

# CORPORATE EVENTS

MEMO # 08-62

DATE: 03/31/08

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**ACTION:**

Verizon Communications Inc. ("VZ") has announced a distribution of FairPoint Communications, Inc. ("FRP") Common Shares. The distribution ratio is approximately .0188 FRP Common Shares per VZ Common Share. The record date is March 7, 2008; the mail date is March 31, 2008. The New York Stock Exchange ("NYSE") has set **April 1, 2008** as the ex-distribution of the distribution.

The NYSE has determined due-bills for the FRP distribution must accompany each VZ Share delivered after March 7, 2008 in settlement of VZ transactions made prior to the ex-date.

This corporate event will be coordinated with the Options Clearing Corporation.

**CATEGORY:**

Share Distribution

**EQUITY SYMBOL:**

VZ (Verizon Communications, Inc.)

**ONECHICAGO SYMBOL:**

VZ1C changes to VZ2C; a new VZ1C will be re-listed on April 2, 2008.

**CME FUTURES SYMBOL:**

**VZ9** for the VZ2C; **VZ** for the re-listed VZ1C

**EFFECTIVE DATE:**

**Tuesday, April 1, 2008**

**MULTIPLIER:**

100 (e.g., 1.00 equals \$100.00)

**NEW DELIVERABLE PER CONTRACT:**

- 1) 100 "VZ" Verizon Communications, Inc. Common Shares
- 2) Approximately 1 FairPoint Communications, Inc. "FRP" Common Share
- 3) Cash in lieu of approximately .88 fractional FRP Shares

\*The cash portion of the deliverable remains permanently fixed as part of the option deliverable, and does not vary with price changes of securities also included in the deliverable.

**APPLICABLE CONTRACT MONTHS:**

April, May, June, and September 2008

**SETTLEMENT PRICES AND POSITIONS:**

The underlying price for VZ2C will be determined as follows:

$VZ2C = VZ + \text{approximately } .01 \text{ (FRP)} + \text{cash in lieu of approximately } .88 \text{ FRP fractional shares}$

Please note that the valuation would apply only to the VZ2C deliverable in terms of current market value of the deliverable securities. The resulting price would not be equivalent to the daily settlement price of a futures contract month, whose determination would include cost of money carrying charges, adjustment for dividends, and other factors.

**NOTES:**

The forecasted effect of the upcoming corporate event on each clearing firm's positions can be viewed in infopac in the Corporate Event Initial Forecast Report (ONE712), the Corporate Event Final Forecast Report (ONE713), and the Corporate Event Forecast Audit Report (CPDBU710).

The details after the corporate event has been applied can be viewed in the Corporate Event Activity Report (ONE711).

If you have any questions regarding the information provided in the document, please call CME Clearing Risk Management hotline at (312) 648-3888.