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Verizon Completes Spinoff of Local Exchange Businesses and Related Landline Activities in 14 States

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Print Page  E-mail News Release 

Spun-Off Entity Then Merges With Frontier Communications, Resulting in Frontier Shares Issued to Verizon Stockholders

Verizon Communications Inc. (NYSE, NASDAQ: VZ) today announced the completion of the spinoff of the shares of New Communications Holdings Inc. to Verizon stockholders.

New Communications held defined assets and liabilities that were used in Verizon's local exchange businesses and related activities in 14 states: Arizona, Idaho, Illinois, Indiana, Michigan, Nevada, North Carolina, Ohio, Oregon, South Carolina, Washington, West Virginia and Wisconsin -- and in portions of California bordering Arizona, Nevada and Oregon.

Immediately following the spinoff, New Communications merged with Frontier Communications Corporation (NYSE: FTR), resulting in Verizon stockholders collectively owning approximately 68 percent of Frontier common stock immediately after the merger.

Verizon stockholders are receiving one share of Frontier common stock for every 4.165977 shares of Verizon common stock they owned as of June 7, 2010. This is equivalent to approximately 0.24 shares of Frontier common stock for each share of Verizon common stock owned as of June 7, 2010. Verizon stockholders are receiving cash in lieu of any fraction of a share of Frontier common stock.

The total value of the transaction to Verizon and its stockholders is approximately \$8.6 billion. Verizon stockholders are receiving \$5.247 billion in Frontier common stock (based on the valuation formula contained in the merger agreement with Frontier), and Verizon has received \$3.333 billion in value, primarily through a \$3.083 billion special cash distribution. Consolidated Verizon debt is also being reduced by \$250 million, representing debt that was borrowed from third parties by former Verizon subsidiaries that became Frontier subsidiaries through the spinoff and merger.

No Effect on Verizon Stock Certificates

Holders of Verizon common stock are not required to pay for shares of Frontier common stock they receive in this transaction, and they also retain all of their shares of Verizon common stock. This means that Verizon stockholders are not being asked to surrender their shares of Verizon common stock in the spinoff or the merger, or return their Verizon stock certificates.

Two-Way Trading in Verizon Through Close of Business Today

Beginning June 3 and continuing through the close of business today, there have been two markets in Verizon common stock on the New York Stock Exchange and The NASDAQ Stock Market. A "regular way" market included the right to receive shares of New Communications common stock to be converted to Frontier common stock, and an "ex-distribution" market excluded this right. Shares have traded under the symbol "VZ wi" on the NYSE and under "VZ.V" on NASDAQ in the ex-distribution market.

Verizon has been advised by the NYSE and NASDAQ that regular way trading under the symbol "VZ" includes the right to receive Frontier common stock through the close of business today. Similarly, ex-distribution trading in Verizon common stock under the symbols "VZ wi" and "VZ.V" will continue through the close of business today. As a result, if a Verizon stockholder sells shares of Verizon common stock under the symbol "VZ" through the close of business today, the Verizon stockholder will continue to be selling both his or her shares of Verizon common stock and the associated right to receive shares of Frontier common stock in the merger of New Communications and Frontier.

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