Radio Systems	347.093		(5.574)		341.519
15	2232.1 Circuit Equipment - Electronic	14,399.746	794.571	(1,093.991)		14,100.326
16	2232.2 Circuit Equipment - Optical					
17	2310 Information Origination/Termination					
18	2351 Public Tel. Terminal Equipment					
19	2362 Other Terminal Equipment					
20	2411 Poles	1,037.828				
21	2421.1 Aerial Cable - Metallic	225.682		(1.068)		1,103.217
22	2421.2 Aerial Cable - Nonmetallic	1,476.029				455.505
23	2422.1 Underground Cable - Metallic	60.333	7.438			1,738.268
24	2422.2 Underground Cable - Nonmetallic	738.562	132.426			67.771
25	2423.1 Buried Cable - Metallic	103.195	14.601			870.988
26	2423.2 Buried Cable - Nonmetallic	1,320.468	60.063			117.796
27	2424 Submarine and Deep Sea Cable	122.044	2.999			1,380.531
28	2436 Intra-building Network Cable					125.043
29	2431 Aerial Wire					
30	2441 Conduit Systems	0.487	14.728			15.215
31	Total Charges Related to Oregon Plant Retired (lines 1..7 and 9..30)	25,905.096	1,815.110	(1,140.964)		26,579.242

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.

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OI-1. OREGON INCOME STATEMENT

Line No.	Description (a)	Total Amount During the Year (b)
Operating Revenues		
1	5000 Local Service Revenues.....	92,908,451
2	5070 Distributions of State Universal Service Funds (Monies Received from State USF).....	15,349,773
3	5081.1 Subscriber Line Charges and Presubscribed Interexchange Carrier Charges.....	25,446,118
4	5081.2 Collections of Federal Universal Service Funds (Monies Billed to Customers for Fed USF).....	3,503,563
5	5081.3 Collections of State Universal Service Funds (Monies Billed to Customers for State USF).....	6,604,041
6	5081.4 Distributions of Federal Universal Service Funds (Monies Received from Federal USF).....	8,343,568
7	5081.5-9 Other Intrastate End User Revenues.....	(0,533)
8	5082.1 Switched Access Revenue - Interstate.....	10,347,702
9	5082.2 Switched Access Revenue - Intrastate.....	4,373,349
10	5083.1 Special Access Revenue - Interstate.....	71,408,944
11	5083.2 Special Access Revenue - Intrastate.....	6,981,681
12	Total Network Access Revenues (lines 3..11).....	137,008,433
13	5105 Long Distance Message Revenue.....	5,389,951
14	5200.1 Directory Revenue.....	1,290,452
15	5200.2 Carrier Billing and Collection Revenue.....	3,953,826
16	5200.3 Other Miscellaneous Revenue.....	13,807,131
17	Total Miscellaneous Revenues (lines 14..16).....	19,051,409
18	5280 Nonregulated Operating Revenue.....	40,276,150
19	5300 Uncollectible Revenues.....	1,627,451
20	Total Operating Revenues (lines 1+2+12+13+17+18-19).....	308,355,716
21	Interstate and Foreign (International) Revenues Included in the Above Operating Revenues.....	166,263,014
Operating Expenses		
22	6110-6114 Network Support Expenses.....	466,545
23	6120-6124 General Support Expenses.....	14,348,565
24	6211 Nondigital Switching Expense.....	
25	6212.1 Digital Electronic Expense - Circuit.....	4,337,584
26	6212.2 Digital Electronic Expense - Packet.....	37,304
27	Total Central Office Switching Expenses (lines 24..26).....	4,374,888

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ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL OREGON OPERATIONS

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O1-1. OREGON INCOME STATEMENT		
Line No.	Description (a)	Total Amount During the Year (b)
28	Operator Systems Expense.....	26,159
29	Radio System Expense.....	76,577
30	Circuit Equipment Expense - Electronic.....	3,194,761
31	Circuit Equipment Expense - Optical.....	24,173
32	Total Switching and Central Office Transmission Expenses (lines 28..31).....	3,321,670
33	Information Origination/Termination Expense.....	14,298,895
34	Public Telephone Terminal Equipment Expense.....	184,815
35	Other Terminal Equipment Expense.....	7,349,749
36	Total Information Origination/Termination (lines 33..35).....	21,833,459
37	Poles Expense.....	1,058,112
38	Aerial Cable Expense.....	4,931,177
39	Underground Cable Expense.....	1,006,807
40	Buried Cable Expense.....	5,678,852
41	Submarine and Deep Sea Cable Expense.....	2,845
42	Intrabuilding Network Cable Expense.....	220,759
43	Aerial Wire Expense.....	21,508
44	Conduit Systems Expense.....	193,788
45	Total Cable and Wire Facilities Expenses (lines 37..44).....	160,270
46	Total Plant Specific Expenses (lines 22+23+27+32+36+45).....	13,080,330
47	Property Held for Future Telecommunications Use Expense.....	57,425,457
48	Provisioning Expense.....	193,788
49	Total Other Property, Plant, and Equipment Expense (lines 47..48).....	193,788
50	Network Operations Expenses.....	16,517,809
51	Access Expense.....	2,308,410
52	Federal Universal Support Contributions (Monies You Paid Into Fed USF).....	3,551,782
53	State Universal Support Contributions (Monies You Paid Into State USF).....	7,274,143
54	Total Universal Service Fund Contributions (lines 52..53).....	10,825,925
55	Depreciation - Telecommunications Plant in Service.....	105,414,613
56	Depreciation - Property Held for Future Telecommunications Use.....	235,838
57	Amortization Expense - Tangible Assets.....	798,217
58	Amortization Expense - Intangible Assets.....	106,448,668
59	Total Depreciation and Amortization Expenses (lines 55..58).....	106,448,668
60	Total Plant Nonspecific Expenses (lines 49+50+51+54+59).....	136,294,600

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←-ob2, Total of Column (c) Depreciation
 ←-ob2, Column (c), Acct 2680
 ←-ob2, Column (c), Acct 2690

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL OREGON OPERATIONS

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OI-1. OREGON INCOME STATEMENT		
Line No.	Description (a)	Total Amount During the Year (b)
61	6610-6613 Marketing Expenses.....	19,564,191
62	6620 Services Expenses.....	16,079,821
63	Total Customer Operations Expenses (lines 61..62).....	35,644,012
64	General and Administrative Expense.....	35,151,166
65	Less: Provision for Uncollectible Notes Receivable.....	
66	Total Operating Expenses (lines 46+60+63+64-65).....	264,515,235
67	Net Revenue (line 20 less line 66).....	43,840,481
Other Income and Expenses		
68	7100 Other Operating Income and Expenses.....	38,033
69	7210 Operating Investment Tax Credits - Net.....	
70	7220 Operating Federal Income Taxes.....	16,861,838
71	7230 Operating State and Local Income Taxes.....	3,212,497
72	7240 Operating Other Taxes.....	13,703,372
73	7250.1 Provision for Deferred Operating Federal Income Tax - Net.....	(11,517,815)
74	7250.2 Provision for Deferred Operating State Income Tax - Net.....	(893,416)
75	Net Operating Taxes (lines 69..74).....	21,366,476
76	Net Operating Income (lines 67+68-75).....	22,512,038
77	Nonoperating Income and Expenses.....	24,569
78	7400 Nonoperating Taxes.....	15,873
79	7500 Interest and Related Items.....	10,040,584
80	7600 Extraordinary Items.....	
81	7910 Income Effect of Jurisdictional Differences - Net.....	
82	7990 Nonregulated Net Income.....	
83	Net Income (lines 76+77+80+81+82-78-79).....	12,480,150
OI-2. FULL-TIME EMPLOYEES IN OREGON		
1	Management Employees (Regulated Activities).....	83
2	Nonmanagement Employees (Regulated Activities).....	512
3	Total Full-Time Employees (Regulated Activities).....	595
4	Number of Employees On Line 3 Doing Work for Both Regulated and Non-regulated Activities.....	

(This space is not used.)

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

OI-4. OREGON OPERATING TAXES OTHER THAN FEDERAL INCOME TAX		
Line No.	Description (a)	Total Amount During the Year (b)
<input checked="" type="checkbox"/>	NOT REQUIRED because the respondent is an average schedule company; has elected price cap regulation under ORS 759.405; has been approved for price regulation under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report schedule; or is a large utility that is subject to unbundling requirements under docket UM 351.	
	State Income Tax:	
1	Current	
2	Current Deferred	
3	Prior Deferred	
4	Total Current and Deferred State Income Tax (lines 1..3)	
5	7240 Property Taxes	
6	7240 Privilege Taxes, Fees, and Other Assessments	
7	7240 Other Taxes	
8	Total Other Operating Taxes (lines 4..7)	
	(This space is not used.)	

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2008

Company: Verizon Northwest Inc.

TOTAL OREGON OPERATIONS

1. All amounts are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information

Os-1. OREGON SWITCHES AND ACCESS LINES IN SERVICE

Line No.	Description (a)	Balance at End of Year (b)
1	Total Central Office Switches in Service.....	59
	Access Lines in Service by Customer:	
	Residential Access Lines:	
2	Single Party.....	203,988
3	Multiparty.....	
4	Total Residential Access Lines (lines 2..3)	203,988
	Business Access Lines:	
5	Single Line.....	38,655
6	Multi Line.....	7,332
7	PBX Trunks.....	5,768
8	Centrex-CO Line Count.....	22,448
9	ISDN "B" Channels.....	13,647
10	Total Business Access Lines (lines 5..9)	87,850
	Other Access Lines:	
11	Radio Common Carrier (RCC) and Mobile.....	0
12	WATS Closed End (inWATS and outWATS).....	35
13	Switched Access - FGA FX/ONAL.....	106
14	Payphone (public and semipublic).....	730
15	UNE Network Access Channels (NACs).....	7,864
16	Dedicated (non-switched) Private Lines and Special Access.....	13,347
17	Wideband Data Lines.....	68,018
18	Other.....	474
19	Total Other Access Lines (lines 11..18).....	90,574
20	Total Access Lines (lines 4+10+19).....	382,412

(This space is not used.)

Company: Verizon Northwest Inc.

TOTAL OREGON OPERATIONS

CONFIDENTIAL

1. All amounts are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

S-2. MINUTES OF USE		
Line No.	Description (a)	Total Amount During the Year (b)
<u>Oregon Access Minutes Billed to Interexchange Carriers (IXCs)</u>		
Access Minutes Billed to Qwest Corporation:		
1	Interstate Minutes.....	Redacted
2	Intrastate Minutes (IntraLATA).....	Redacted
3	Total Access Minutes Billed to Qwest (lines 1+2).....	Redacted
Access Minutes Billed to Embarq/United Telephone Company of the Northwest:		
4	Interstate Minutes.....	Redacted
5	Intrastate Minutes (IntraLATA).....	Redacted
6	Total Access Minutes Billed to Embarq (lines 4+5).....	Redacted
Access Minutes Billed to Verizon Northwest:		
7	Interstate Minutes.....	
8	Intrastate Minutes (IntraLATA).....	
9	Total Access Minutes Billed to Verizon (lines 7+8).....	
Access Minutes Billed to Other IXCs:		
10	Interstate Minutes.....	Redacted
11	Intrastate Minutes (InterLATA and IntraLATA).....	Redacted
12	Total Access Minutes Billed to Other IXCs (lines 10+11).....	Redacted
13	Total Access Minutes Billed to IXCs (lines 3+6+9+12).....	Redacted
<u>Oregon Toll Conversation Minutes</u>		
14	January 1 through March 31.....	Redacted
15	April 1 through June 30.....	Redacted
16	July 1 through September 30.....	Redacted
17	October 1 through December 31.....	Redacted
18	Total Toll Originating Minutes (lines 14..17).....	Redacted
<u>Percent of Total Toll Conversation Minutes Originating in Oregon</u>		
19	Interstate Minutes.....	Redacted
20	Intrastate Minutes (InterLATA and IntraLATA).....	Redacted
21	Total Toll Minutes Originating in Oregon (lines 19+20) (must equal 100%)	Redacted

Minutes of use are not available. The respondent will file this data with OPUC on or about _____, _____. The respondent needs this extra time because:

Schedules from other reports are not acceptable.
See the attached instructions for definitions and more information.

LEC. ANNUAL REPORT FOR LOCAL EXCHANGE CARRIERS			
A. Identity of Respondent			
1	Exact Legal Name of Respondent (You): Verizon Northwest Inc.	Certificate of Authority Granted in Docket No.: UM60/UM62	OPUC ID No.: 9
	Business Street Address, City, State, Zip: 1800 41st Street, Everett, WA 98201		
	Mailing Address (if same as street address, write "SAME"): Same		
2	Assumed Business Name, Doing Business As Name, or Also Known As Name (if same as legal name, write "SAME"): Same		
3	Former Business Names (if none, write "NONE"): GTE Northwest Incorporated		
4	Names of Any Telecommunications Providers or Operations Doing Business in Oregon That Are Affiliated With You (if none, write "NONE"); see ORS 759.010 for the statutory definition of "affiliated interest": Verizon Long Distance, LLC, MCI LLC, Verizon Avenue Corp. dba Verizon Enhanced Communities, Verizon Select Services Inc., Verizon Business Global LLC, Cellco Partnership dba Verizon Wireless Inc., TTI National Inc., GTE.Net LLC dba Verizon Online, Verizon Enterprise Solutions LLC		
5	Name of Person (including title) Whom OPUC Should Contact About This Report: David Valdez - Vice President Northwest Region	Voice Telephone Number: 425-261-5691	
	Mailing Address (if same as mailing address in Box 1 above, write "SAME"): 1800 41st Street, Everett, WA 98201		
	E-mail Address: david.s.valdez@verizon.com	Facsimile Number: 425-261-5262	
6	Name of Person (including title) Whom the General Public Should Contact: David Valdez - Vice President Northwest Region	Voice Telephone Number: 425-261-5691	
	Mailing Address (if same as mailing address in Box 1 above, write "SAME"): 1800 41st Street, Everett, WA 98201		
	E-mail Address: david.s.valdez@verizon.com	Facsimile Number: 425-261-5262	
B. OPUC Action Needed			
<input checked="" type="checkbox"/> UPDATE COMMISSION'S RECORDS. If any responses to the questions in Parts A, D, or E have changed since your last report or filing with OPUC, check this box. This will prompt staff to update OPUC's records. <input type="checkbox"/> CANCEL YOUR CERTIFICATE. If you want OPUC to cancel your certificate of authority issued under ORS 759.020, check this box. This will prompt staff to begin the process. <input checked="" type="checkbox"/> SEND SUMMARY REPORT TO YOU. If you want OPUC to send a copy of staff's summary report about local exchange carriers to the person listed under Question 5 in Part A, check this box.			
C. Signature			
<p>I certify that I am the responsible officer or director of the above-named company and I examined this report. To the best of my knowledge, information and belief, all statements in this report are true, and the report correctly states the respondent's telecommunications operations in Oregon.</p>			
_____ (signature)		_____ (date)	
Sandra Anderson _____ (typed or printed name)		Assistant Controller _____ (typed or printed title)	
(Failure to file this report may result in loss of certificate of authority.)			

Company: Verizon Northwest Inc.
 OREGON OPERATIONS

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Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

D. Telecommunications Equipment Owned on Public Rights of Way

Do you own any equipment on public rights of way (for example, wires, cables, pole attachments, or conduit attachments) to provide telecommunications services in Oregon?

- 1 NO.
- 2 YES. (NOTE: If you check this box, you **MUST** complete the rest of this section.)
- 3 If you checked Box 2 (YES), provide information for emergency and safety contacts. You must give immediate notice of any changes associated with this information.

EMERGENCY CONTACT (type or print legibly)		
Name of Person (including title) Whom OPUC Should Contact in an Emergency:	Voice Phone Number:	
Verizon Duty Supervisor	(503) 620-5207	
Oregon Utility Notification Center (OUNC) District Code Numbers:		
GP0201-00		
SAFETY CONTACT (type or print legibly)		
Name of Person (including title) Responsible for NESC Safety Compliance:	Voice Phone Number:	E-mail Address:
Kimberly A. Douglass	(972) 718-3418	kimberly.a.douglass@verizon.com

E. Telecommunications Services Provided

You provided the following services in Oregon at any time during the year (check all boxes that apply and include both Oregon interstate and intrastate services):

- 1 Local exchange switched (dial tone) service.
- 2a Intrastate private line service – lower capacity (less than 1.544 Mbps).
- 2b Intrastate private line service – higher capacity (1.544 Mbps or higher).
- 3a Long distance toll service.
- 3b If you checked Box 3a and you have blockage other than P.01, check Box 3b and describe the blockage:

- 4 xDSL (Digital Subscriber Line)
- 5 Access service to long distance or interexchange carriers.
- 6 Directory assistance service.
- 7 Operator service.
- 8 Telecommunications services using cable television facilities.
- 9 Telecommunications services using VoIP (Voice over Internet Protocol).
- 10 Other Telecommunications Services. If you checked Box 10, describe types of other services provided; how they were provided, whether by resale or your own facilities; and your use of UNEs:

- 11 NONE. Did not provide any telecommunications services in Oregon during the year. (NOTE that you must still complete Section K of this report.)

Company: Verizon Northwest Inc.
 OREGON OPERATIONS

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Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

F. Telecommunications Operations (CONFIDENTIAL)

- Skip Part F, because Box 11 in Part E is checked.
- If Box 11 in Part E is not checked. Therefore, please complete Part F.

Table F. Telecommunications Operations in Oregon

Line	Oregon Operations (a)	Amount (b)
1	Oregon Customers at the End of the Year	Redacted
2	Oregon Lines at the End of the Year	Redacted
3	Gross Oregon Revenues During Year (<i>interstate + intrastate in whole \$</i>)	Redacted
4	If you checked Box 3 in Part E, provide your toll conversation minutes originating in Oregon during the year:	
	a. Number of Toll Conversation Minutes (<i>interstate + intrastate</i>)	Redacted
	b. Interstate Toll Conversation Minutes as a Percentage of Total	Redacted
	c. Intrastate Toll Conversation Minutes as a Percentage of Total	Redacted
	d. Total Percentage (<i>line 4b + line 4c must equal 100%</i>)	Redacted

G. Local Exchange Switched Service (CONFIDENTIAL)

- Skip Part G, because Box 1 in Part E is not checked.
- If Box 1 in Part E is checked. Therefore, please complete Part G.

- Did you provide local exchange switched service in Oregon during the year, at least in part, by reselling the retail local exchange switched services of ILECs?
 - NO. Skip to Part G, Question 4.
 - YES.
- What type of rate did you pay ILECs for retail local exchange switched service in Oregon during the year?
 - Wholesale discounted rate.
 - Full retail rate.
 - Both rates (depends on which service or ILEC).

3. Where in Oregon did you provide the local exchange services, which were purchased from ILECs for resale? Provide the approximate percent of lines in each region at year end:

Table G3. Percentage of Respondent-Provided Local Exchange Lines by Region at Year End

	Portland Metropolitan (a)	Willamette Valley (b)	Southwest Interior (c)	Coast (d)	Central (e)	East (f)	Total (<i>must equal 100%</i>) (g)
% of Lines							

- Did you provide local exchange switched service in Oregon during the year, at least in part, by reselling the retail local exchange switched services of CLECs?
 - NO. Skip to Part G, Question 7.
 - YES.
- What type of rate did you pay CLECs for retail local exchange switched service in Oregon during the year?
 - Wholesale discounted rate.
 - Full retail rate.
 - Both rates (depends on which service or CLEC).

Company: Verizon Northwest Inc.

OPUC ID No.: 9

OREGON OPERATIONS

Schedules from other reports are not acceptable.

See the attached instructions for definitions and more information.

G. Local Exchange Switched Service (CONFIDENTIAL)

6. Where in Oregon did you provide the local exchange services, which were purchased from CLECs for resale? Provide the approximate percent of lines in each region at year end:

Table G6. Percentage (%) of Respondent-Provided Local Exchange Lines By Region at Year End Provided Through Resale of CLECs' Retail Services

	Portland Metropolitan (a)	Willamette Valley (b)	Southwest Interior (c)	Coast (d)	Central (e)	East (f)	Total (must equal 100%) (g)
% of Lines							

7. For CLECs: Did you purchase or lease UNE-P or UNE-P equivalents from ILECs in Oregon during the year?

NO.

YES. Complete Tables G7a and G7b.

Table G7a. UNE-P Purchased or Leased by CLECs from ILECs

Line	Description (a)	Units Purchased for Residential Use (b)	Units Purchased for Business Use (c)
1.000	UNE-P		
2.000	UNE-P Equivalent *		

* UNE-P Equivalent or UNE-P replacement, such as QPP (Qwest Platform Plus).

Table G7b. UNE-P Purchased or Leased by CLECs from ILECs

UNE-P (a)	Portland Metropolitan (b)	Willamette Valley (c)	Southwest Interior (d)	Coast (e)	Central (f)	East (g)
Residential UNE-P						
Residential Equivalent						
Business UNE-P						
Business Equivalent						

8. For ILECs: Did you sell or lease UNE-P or UNE-P equivalents to CLECs in Oregon during the year?

NO.

YES. Complete Table G8.

Table G8. UNE-P Sold or Leased by ILECs to CLECs

Line	Description (a)	Number of UNE-P in Oregon at Year End from ILECs (b)	Gross Oregon Revenues Billed for December Services from UNE-P in Column (b) (c)
1	UNE-P	Redacted	Redacted
2	UNE-P Equivalent *		

* UNE-P Equivalent or UNE-P replacement, such as QPP (Qwest Platform Plus).

9. Did you provide local exchange switched service in Oregon during the year, at least in part, by means of telecommunications facilities that you own and operate?

NO.

YES. You owned and operated the following types of facilities during the year (check all that apply):

Switches and routers.

Loops (connect end users with switching center).

Interoffice transport facilities (between switching centers).

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Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

G. Local Exchange Switched Service (CONFIDENTIAL)

10. Report the following information for Oregon customers to whom you provided local exchange switched service during the year, including UNE-P and UNE-P Equivalent above:

Table G10. Local Exchange Switched Service

Line	Type of Service (a)	Customers at Year End (b)	Lines at Year End (c)	Gross Oregon Revenues Billed from Lines in Column (c)	
				During December (d)	During the Year (e)
1	Residential	Redacted	Redacted	Redacted	Redacted
2	Business	Redacted	Redacted	Redacted	Redacted
3	Wholesale (such as sales to resellers)	Redacted	Redacted	Redacted	Redacted

11. Consistent with your answer in Table G10, Column C above, report the number of local exchange lines you provided at year end in the six geographic regions shown below, by customer type.

**Table G11. Local Exchange Lines by Region and Type of Customer at Year End
 Detail of Table G10, Column C**

Line	Regions (a)	Residential (b)	Business (c)	Wholesale (d)
1	Portland Metropolitan	Redacted	Redacted	Redacted
2	Willamette Valley	Redacted	Redacted	Redacted
3	Southwest Interior	Redacted	Redacted	Redacted
4	Coast	Redacted	Redacted	Redacted
5	Central	Redacted	Redacted	Redacted
6	East	Redacted	Redacted	Redacted
7	Total (lines 1 through 6)	Redacted	Redacted	Redacted

H. Intrastate Private Line Service (CONFIDENTIAL)

- Skip Part H, because Boxes 2a and 2b in Part E are not checked.
- If Box 2a in Part E is checked, please complete Part H.
- If Box 2b in Part E is checked, please complete Part H.

1. Did you provide intrastate private line service in Oregon during the year, at least in part, by reselling the intrastate private line services of ILECs?

- NO. Skip to Part H, Question 3.
- YES.

2. What type of rate did you pay the ILECs for retail intrastate private line service by reselling in Oregon during the year?

- Wholesale discounted rate.
- Full retail rate.
- Both rates (depends on which service or ILEC).

3. Did you provide intrastate private line service in Oregon during the year, at least in part, by reselling the intrastate private line services of CLECs?

- NO. Skip to Part H, Question 6.
- YES.

Company: Verizon Northwest Inc.
 OREGON OPERATIONS

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Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

H. Intrastate Private Line Service (CONFIDENTIAL)

4. What type of rate did you pay CLECs for retail intrastate private line service in Oregon during the year?
 Wholesale discounted rate.
 Full retail rate.
 Both rates (depends on which service or CLEC).
5. For CLECs: Did you provide intrastate private line service in Oregon during the year, at least in part, by purchasing or leasing UNEs from ILECs?
 NO. Skip to Part H, Question 6.
 YES. Complete Table H5.

Table H5. UNEs Purchased or Leased from ILECs for Intrastate Private Line Service

Description (a)	Number of UNEs at Year End Lower Capacity (less than 1.544 Mbps) (b)	Number of UNEs at Year End Higher Capacity (1.544 Mbps or higher) (c)
UNEs -- Combination of Loop and Dedicated Transport		

6. For ILECs: Did you sell UNEs for intrastate private line service in Oregon during the year to CLECs?
 NO.
 YES. Complete Table H6.

Table H6. UNEs Sold or Leased to CLECs for Intrastate Private Line Service

Description (a)	Number of UNEs at Year End Lower Capacity (less than 1.544 Mbps) (b)	Number of UNEs at Year End Higher Capacity (1.544 Mbps or higher) (c)
UNEs -- Combination of Loop and Dedicated Transport	Redacted	Redacted

7. Did you provide intrastate private line service in Oregon during the year, at least in part, by means of telecommunications facilities that you own and operate?
 NO. Skip to Part H, Question 9.
 YES. You owned and operated the following types of facilities in Oregon during the year (check all that apply):
 Switches and routers.
 Loops (connect end users with switching center).
 Interoffice transport facilities (between switching centers).

8. Report the following information for Oregon customers to whom you provided intrastate private line service in Oregon during the year:

Table H8. Intrastate Private Line Service

Line	Description (a)	Amount (b)
1	Number of Private Line Customers at Year End	Redacted
2	Number of Private Line Circuits at Year End:	
	a. Lower Capacity (less than 1.544 Mbps)	Redacted
	b. Higher Capacity (1.544 Mbps or higher)	Redacted
3	Gross Oregon Revenues Billed for December Services from Circuits	Redacted
4	Annual Gross Oregon Revenues Billed for Services from Circuits	Redacted

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Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

H. Intrastate Private Line Service (CONFIDENTIAL)

9. Consistent with the number of circuits provided in Table H8, lines 2a and 2b above, report the number of intrastate private line circuit terminations you provided in the six geographic regions shown below.
 Note: One private line circuit is counted as two or more terminations.

Table H9. Intrastate Private Line Circuits Terminations by Region at Year End
 Detail of Table H8, Column B, Lines 2a and 2b

Line	Regions (a)	Lower Capacity (b)	Higher Capacity (c)	Total (b+c) (d)
1	Portland Metropolitan	Redacted	Redacted	Redacted
2	Willamette Valley	Redacted	Redacted	Redacted
3	Southwest Interior	Redacted	Redacted	Redacted
4	Coast	Redacted	Redacted	Redacted
5	Central	Redacted	Redacted	Redacted
6	East	Redacted	Redacted	Redacted

I. Digital Subscriber Line (xDSL) (CONFIDENTIAL)

- Skip Part I, because Box 4 in Part E is not checked.
 If Box 4 in Part E is checked, please complete Part I.

1. Did you provide xDSL service to Oregon customers during the year?
 NO. Skip to Part J.
 YES. Complete Tables I1 and I2.

Table I1. xDSL Service Provided

Line	Description (a)	Units (b)
1	Number of xDSL at Year End	Redacted
2	Gross Oregon Billed Revenues for xDSL:	
	a. Services Rendered in December	Redacted
	b. Services Rendered During the Year	Redacted

Table I2. xDSL Service Provided by Region at Year End

Line	Regions (a)	Units (b)
1	Portland Metropolitan	Redacted
2	Willamette Valley	Redacted
3	Southwest Interior	Redacted
4	Coast	Redacted
5	Central	Redacted
6	East	Redacted

Company: Verizon Northwest Inc.
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Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

J. Providing Telecommunications Services through Other Facilities

- Skip Part J, because Boxes 8 and 9 in Part E are not checked.
- If Boxes 8 or 9 in Part E are checked, please complete Table J.

Table J. Other Facilities

Line	Service Provided By (a)	No. of Customers (b)	No. of Phone Numbers (c)
1	Facilities Other than Cable and VoIP		
2	Cable Television Facilities		
3	VoIP		

K. Business Plans and Competition (CONFIDENTIAL)

1. Provide your capital expenditures for local exchange service (not wireless or long distance services) allocated to Oregon at year end (*check one box*): Redacted
 - Less than \$10,000.
 - \$10,000 - \$50,000.
 - \$50,001 - \$100,000.
 - \$100,000 - \$1 million.
 - \$1,000,001 - \$10 million.
 - More than \$10 million.

2. What do you believe are the reasons that you do not have a bigger share of Oregon's residential market (*check all that apply*)?
 - Cannot compete on price.
 - Cannot compete on facilities.
 - The incumbent local exchange carrier has name familiarity.
 - Do not have enough of your own network capacity.
 - Competition from cell phones.
 - Lower customer density makes residential competition difficult or expensive.
 - Other (*explain*): ILEC Provider

THIS COMPLETES THE REPORT.

Return to Part C, and sign and date the form.
 PUC must receive your completed report by April 1, 2009.

Address it to the attention of:

Annual Reports, Utility Program
 Public Utility Commission of Oregon
 PO Box 2148
 Salem, Oregon 97308-2148
 Facsimile: (503) 373-7752