

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

U.S. BANK NATIONAL ASSOCIATION,
Litigation Trustee of the Idearc Inc. *et al.* Litigation
Trust,

Plaintiff,

v.

VERIZON COMMUNICATIONS INC., VERIZON
FINANCIAL SERVICES LLC, GTE
CORPORATION, and JOHN W. DIERCKSEN,

Defendants.

CIVIL ACTION NO.

3:10-CV-1842-G

ECF

**JOINT STATUS REPORT OF THE PARTIES PURSUANT TO
THE COURT'S ORDER [ECF No. 504] REGARDING PHASE I OF THE TRIAL**

Plaintiff U.S. Bank National Association, the Litigation Trustee of the Idearc Inc., et al., Litigation Trust ("Plaintiff") and Defendants Verizon Communications Inc., Verizon Financial Services LLC, GTE Corporation, and John W. Diercksen (collectively, "Defendants") file this Joint Status Report and provide the following information, which the Court sought in its Order of August 22, 2012 [ECF No. 504].

A. A list of all witnesses whose testimony is needed for Phase I: Below, each side identifies, in alphabetical order, the witnesses whose testimony, whether provided live or by deposition, is needed for Phase I of the trial.

Plaintiff's Witnesses:

1. Tom Costello
2. John Diercksen
3. Samuel Dee Jones
4. Steven Matays
5. Charma Meek

6. William Mundy
7. Theresa Murray
8. Thomas Rogers
9. Jeffrey Rosen
10. Ivan Seidenberg
11. David Schizer
12. Steven Slutzsky
13. Berry Spears
14. Carlyn Taylor
15. Yichen Xu
16. Plaintiff reserves the right to call any witness the Defendants bring to trial or include in their list of witnesses below.

Additional non-substantive witnesses to be called to establish document admissibility if necessary:

1. Scott Drake
2. Joe Garza
3. Weil Gotshal lawyers: Casey Burton, Nancy Cade, Teresa Doffer, Brenda Funk, T. Ray Guy, Esq., Liz Melson, Paige Montgomery, Giana Ortiz, Benjamin Stewart, John Strasburger

Additionally, there are a number of former officers and directors of Idearc who are hostile to Plaintiff but who may be called as adverse witnesses, depending on how trial unfolds. Most if not all are also defendants in related litigation and are represented by Kirkland & Ellis ("Kirkland"). William Barr, Verizon's general counsel at the time of the Spin-off, joined Kirkland when he resigned from Verizon in 2008. In addition to representing the former officers and directors of Idearc, Kirkland also represents Verizon in the Fairpoint litigation pending in the Western District of North Carolina. This is a similar piece of litigation involving claims of fraudulent conveyances that allegedly resulted in Fairpoint filing for bankruptcy. Wilmer Hale, Verizon's co-counsel in this litigation, is Kirkland's co-counsel in the Fairpoint litigation. Plaintiff suspects that some form of indemnity or protection may exist between Verizon and the former Idearc officers and directors of Idearc, explaining their joint representation by common counsel.

Given the close ties of these witnesses with Verizon and its position in this lawsuit, it is difficult to predict what examination might reveal if these witnesses are called adverse, and Plaintiff cannot predict whether they will be called at all until the case further develops at trial. It depends on the testimony of other witnesses and the documents received in evidence. Each witness should have knowledge of questionable billing practices employed by Idearc post Spin-off to keep the stock artificially inflated. Many of these witnesses would know how Idearc's President, Katherine Harless, overrode sound accounting practices and relaxed credit checks on new business to keep Idearc afloat and its stock prices artificially high. Many would know how the Tax Sharing Agreement directly contributed to Idearc's bankruptcy, and how it stopped new Idearc management from refinancing the massive debt that eventually lead to the bankruptcy. Many would know about false statements made in periodic investor calls to inflate the stock. Many can speak to Ms. Harless' inability to manage a publicly traded company. All of this is relevant to value, because Defendants want to use Idearc's stock price and debt price as an indicator of value.

Here is a list of the witnesses of this nature Plaintiff may call, depending on how the case on value develops:

1. Dane Beck
2. Andrew Coticchio
3. Frank Gatto
4. Scott Hanle
5. Katherine Harless
6. Jack Mueller
7. Donald Reed
8. Stephen Robertson
9. Clifford Wilson

Defendants' Witnesses:

1. Greg Apkarian
2. Jeff D. Balcombe

3. Jason Belew
4. Peter Bisson
5. Andrew Coticchio
6. Richard De Rose
7. H. Andrew Decker
8. John Diercksen
9. Greg Feldman
10. John Fitzgerald
11. Larry Fulton
12. Xavier Grappotte
13. Kathy Harless
14. Glen Hettinger
15. Mark Hopkins
16. Samuel "Dee" Jones
17. Jessica Kearns
18. Michiel McCarty
19. Steven Matays
20. John "Jack" Mueller
21. Jennifer Nason
22. Neil Olson
23. Donald Reed
24. David Rievman
25. Stephen Robertson
26. Jeffrey J. Rosen
27. Peter Schwartzman
28. Ivan Seidenberg
29. Jonathan Singer
30. Steven Slutzky
31. Michael Smith
32. Doreen Toben
33. Keith Ugone
34. Thomas Wessel
35. Clifford Wilson
36. Sophia Xu
37. Jonathan Yourkoski

B. A detailed summary of each witness's expected testimony: Below, each side provides their detailed summary of the expected testimony of each witness they listed above.

Plaintiff's Witnesses:

In addition to the witnesses below, Plaintiff reserves the right to call additional witnesses if necessary to establish the admissibility of documents or other evidence.

1. Tom Costello

Mr. Costello, though known to Defendants but not disclosed by them, was only recently discovered by the Trustee as a person with knowledge of relevant facts. He has not been deposed, so the exact contours of his testimony are not fully known. However he is expected to testify concerning the poor labor relations that existed in the North East (Verizon's largest market for the Yellow Pages). He coordinated unions servicing the Northeast, including New Jersey and New York. He is expected to say that the Harless lead management team (Harless was VIS' President before the Spin-off and Idearc's President upon completion of the Spin-off) was incompetent and that Harless and others were anathema to the work force. He is expected to say that the turn around story of hiring more salesmen would never work and that management knew it. Adding more salesmen to an already hostile work force was pure folly. He will testify how shortly before the Spin-off VIS issued instructions to cannibalize the more profitable but declining print advertising in favor of a poorly designed internet option that did not deliver. The sales force was incentivized to do this through the compensation system. Some customers left entirely to go to the competition when the internet option failed, and there were reports that invoicing was being augmented by "hits" to advertisements that in fact never occurred or were inflated. He may give other testimony bearing on questionable billing practices.

2. John Diercksen

Plaintiff anticipates calling Mr. Diercksen as an adverse witness. Since Mr. Diercksen is a hostile witness, Plaintiff cannot predict with certainty all that will be revealed during his examination. Moreover, to identify all facts bearing on value that Plaintiff hopes to reveal through a robust examination of the witness would unfairly reveal work product and potentially compromise Plaintiff's trial examination as a quest for truth. Consistent with this, and limited solely to facts revealed in his deposition, Plaintiff anticipates examination into issues related to

Verizon Information Services, Inc.'s ("VIS") and Idearc's value and their ability to pay debts as they became due; his team performing work related to the Spin-off and their reports; the CLC structure; the creation of "turnaround stories" that he knew were false in the hopes of influencing rating agencies and artificially driving up the trade value of Idearc stock and debt; Verizon's valuation of its directory business at 6.5 billion dollars in 2005 and Verizon's knowledge of the business' southerly trend; Verizon's knowledge that VIS was a dying business with bad management prior to and at the time of the Spin-off; his role and that of others in manufacturing stories to convey to the Verizon Board to secure Verizon's approval of the Spin-off (thus ensuring use of the prestigious Verizon name to bolster unreasonable, pie in the sky projections); his involvement with the Distribution Agreement and the burdens it imposed on Idearc and Idearc's inability to survive in the face of massive debt; material non-disclosures in the Form 10 and closing documents; material misrepresentations in the Form 10 and closing documents (all to inflate the value of Idearc stock and debt). Mr. Diercksen will also be asked about the Tax Sharing Agreement and the burdens it imposed on Idearc; Sophia Xu, his lieutenant in implementing the Spin-off, and her work and statements related to the Spin-off; and creating overly optimistic stock and bond ratings. Finally, Plaintiff expects to show how Mr. Diercksen's conduct and the conduct of other knowledgeable Verizon officers and employees is totally inconsistent with Verizon's story in this Court that Idearc was solvent, thus impeaching the army of hired experts who have come in after the fact, one for a 4 million dollar paycheck, to "revalue" the assets of Idearc—something that should have been done before the dividend was declared and not years later in a courtroom.

Mr. Diercksen may also testify regarding exhibits used at his deposition that are trial exhibits, any other trial exhibits designated by either party on which he was the author, a recipient or was copied or for which he otherwise has knowledge.

3. Scott Drake

Scott Drake is a lawyer with the law firm Fulbright & Jaworski. If necessary to call him as a witness, Scott Drake is expected to testify regarding the authenticity and facts relevant to the admissibility of documents produced by Fulbright & Jaworski and its client SuperMedia, Inc. He is not a substantive witness and it is hoped that stipulations will be reached concerning admissibility of documents bearing on value and misrepresentations in the Form 10 and in closing documents that make the share price and debt price of Idearc unreliable indicators of value.

4. Joe Garza

Joe Garza is an in house lawyer for SuperMedia, Inc. If necessary to call him as a witness, Mr. Garza is expected to testify regarding the authenticity and facts relevant to the admissibility of documents produced by SuperMedia, Inc. – either directly or through SuperMedia, Inc.’s counsel, Fulbright & Jaworski. As with Mr. Drake, Mr. Garza is not a substantive witness and it is hoped that stipulations will be reached concerning admissibility of documents bearing on value and misrepresentations in the Form 10 and in closing documents that make the share price and debt price of Idearc unreliable indicators of value.

5. Samuel Dee Jones

Samuel “Dee” Jones is the CFO of SuperMedia, Inc., the company formerly known as Idearc. He worked for VIS before the Spin-off, and worked for VIS or Idearc continuously through the Spin-off, the Idearc bankruptcy, and to the present day. He was personally involved with Idearc’s business at each of those stages.

Mr. Jones is expected to testify regarding general background information relating to Idearc and the Spin-off. Mr. Jones is expected to testify that Idearc attorney Berry Spears, with the firm Fulbright & Jaworski, is a good, thoughtful lawyer and that Mr. Jones agreed with Mr. Spears' representation to the bankruptcy court in the Northern District of Texas that Idearc's bankruptcy resulted from Verizon "saddl[ing Idearc] with too much debt."

Mr. Jones is also expected to testify that he was not surprised when he read Plaintiff's allegations in this suit and that he is a defendant in several suits related to the Spin-off. Mr. Jones may also testify regarding exhibits used at his deposition that are trial exhibits and any other trial exhibits designated by either party on which he was the author, a recipient, was copied or for which he otherwise has knowledge.

6. Steven Matays

Steven Matays is currently a partner at Skadden Arps. He was an associate at that firm at the time of the Spin-off when Skadden represented Verizon and Idearc in connection with the Spin-off. Mr. Matayas is expected to testify about his employment history, positions and responsibilities as a tax attorney at Skadden Arps. He is expected to testify about the circumstances giving rise to the Tax Sharing Agreement and how that agreement played a role in whether his law firm would render a "will" opinion on the tax treatment of the Spin-off – as Verizon had represented Skadden would do in the Form 10. He will testify concerning the exhibits to his deposition, and his testimony will lay a predicate to later demonstrate to the Court the uniqueness of the Idearc Tax Sharing Agreement and its impact on Idearc's value.

Mr. Matays may also testify regarding any other trial exhibits designated by either party on which he was the author, a recipient, was copied or for which he otherwise has knowledge.

7. Charma Meek

Ms. Meek is expected to testify regarding her knowledge about the actions undertaken by Dane Beck, who was the Controller of Verizon Information Services Inc. before the Spin-off and was later promoted to Chief Executive Accounting Officer (“CEAO”) of Verizon Directories Disposition Corporation, which became Idearc. Among other things, she is expected to testify that Mr. Beck had a nervous breakdown in October of 2006, the month before the Spin-off, while arguing over the Sarbanes – Oxley rules with Ernst and Young Auditors. At that time he was hospitalized and off work for four days. Additionally, Ms. Meek is expected to testify regarding statements by Idearc executives acknowledging that Idearc could not reorganize for two years after the Spin-off or declare bankruptcy as needed because Idearc’s debt was too high. Ms. Meek may also testify regarding her knowledge of Idearc moving doubtful accounts to Idearc’s accounts receivable.

Ms. Meek may also testify regarding exhibits used at her deposition, and trial exhibits designated by either party on which she was the author, a recipient, copied or for which she otherwise has knowledge.

8. William Mundy

Mr. Mundy was VIS’ General Counsel before the Spin-off and became Idearc’s General Counsel upon completion of the Spin-off. Mr. Mundy is expected to testify that Idearc’s counsel at Fulbright & Jaworski at the time of the Spin-off, Glen Hettinger, expressed concerns to Mr. Mundy about the amount of the debt that Idearc was taking on in the Spin-off. Plaintiff also expects Mr. Mundy to testify regarding his statements before the Spin-off that – despite the purported business purposes that Verizon concocted to justify the Spin-off – separation of the directory business from Verizon would not really make the business more competitive and the downward spiral would continue.

Mr. Mundy may also testify as to exhibits used at his deposition that are trial exhibits, as well as any trial exhibits designated by either party on which he was the author, a recipient, copied or for which he otherwise has knowledge.

9. Theresa Murray

Ms. Murray is a current employee of SuperMedia, Inc. f/k/a Idearc, Inc. Her testimony will bear on corporate records of Idearc demonstrating that there were material misrepresentations in the Form 10 and in closing documents that make the share price and debt price of Idearc unreliable indicators of value.

10. Thomas Rogers

Mr. Rogers purportedly became a member of Idearc's Board on November 16, 2006. Katherine Harless became the President of Idearc upon completion of the Spin-off. Plaintiff expects Mr. Rogers to testify that Katherine Harless was not competent to take Idearc's Yellow Pages business into the digital age.

Mr. Rogers may also testify regarding exhibits used at his deposition, and trial exhibits designated by either party on which he was the author, a recipient, copied or for which he otherwise has knowledge.

11. Jeffrey Rosen

Jeffrey Rosen is a partner at the law firm Debevoise & Plimpton and was Verizon's confidant and longtime M&A counsel. His knowledge of his client's business was deep and intimate. His representation of Verizon predates his joining Debevoise. He represented GTE long before the merger with Atlantic Bell in 2000, which gave birth to Verizon. Indeed, this long-term relationship dates back to 1988, nearly 20 years before the Spin-off. His client contacts at GTE were not rank and file lawyers in the legal department; they were GTE's general counsel, William Barr, and Mr. Barr's chief Lieutenant, Marianne Drost. When Rosen left his

firm to join Debevoise, GTE went with him. At Debevoise, he handled all the large M&A transactions—the merger with Bell Atlantic, the acquisition of MCI, the spin off of VIS (bankrupt), and spin off of Verizon's local exchange businesses in multiple states into Fairpoint Communications (bankrupt). A specialist in spins, Mr. Rosen knew the game of trying to cram down as much debt into a company as it could possibly bear before spinning it out in a sale disguised as a tax-free transaction.

Mr. Rosen does not recall details. There are no notes of his conferences with clients. His time sheets are remarkably uninformative. Even many of his highly relevant emails in this case found their way to the Trust from sources other than his files.

Plaintiff does not anticipate that the witness will admit that Verizon told him the Spin-off would leave Idearc insolvent. With no direct evidence that Verizon told Mr. Rosen that the value of Idearc paled in comparison to its debt, the Trust has developed that evidence circumstantially—examining Mr. Rosen's conduct and advice as a result of his client conferences. When the Spin-off first walked in the door, Mr. Rosen and others looked at the likelihood of a lawsuit against Debevoise if Spinco went bankrupt. Some of the first matters researched were fraudulent conveyances and the liability of directors. He worked with Verizon in-house lawyer Marianne Drost, his long time client, to devise a strategy of making sure Idearc had no eyes, ears, or a brain until the Spin-off was completely wrapped up. Though investors were told in the Form 10 that the new and "independent" board would be seated at or after the Spin-off, he devised a strategy of having the new board seated before the Spin-off to approve the very resolutions Diercksen approved. This would stop Idearc from turning around after the Spin-off and suing Verizon—or trying to void aspects of the Spin-off. Instead of having Diercksen stay through the spin, Diercksen would leave before—hopefully shifting liability.

Rosen admits, as he must, that much of what the Plaintiff will prove was known by Verizon, was material and, if true, should have been disclosed in the Form 10. It was not. The failure to disclose these material facts renders the market data on which Verizon relies wholly irrelevant.

Rosen may also testify regarding any trial exhibits designated by either party on which he was the author, a recipient, copied or for which he otherwise has knowledge.

12. David Schizer

David Schizer is the Dean of the Columbia Law School. Dean Schizer will offer testimony regarding the areas discussed in his report and supplement thereto, which both have previously been filed with the Court. *See ECF No. 340 & 461.* He will testify regarding the Tax Sharing Agreement to assist the Court in evaluating its impact on Idearc's value. In particular, Verizon exposed Idearc to billions of dollars in tax liability when Verizon skirted its obligation to pay income taxes, thereby significantly lowering its value. Dean Schizer also will testify that Verizon could have avoided the tax risk inherent in the way Verizon conducted the Spin-off by conducting a straight Spin-off of Idearc without burdening Idearc with billions in debt and canceling outstanding Verizon debt through a debt swap. Further, Dean Schizer will testify that the Verizon-Idearc Tax Sharing Agreement imposed significant constraints on Idearc's ability to prepay its debt and to engage in acquisitions, which were not standard market practice. He is also expected to testify that further evidence of the contingent tax liability Verizon caused Idearc to incur in the Spin-off is found in the facts demonstrating that, at the time of the Spin-off, it was foreseeable to Verizon and Idearc that (a) Idearc would need to refinance Idearc's Spin-off incurred debts before they became due and (b) Idearc would need to participate in industry consolidation that would cause a change in majority ownership of Idearc's stock – thereby allowing Idearc's lender's to require Idearc to immediately pay the full amount of Idearc's debts.

Both of these factors could independently cause the Spin-off to be a taxable event to Idearc and Verizon.

Dean Schizer may also testify regarding any trial exhibits designated by either party on which he was the author, a recipient, copied or for which he otherwise has knowledge, as well as the contents of his written report and supplement thereto, the rebuttal reports of other experts, in response to the testimony of other experts and witnesses, and regarding exhibits filed along with summary judgment or *Daubert* motions in this cause.

13. Ivan Seidenberg

Ivan Seidenberg served as the CEO of Verizon from 1994 until August 2011. He was also the Chairman of the Board of Directors of Verizon from 2000 until December 2011, when he retired.

Mr. Seidenberg is expected to testify with regard to, but not by way of limitation, the following matters: that Doreen Toben, John Diercksen, and Katherine Harless were his direct reports in connection with the Spin-off of the directories business; the issues faced by VIS prior to and at the time of the Spin-off, including but not necessarily limited to the existence of a substitutable market for Idearc's product; that despite VIS' historic investment in the electronic side of the business, VIS never got enough traction in that business area to reverse the momentum of the company; that Verizon's directory business was undergoing a secular change and that there were heavenly forces changing the directories industry at a very fast rate – including that Google, a competitor, had a scale, scope and intellectual property base that changed the dynamic and rules of the directories business; that VIS was losing customers quickly prior to the Spin-off; that VIS had experienced declining top-line revenue EBITDA and margins for five years before the Spin-off; his statements before the Spin-off that an independent owner of the directories business should slash costs, sell off portions of the business, and curtail efforts

related to the electronic side of the business; that the issues VIS was facing before the Spin-off were more fundamental than operational in nature; that hiring more salespeople or tinkering with the margins was not going to save the business; that VIS customers on the electronic side hardly paid anything, and VIS was losing customers on the print side before the Spin-off; that the facts discussed above occurred even though, under his leadership for 5-years prior to the Spin-off, VIS had looked at and tried everything they thought they could do to make sure the directory business was being run efficiently and properly and maximizing the value for shareholders; that McKinsey's report offered nothing VIS had not already tried without success and that McKinsey did not give VIS or Verizon any fundamental new insights into improving the directory business; that the top line for VIS was in a long-term decline and that he did not know of any "secret elixir" VIS could drink that would actually change the current momentum of the business.

Mr. Seidenberg may also testify regarding exhibits used at his deposition that are trial exhibits, any other trial exhibits designated by either party on which he was the author, a recipient, was copied or for which he otherwise has knowledge.

14. Steven Slutzky

Steven Slutzky is expected to testify that (1) he is a partner at the law firm of Debevoise & Plimpton, LLP; (2) he held that position during the Spin-off and represented Verizon and Idearc during the Spin-off; and (3) his law practice covers, among other things, the areas of corporate securities, mergers and acquisitions, and compliance with Securities and Exchange Commission rules and regulations.

Mr. Slutzky is expected to testify about the work that he undertook for Verizon, Idearc and their affiliates during the Spin-off. This includes, but is not limited to, the fact that Mr. Slutzky reviewed and agreed with the analysis performed by Idearc's counsel, Fulbright & Jaworski, regarding the restrictions that the Tax Sharing Agreement placed upon Idearc's ability

to refinance its debt, make large acquisitions, or to allow more than half of Idearc's stock to be acquired in a transaction after the Spin-off. Plaintiff also expects Mr. Slutzsky to testify further regarding the work he and other lawyers at Debevois & Plimpton performed related to the Spin-off including, without limitation: (1) during the Spin-off he represented Verizon and its subsidiaries, including Idearc; (2) that representation began in late 2005 or early 2006 and continued until the date of the Spin-off; (3) he was primarily responsible for the preparation of the Form 10 and for the 144A high-yield offering disclosure materials; (4) his pre-Spin-off statement that Spinco will eventually have its own counsel, but Verizon wanted to nail down the terms of everything before that happens; (5) his pre-Spin-off statements that JP Morgan Chase and Bear Stearns "conveniently" acquired the Verizon debt and that, as early as March 2006, he knew this would occur, and (5) his hand-written notes saying that the Spin-off was tax-driven.

Mr. Slutzsky may further testify regarding exhibits used at his deposition that are trial exhibits, any other trial exhibits designated by either party on which he was the author, a recipient, was copied or for which he otherwise has knowledge.

15. Berry Spears

Mr. Spears is a partner at Fulbright & Jaworski who represented Idearc in Idearc's bankruptcy. At the outset of that proceeding Mr. Spears represented to the bankruptcy court that Idearc was saddled with too much debt in the Spin-off. Plaintiff hopes that it will not be necessary to call Mr. Spears as a witness and that Defendants will agree to the admissibility of his statement to the bankruptcy court.

16. Carlyn Taylor

Carlyn Taylor is a Senior Managing Director and one of the national leaders in the Corporate Finance Group of FTI Consulting, Inc. She received a B.S. and M.A. in economics

from the University of Southern California, where she graduated as the University's valedictorian.

Ms. Taylor is expected to testify with regard to the experience, education, licenses and certifications that she holds. She is further expected to testify with respect to her work experience both as a testifying and consulting expert and in non-litigation matters where she has served as a consultant. Ms. Taylor has provided strategic consulting, corporate and business development, business planning, financial planning and marketing consulting services to a variety of communications and media clients. Clients for these services include Scripps (Newspaper Division); Securus Technologies; T-Mobile; Hawaiian Telcom; Cincinnati Bell; AT&T Wireless; Broadwing; Ericsson; LA Cellular; Integra Telecom; Altrio; XO Communications; HickoryTech and I-Connect. In the mergers and acquisitions (M&A) area, Ms. Taylor has served as an advisor on all aspects of transactions, including advising buyers and sellers in M&A, providing due diligence on behalf of financing sources and private equity investors, investigating financial synergies of merger transactions, preparing corporate strategies for acquisitions, identifying target companies, and advising on transaction structuring involving both healthy and financially distressed targets. Ms. Taylor has led more than 100 restructuring and bankruptcy engagements, advising debtors and creditors on cases such as Tribune Company; Charter Communications; RH Donnelley; Advanstar; Integra Telecom; Global Crossing; Hawaiian Telcom; Genuity; XO Communications; Williams Communications; Excite@Home; Qwest; MFN; Allegiance Telecom; Teligent; Broadwing; IWO and Level 3 Communications. Her clients also include major financial institutions and funds such as JPMorgan; Bank of America; Wachovia; Citigroup; GE Capital; Goldman Sachs; Morgan Stanley; TD Securities; CIT; HIG Capital; Platinum Equity; MC Ventures and Silverpoint Capital.

Ms. Taylor is expected to testify regarding matters including, but not limited to, the following:

- a. the value of Idearc on the date of the Spin-off was less than the debt incurred by Idearc in the Spin-off;
- b. Idearc was rendered insolvent from the balance sheet, cash flow, and inadequate capital perspectives as a result of the Spin-off;
- c. Idearc did not receive “reasonably equivalent value” for the cash and debt it transferred to Verizon in the Spin-off;
- d. the failure of Idearc was reasonably foreseeable to Verizon prior to and at the time of the Spin-off;
- e. based on the information that Verizon knew, that Verizon’s actions in the transaction did not reflect a pattern of behavior consistent with “true and plain dealing;”
- f. the projections issued by Verizon to underwriters, rating agencies, future creditors of Idearc and Houlihan Lokey Howard & Zukin Financial Advisers, Inc. (“Houlihan”) in connection with Houlihan’s solvency opinion were not reasonable in light of all the information known by VCI;
- g. the combination of the capital structure restrictions and contingent liabilities in the Tax Sharing Agreement contributed to the insolvency of Idearc by restricting its ability to access the capital markets;
- h. the restrictions of the Tax Sharing Agreement should have been reflected in the Houlihan solvency opinion and any valuation as a contingent liability triggered upon any sale or refinancing transaction;

- i. the solvency opinion rendered by Houlihan was not based on sufficient knowledge of all relevant facts and contained certain errors in the calculations;
- j. the capital structure designed by Verizon was not appropriate for an independent Idearc post-transaction given the prospects (or lack thereof) of the business;
- k. what the reasonable projections for Idearc's financial performance would have been, using all the information known to Verizon at the time of the transaction; what a proper valuation analysis from an independent third party would have concluded if Verizon had provided that party all appropriate information available at the time of the transaction;
- l. Idearc Media Corp ("IMC"), a wholly-owned subsidiary of Idearc, did not receive "reasonably equivalent value" in exchange for the \$475 million loan to Idearc;
- m. IMC, as a guarantor of Idearc's corporate debt, was not solvent following the transfer of its assets directed by Verizon; and
- n. Idearc Information Services ("IIS"), as a guarantor of Idearc's corporate debt, was not solvent following the transfer of its assets directed by Verizon.

Ms. Taylor may also testify regarding the graphs, charts, and other exhibits referenced in her report, as well as any other trial exhibits designated by either party on which she was the author, a recipient, copied or for which she otherwise has knowledge and the contents of her written report, the rebuttal reports of other experts, in response to the testimony of other experts and witnesses, and regarding exhibits filed along with summary judgment or *Daubert* motions in this cause.

- 17. **Weil, Gotshal & Manges, LLP lawyers: Casey Burton, Nancy Cade, Teresa Doffer, Brenda Funk, T. Ray Guy, Esq., Liz Melson, Paige Montgomery, Giana Ortiz, Benjamin Stewart, John Strasburger**

These are not substantive witnesses. Plaintiff hopes that stipulations will be reached regarding the admissibility of trial exhibits Plaintiff will offer into evidence. If necessary, however, these witnesses may testify on matters related to authentication of documents.

18. Yichen Xu

Yichen (Sophia) Xu is a current employee of Verizon and will, therefore, be examined by Plaintiff as an adverse witness. Plaintiff, therefore, cannot predict with certainty all that will be revealed during her examination. Plaintiff also cannot fully reveal its examination of Ms. Xu without revealing work product. Nevertheless, Plaintiff expects Ms. Xu to testify that she began working at Verizon Communications, Inc. (“VCI”) in March or April of 2005, and that she has served as Verizon’s Director of Corporate Development throughout her employment with Verizon. She is expected to describe her responsibilities at VCI, the individuals she has reported to, and her performance reviews.

Ms. Xu was Defendant Diercksen’s trusted lieutenant throughout the planning and implementation of the Spin-off. During the course of her work for Verizon related to the Spin-off, Ms. Xu wrote multiple candid e-mails to Verizon officers and high-level managers acknowledging the dismal business prospects for Verizon’s directory business and the need for Verizon to identify “scape goats” on which Verizon should blame the business’ troubles so that Verizon could sell a turn around story to the marketplace. Because her communications were internal to Verizon, Ms. Xu believed she was speaking in confidence and had every reason to speak truthfully to her co-workers. Her superiors did as well and commended her “good work” when responding to her. Plaintiff expects Ms. Xu to testify regarding her statements before the Spin-off regarding Verizon’s directory business, Verizon’s knowledge of the business’ prospects and her work related to the Spin-off.

Ms. Xu may also testify regarding exhibits used at her deposition that are trial exhibits, any other trial exhibits designated by either party on which she was the author, a recipient, was copied or for which she otherwise has knowledge.

Defendants' Witnesses:

The foregoing is a non-exclusive summary of the testimony that Defendants will seek to elicit from their expected witnesses. Defendants reserve their right to expand the scope of each witness's testimony based on their evaluation of the circumstances at trial.

Idearc Officers & Directors:

Kathy Harless is the former Chief Executive Officer of Idearc. Ms. Harless served as President of Verizon Information Services ("VIS") — Verizon's directories business — from 2000 to the Spin-Off. Ms. Harless will testify about the historical and prospective operational and financial performance of VIS, including trends in the print and electronic yellow pages business, market and competitive issues, and her involvement in effecting managerial and operational changes to address these issues. She will explain her involvement in finalizing Idearc's business forecasts, determining Idearc's capital structure, and marketing Idearc's debt and equity to prospective investors in connection with the Spin-Off. Ms. Harless will testify about her personal dedication to Idearc, and facts relevant to her belief that Idearc was solvent on the date of the Spin-Off, and would be successful as an independent company. She will testify about various financial and operational issues at Idearc following the Spin-Off, including the Board's declaration of \$250 million in dividends, Idearc's acquisition of Switchboard.com for cash, and increases in Idearc's stock price. Further, if Plaintiff's proffered expert, Carlyn Taylor, is permitted to testify at trial, Ms. Harless will give testimony, from personal knowledge, about Ms. Taylor's mischaracterization (in her report and subsequent testimony) of VIS's historical and prospective operational and financial performance, and of Idearc's competitors, as of the

date of the Spin-Off. Further, if Ms. Taylor or Plaintiff's proffered expert David Schizer are permitted to testify at trial, Ms. Harless will testify about her understanding of the limited impact of the Tax Sharing Agreement on Idearc.

Andrew Coticchio is the former Chief Financial Officer of Idearc. He served as CFO of VIS from 2003 to the Spin-Off, and has many years of experience as a senior finance executive at Verizon and its predecessors. Mr. Coticchio will testify from his personal knowledge about the historical and prospective operational and financial performance of VIS, including background factual issues relevant to valuation and solvency. He will testify about the financial planning and budgeting, oversight and review by Verizon corporate, and the basis for various VIS and Idearc forecasts given historical results and market developments. Mr. Coticchio will testify about his involvement in the planning and execution of the restructuring, disclosures of historical and estimated prospective financial results to potential lenders and investors, regulators, rating agencies, and financial analysts, and the basis for those disclosures. He will explain his involvement in finalizing Idearc's business forecasts and plans for operational improvements, as related to valuation and solvency. He will testify about the development of the final VIS business plan, including his interactions with McKinsey & Company ("McKinsey"), Verizon corporate, and outside bankers, as well as VIS's plans for operational improvements. He will testify about Idearc's financial and operational results following the Spin-Off. Mr. Coticchio will testify about his personal dedication to Idearc, and facts relevant to his belief that Idearc was solvent on the date of the Spin-Off, and why he believed Idearc would be successful as an independent company. Further, if Carlyn Taylor is permitted to testify at trial, Mr. Coticchio will testify, from personal knowledge, about facts and issues related to the directories business that are referenced in Ms. Taylor's report and subsequent testimony, including VIS's

historical and prospective operational and financial performance, and Idearc's competitors, as of the date of the Spin-Off. Further, if Ms. Taylor or Mr. Schizer is permitted to testify at trial, Mr. Coticchio will testify about his understanding of the limited impact of the Tax Sharing Agreement on Idearc.

Samuel "Dee" Jones is currently the CFO of SuperMedia, Idearc's successor. He served as Manager and then Director of Financial Analysis of VIS from 2003 to the Spin-Off, and Idearc's Senior VP – Investor Relations from the Spin-Off until his November 2007 appointment as CFO. He has more than 17 years of experience in the directories business. Mr. Jones will testify about the historical and prospective financial and operational performance of VIS, and the historical interaction between VIS and Verizon with respect to financial planning. He will testify about the development of the final VIS business plan, including his interactions with McKinsey, Verizon corporate, and outside bankers, as well as VIS's plans for operational improvements. He will testify about his knowledge of facts relevant to Idearc's valuation and solvency as of the Spin-Off, and its financial and operational performance thereafter. He will testify about the preparation of the Form 10 and the risk disclosures therein, and his involvement in negotiating the terms of the credit agreement. Mr. Jones will testify about his personal dedication and commitment to Idearc, and facts relevant to his belief that Idearc was solvent on the date of the Spin-Off and would be successful as an independent company. Further, if Ms. Taylor is permitted to testify at trial, Mr. Jones will testify, from personal knowledge, about facts and issues related to the directories business that are referenced in Ms. Taylor's report and subsequent testimony, including VIS's historical and prospective operational and financial performance, and Idearc's competitors, as of the date of the Spin-Off. Further, if Ms. Taylor or

Mr. Schizer is permitted to testify at trial, Mr. Jones will testify about his understanding of the limited impact of the Tax Sharing Agreement on Idearc.

Clifford Wilson is currently a VP and Assistant Treasurer at SuperMedia. He has approximately 20 years of experience working in various financial roles in directories businesses owned by Verizon and GTE. He was Idearc's Director – Business Development at the time of the Spin-Off. Mr. Wilson will testify about his knowledge of the historical, and expected prospective, operational and financial performance of VIS, including background factual issues relevant to valuation and solvency. He will testify about the financial planning, budgeting, oversight, and review of VIS by Verizon, as well as the basis for various VIS forecasts in light of historical results and industry and market developments. He will testify about the development of the final VIS business plan, including his interactions with McKinsey, as well as VIS's plans for operational improvements. Mr. Wilson will testify about the disclosures of historical and estimated prospective financial results that were made to potential lenders and investors, regulators, rating agencies, and financial analysts. Mr. Wilson will testify about his personal dedication to Idearc, and facts relevant to his belief that Idearc was solvent on the date of the Spin-Off and would be a successful independent company. Further, if Ms. Taylor is permitted to testify at trial, Mr. Wilson will testify, from personal knowledge, about facts and issues related to the directories business that are referenced in Ms. Taylor's report and subsequent testimony, including VIS's historical and prospective operational and financial performance, and Idearc's competitors, as of the date of the Spin-Off.

John "Jack" Mueller was an independent director, and Chairman of the Board, of Idearc at the time of the Spin-Off. He worked in the telecommunications industry for more than 35 years, and helped create a separate directories subsidiary for Cincinnati Bell. Mr. Mueller will

testify about the factors that led to his decision to join Idearc's Board, and his participation in various activities related to the Spin-Off. He will testify about his knowledge of facts relevant to Idearc's valuation and solvency as of the Spin-Off, including discussions with Idearc's management and investment banks about Idearc's business plan and capital structure. Mr. Mueller will testify about his personal dedication and commitment to Idearc, and facts relevant to his belief that Idearc was solvent on the date of the Spin-Off and would be a successful independent company. He will testify about various financial and operational issues at Idearc following the Spin-Off, including the Board's declaration of \$250 million in dividends, Idearc's acquisition of Switchboard.com for cash, and increases in Idearc's stock price. Further, if Ms. Taylor is permitted to testify at trial, Mr. Mueller will testify about his personal knowledge with respect to various facts and issues referenced in Ms. Taylor's report and subsequent testimony, including about the historical and prospective operational and financial performance of the directories business, the terms of the restructuring, and Idearc's prospective competitors. Further, if Ms. Taylor or Mr. Schizer is permitted to testify at trial, Mr. Mueller will testify about his understanding of the limited impact of the Tax Sharing Agreement on Idearc.

Stephen Robertson (by deposition) was an independent member of the Board of Directors of Idearc. Mr. Robertson worked in the telecommunications industry for more than 30 years, including eight years in the directories business — five of which were spent as the President and CEO of Cincinnati Bell's directories subsidiary. Mr. Robertson will testify about the factors that led to his decision to join Idearc's Board, and his participation in various activities related to the Spin-Off. He will testify about his knowledge of facts relevant to Idearc's valuation and solvency as of the Spin-Off, and its financial and operational performance thereafter. Mr. Robertson will testify about his personal dedication and commitment to Idearc,

and facts relevant to his belief that Idearc was solvent on the date of the Spin-Off and would be a successful independent company. He will testify about various financial and operational issues at Idearc following the Spin-Off, including the Board's declaration of \$250 million in dividends, Idearc's acquisition of Switchboard.com for cash, and increases in Idearc's stock price. Further, if Ms. Taylor is permitted to testify at trial, Mr. Robertson will testify about his personal knowledge with respect to various facts and issues referenced in Ms. Taylor's report and subsequent testimony, including about the historical and prospective operational and financial performance of the directories business, the terms of the restructuring, and Idearc's prospective competitors. Further, if Ms. Taylor or Mr. Schizer is permitted to testify at trial, Mr. Robertson will testify about his understanding of the limited impact of the Tax Sharing Agreement on Idearc.

Donald Reed was an independent member of the Board of Directors of Idearc. Mr. Reed worked in the telecommunications business for more than 30 years, including three years running the directories business for NYNEX. Mr. Reed will testify about the factors that led his decision to join Idearc's Board, and his participation in various activities related to the Spin-Off. He will testify about his knowledge of facts relevant to Idearc's valuation and solvency as of the Spin-Off, and its financial and operational performance thereafter. Mr. Reed will testify about his personal dedication and commitment to Idearc, and facts relevant to his belief that Idearc was solvent on the date of the Spin-Off and would be a successful independent company. He will testify about various financial and operational issues at Idearc following the Spin-Off, including the Board's declaration of \$250 million in dividends, Idearc's acquisition of Switchboard.com for cash, and increases in Idearc's stock price. Further, if Ms. Taylor is permitted to testify at trial, Mr. Reed will testify about his personal knowledge with respect to various facts and issues

referenced in Ms. Taylor's report and subsequent testimony, including about the historical and prospective operational and financial performance of the directories business, the terms of the restructuring, and Idearc's prospective competitors. Further, if Ms. Taylor or Mr. Schizer is permitted to testify at trial, Mr. Reed will testify about his understanding of the limited impact of the Tax Sharing Agreement on Idearc.

Verizon Officers and Employees:

Ivan Seidenberg, now retired, was the Chief Executive Officer and Chairman of the Board of Verizon Communications Inc. ("Verizon") on the date of the Spin-Off. Mr. Seidenberg will testify to the various strategic and financial considerations that led to the decision of Verizon's Board of Directors ("Board") to authorize, and ultimately approve, the creation of an independent, publicly-traded Idearc. He will testify to the historical and prospective financial and operational information, and the corporate and strategic objectives, that he and the Board considered in restructuring Verizon and its directories business, as well as the anticipated valuation and solvency of the directories business. Mr. Seidenberg will testify to his involvement in, as well as the information he considered and his communications with others concerning, the analysis, planning, and execution of the restructuring. Mr. Seidenberg will further testify about his personal knowledge about the historical financial performance and operations of the directories business while a Verizon business unit, as well as his operational and managerial oversight of that business, and his personal knowledge of the strengths of the management of the business, as those issues relate to valuation and solvency. Further, if Ms. Taylor is permitted to testify at trial, Mr. Seidenberg will testify about various assertions by Ms. Taylor (in her report and subsequent testimony) with respect to Mr. Seidenberg's statements and

actions (and those of others) with respect to strategic issues, valuation, solvency, financing, tax, and future operational and financial performance of Idearc.

Doreen Toben, now retired, was Verizon's CFO at the time of the Spin-Off. Ms. Toben will testify to her involvement in and responsibility for the financial planning, oversight, and public reporting of financial results of Verizon, including VIS, as a separate reporting segment. She will testify to her activities and knowledge as it relates to VIS's financial planning and financial operations, and her knowledge of the historical and expected future performance of that division. She will testify as to how, in the discharge of her responsibilities as Verizon's CFO, she evaluated and applied VIS's historical and prospective financial and operational performance into Verizon's overall budgeting, financial planning, operations, and capital structure. She will testify to her involvement in, and communications regarding, the determination of the optimal capital structure for Verizon and Idearc in light of the restructuring, given the historical and expected future financial performance of each entity. Ms. Toben will testify to her activities, knowledge, and communications with others concerning the decision to restructure Verizon to spin-off VIS, and her assessment of the ability of Idearc to operate under various capital structures. She will also testify to her understanding of Idearc's valuation and solvency under various restructuring proposals generated by outside advisers and within Verizon. Ms. Toben will testify to her knowledge about, and involvement and communications with, Verizon's various internal and external financial advisers, consultants, commercial and investment bankers, private equity firms, rating agencies, financial analysts, and others with respect to various actual and contemplated merger and acquisition, corporate finance, restructuring, and strategic planning issues associated with Verizon and its directories business.

John Diercksen is the Executive Vice President for Strategy, Development and Planning for Verizon, a position that he has held since June 2003. He is currently a Verizon employee. He has extensive prior experience in the directories business, having previously served as CFO, and acting Group President, of Bell Atlantic's domestic and international directories businesses. Mr. Diercksen will testify to his responsibilities for strategic planning at Verizon, which included periodic assessments of the historical and expected prospective financial performance, strategic significance, market value, and restructuring alternatives for the directories business. He will testify to his activities and communications with others with respect to various strategic alternatives for the directories business, including his participation in the restructuring that led to the formation of an independent, publicly-traded Idearc. He will testify to his involvement in various aspects of the analysis, planning, and execution of the restructuring. Among other things, Mr. Diercksen will testify about his interactions and communications with Verizon's directors, officers, and employees; internal and external advisers; investment and commercial bankers; and consultants as it relates, directly and indirectly, to issues of valuation and solvency of Idearc on the date of the Spin-Off. Further, if Ms. Taylor is permitted to testify at trial, Mr. Diercksen will testify about his knowledge of various assertions by Ms. Taylor (in her report and subsequent testimony) with respect to strategic issues, valuation, solvency, financing, tax, and future operational and financial performance of Idearc. If Mr. Schizer is permitted to testify at trial, Mr. Diercksen will testify about his knowledge of various factual assertions included in Mr. Schizer's report and subsequent testimony, including statements and observations about the effect of the Tax Sharing Agreement and the arrangement between Verizon and third parties with respect to the facilitated exchange of Idearc debt for Verizon debt.

John Fitzgerald is the Vice President – Business Development for Verizon. He is currently a Verizon employee, and worked with John Diercksen in the Corporate Development Group at the time of the Spin-Off. Mr. Fitzgerald will testify regarding his interactions with members of the Corporate Development Group and others concerning the various analyses he prepared of the historical and prospective financial and operational performance of VIS, as well as the strategic significance, the market value, and restructuring alternatives for that business. He will testify about his involvement in the execution of the restructuring, his knowledge of the financing model, including interactions with McKinsey, Verizon corporate, and outside bankers, as well as VIS's plans for operational improvements. Mr. Fitzgerald will testify that he, and others at his direction, conducted multiple analyses in which he concluded that Idearc was valued at more than \$12 billion before, and as of the date of, the Spin-Off, and was solvent. He will also testify to his knowledge of, and communications with respect to, other contemporaneous external valuations of Idearc, including that Idearc had a market capitalization, as reflected by trading on the New York Stock Exchange, of more than \$3 billion as of the date of the Spin-Off.

Sophia Xu is a current Verizon employee who served as a Director in the Corporate Development Group at Verizon at the time of the Spin-Off. Ms. Xu will testify about her involvement in the restructuring, including her work at the direction of more senior members of the Corporate Development Group (and with others) on various analyses of the historical and prospective financial and operational performance of Idearc, as well as the strategic significance, market value, and restructuring alternatives for that business. Ms. Xu will also testify to her knowledge of, and communications with respect to, various other aspects of the restructuring in which she was involved. Further, if Ms. Taylor is permitted to testify at trial, Ms. Xu will testify about her knowledge of various assertions made by Ms. Taylor (in her report and subsequent

testimony) with respect to strategic issues, valuation, solvency, financing, tax, and future operational and financial performance of Idearc.

Neil Olson is a current Verizon employee who served as a Vice President – Treasury for Verizon at the time of the Spin-Off. Mr. Olson will testify about his involvement with various financial issues with respect to the restructuring, including but not limited to the determination of the optimal capital structure for Verizon and Idearc as a result of the restructuring. He will also testify to his interaction with various investment banks and potential lenders with respect to Idearc's ability to service various levels and types of debt given Idearc's historical and prospective financial and operational performance, as well as various valuation and solvency issues associated with those determinations. He will also testify regarding his involvement in meetings and other communications with Standard & Poor's and Moody's, and the resulting credit ratings assigned to Idearc's debt. Mr. Olson will also testify about Idearc's capital structure on the date of the Spin-Off, and to the basis for his belief that Idearc was able to meet its obligations.

Larry Fulton is a current Verizon employee who served as Vice President – Corporate Financial Planning & Analysis for Verizon at the time of the Spin-Off. Mr. Fulton will testify about his involvement and interaction with VIS with respect to the historical and estimated prospective financial performance of the directories business. Among other things, Mr. Fulton will testify about his involvement in Verizon's annual budgeting and five-year planning processes as they relate to the directories business. He will testify to his knowledge and participation in the development of the final Idearc business plan and financing model. Mr. Fulton is further expected to testify to his knowledge of various facts that are relevant to valuation and solvency, including facts relevant to the issue of whether Idearc would be able to

achieve the forecasts it created in connection with the restructuring. Further, if Ms. Taylor is permitted to testify at trial, Mr. Fulton will testify about his knowledge of various assertions made by Ms. Taylor (in her report and subsequent testimony) with respect to various issues, including valuation, solvency, financing, tax, future operational and financial performance of Idearc, and the assumptions on which the financing model was based.

Outside Advisers:

H. Andrew Decker is currently a Senior Managing Director at the investment banking firm Guggenheim Securities LLC. He has approximately 30 years of investment banking experience. At the time of the Spin-Off, Mr. Decker was a Senior Managing Director and Chairman of the Telecommunications, Media, and Technology group within the Investment Banking Division of Bear Stearns & Co. Mr. Decker will testify about Verizon's engagement of Bear Stearns and JPMorgan to serve as co-advisers to Verizon in connection with the potential restructuring of Verizon's directories business. Mr. Decker will testify about the extensive financial analysis and due diligence relating to Verizon's directories business that Bear Stearns conducted over approximately a year, including initial valuations and proposed capital structures for Idearc, and numerous meetings with VIS and Verizon employees in which he (and Bear Stearns) obtained a detailed familiarity with VIS's business and performance. Mr. Decker will testify that, based on the work he (and Bear Stearns) performed and similar transactions involving other directories companies, Bear Stearns advised Verizon that a tax-free spin-off was the optimal approach for Verizon to restructure its directories business and to maximize value for Verizon's shareholders (who would become the shareholders of Idearc). Mr. Decker will testify to the basis for his advice to Verizon that the directories business could support at least \$9 billion in debt and that this amount of debt could be placed in the relevant debt markets. He will testify

as to the basis for his advice to Verizon that the stock of Idearc would likely trade at a market value of \$3 billion or more, and the basis for his advice to Verizon that, at the time of the Spin-Off, the total enterprise value of Idearc would likely be \$12 billion or more, substantially in excess of its debt. Mr. Decker will testify to his involvement in the decisions that led Bear Stearns to become one of the two largest lenders to Idearc and to acquire billions of dollars in Idearc bonds as part of the debt-for-debt exchange. Mr. Decker will testify as to his understanding of the challenges and opportunities facing Idearc, and the reasons why, based on his experience and knowledge, Idearc was an attractive investment opportunity for both debt and equity investors.

Jennifer Nason is a Managing Director and head of the Telecommunications, Media, and Technology group at JP Morgan Securities, LLC (“JP Morgan”). At the time of the Spin-Off, Ms. Nason was the senior banker in charge of the Verizon relationship for JP Morgan. Ms. Nason will testify that Verizon engaged JP Morgan and Bear Stearns to serve as co-advisers to Verizon in connection with the potential restructuring of Verizon’s directories business. Ms. Nason will describe the extensive financial analyses and due diligence relating to Verizon’s directories business that JP Morgan performed over a more than 12-month period, including her participation in numerous meetings with VIS and Verizon employees. Ms. Nason will explain her involvement in advising Verizon that a tax-free spin-off was the optimal approach for Verizon to restructure its directories business and to maximize value for Verizon shareholders (who would become the shareholders of Idearc). Ms. Nason will testify to the basis for her advice to Verizon that the directories business could support at least \$9 billion in debt, and that this amount of debt could be placed in the relevant debt markets. She will testify as to the basis for her advice to Verizon that the stock of Idearc would likely trade at a market value of \$3

billion or more, and the basis for her advice to Verizon that, at the time of the Spin-Off that the expected total enterprise value of Idearc would likely be \$12 billion or more, substantially in excess of its debt. Ms. Nason will explain her involvement in the decisions that caused JP Morgan to be one of the two largest lenders to Idearc and to acquire billions of dollars in Idearc bonds as part of the debt-for-debt exchange. Ms. Nason will testify as to her understanding of the challenges and opportunities facing Idearc, and the reasons why, based on her experience and knowledge, Idearc was an attractive investment opportunity for both debt and equity investors.

Jessica Kearns is, and was at the time of the Spin-Off, a Managing Director and head of the Telecommunications, Media, and Technology team within the Leveraged Finance group of JP Morgan. Ms. Kearns was the senior JP Morgan executive in charge of the financing for the Spin-Off, including the arranging of a credit facility of more than \$6 billion and nearly \$3 billion in bond debt. Ms. Kearns will testify to the extensive due diligence that she personally and her team performed in connection with the financing, including financial analysis and modeling, and her participation in numerous meetings with VIS and Verizon employees. She will testify to her (and JP Morgan's) independent analysis of VIS's business and industry, and her participation in meetings with and presentations to prospective lenders and investors. Ms. Kearns will testify that JP Morgan and counsel at Cravath, Swaine & Moore ("Cravath") were actively involved in the drafting of the disclosures to market participants, including the Form 10, Confidential Information Memoranda, and the Offering Memorandum for Idearc's stock and debt. She will also testify to her involvement in the "road shows" for potential lenders and investors and the statements made by JP Morgan and Idearc management at those meetings. Further, if Ms. Taylor is permitted to testify at trial, Ms. Kearns will provide testimony that the risks and challenges facing Idearc were known to JP Morgan and were disclosed to and discussed with other potential

lenders and investors. Ms. Kearns will testify to the basis for her conclusion that, at the time of the Spin-Off that Idearc would be able to service \$9.1 billion in debt and had a total enterprise value well in excess of its debt. Ms. Kearns will testify as to her involvement in recommending to JP Morgan's Credit Committee that JP Morgan extend up to \$250 million in credit to Idearc, and the reasons for that recommendation. Ms. Kearns will also testify to her involvement in seeking approval of JP Morgan's Debt Underwriting Committee for JP Morgan to serve as a lead manager for the bond debt Idearc issued, and the analyses involved in that approval process.

Richard De Rose is a Managing Director at Houlihan Lokey Howard & Zukin Financial Advisors, Inc. ("Houlihan"), a financial advisory firm that provided a solvency opinion to Verizon and Idearc in connection with the Spin-Off. Mr. De Rose will testify as to his involvement as the senior professional heading the engagement of Houlihan to provide a solvency opinion for Idearc as of the date of the Spin-Off. Mr. De Rose will testify about his and his team's involvement in conducting extensive due diligence on the directories business, including review and analysis of, among other things, the business's historical and expected future performance and the terms of the debt that Idearc would incur in connection with the Spin-Off. Mr. De Rose will testify about the other analyses he and his team conducted, including a review of the performance of other directories businesses, leading to the opinion that Houlihan issued that Idearc's directories business had a value of between \$11.5 billion and \$13.3 billion on the date of the Spin-Off. Mr. De Rose will further testify that, as reflected in its October 18, 2006 opinion and November 15, 2006 supplemental opinion to the Verizon Board of Directors and the Idearc Board of Directors, Houlihan concluded that following the Spin-Off, Idearc would be solvent (under all common tests for solvency). Mr. De Rose will testify about the analyses underlying, and the bases for Houlihan's solvency opinion.

David Rievman is a tax attorney at Skadden, Arps, Slate, Meagher & Flom LLP (“Skadden Arps”), who served as outside tax counsel during the Spin-Off. Mr. Rievman will testify about his involvement in obtaining an IRS Private Letter Ruling determining that various aspects of the restructuring satisfied the requirements for tax-free treatment. Mr. Rievman will also testify about the tax opinion Skadden Arps rendered representing that, based on its review of the transaction and the motivations of the parties, the Spin-Off would qualify for tax-free treatment. Mr. Rievman will also testify to his involvement in working with Verizon’s in-house counsel and counsel for Idearc on the Tax Sharing Agreement, and the way in which he understood the provisions of that agreement. If Mr. Schizer is permitted to testify at trial, Mr. Rievman will testify about his knowledge about various assertions made in Mr. Schizer’s report (and any subsequent testimony), including his knowledge of facts related to the provisions of the Tax Sharing Agreement and the arrangement between Verizon and third parties with respect to the facilitated exchange of Idearc debt for Verizon debt.

Steven Matays is a tax attorney at Skadden Arps, who served as outside tax counsel during the Spin-Off under the supervision of two senior tax attorneys – David Rievman and Matthew Rosen. Mr. Matays will testify about his involvement in obtaining an IRS Private Letter Ruling determining that various aspects of the restructuring satisfied the requirements for tax-free treatment. Mr. Matays will also testify about the tax opinion Skadden Arps rendered representing that, based on its review of the transaction and the motivations of the parties, the Spin-Off would qualify for tax-free treatment. Mr. Matays will testify regarding the investigation he conducted in connection with the Private Letter Ruling and tax opinion process, including his role in assuring that the transaction would be effectuated in accordance with the terms set forth in the final Private Letter Ruling. Mr. Matays will also testify to his involvement

in working with Verizon's in-house counsel and counsel for Idearc on the Tax Sharing Agreement, and the way in which he understood the provisions of that agreement. If Mr. Schizer is permitted to testify at trial, Mr. Matays will testify about his knowledge about various assertions made in Mr. Schizer's report (and any subsequent testimony), including his knowledge of facts related to the provisions of the Tax Sharing Agreement and the arrangement between Verizon and third parties with respect to the facilitated exchange of Idearc debt for Verizon debt.

Jeffrey J. Rosen is the Chair of the Corporate Department at the law firm Debevoise & Plimpton LLP ("Debevoise"). Mr. Rosen was the senior lawyer at Debevoise, lead transactional counsel on the Spin-Off. Mr. Rosen will provide an overview of the Spin-Off. Mr. Rosen will also testify to the extensive due diligence and analysis that he and his colleagues performed with respect to the restructuring. He will testify to the advice, based on that due diligence and analysis, that he and his team provided to Verizon and Idearc, including on issues of corporate finance and debt financing, securities law, corporate governance, capital structure, securities distribution, and New York Stock Exchange listing requirements. Mr. Rosen will testify that he believed that Idearc would have positive equity value and be solvent at the time of the Spin-Off, and the basis for that belief. He will testify that he would have provided different advice had he and the other senior professionals, including the bankers, working on the transaction (or the financial markets) reached a contrary conclusion. Further, if Ms. Taylor is permitted to testify at trial, Mr. Rosen will testify about the involvement of Debevoise with counsel for debt investors, including his communications and involvement in facilitating the legal and business due diligence performed by those lenders and their counsel. He will also testify about his and his team's involvement in preparing and reviewing the disclosures in Idearc's Form 10, as well as the disclosures in the offering memoranda for the debt instruments, and the legal opinions and

related documents that Debevoise issued in connection with the notes offering and other aspects of the Spin-Off.

Steven Slutzky is a partner in the Corporate Department at Debevoise. Mr. Slutzky will testify about his involvement (and that of more junior Debevoise lawyers working under his supervision) in drafting and filing the Form 10 and Offering Memorandum for the Idearc notes issued in connection with the Spin-Off and in commenting on various other offering documents prepared by counsel for the lead lenders on the credit facility. Mr. Slutzky will also testify about the extensive due diligence that he and his team performed. Further, Mr. Slutzky will testify regarding the extensive dealings that he and his team had with Idearc's lead lenders and their counsel, Cravath, regarding the Spin-Off and the disclosure documents. In addition, Mr. Slutzky will testify about the risk factor and other disclosures contained in the offering documents, and the bases therefor. Mr. Slutzky will also testify regarding industry precedents with respect to risk-factor disclosures and the use of those precedents in the creation of the disclosure documents for the Spin-Off. Mr. Slutzky will also testify to his involvement in the work leading up to the Spin-Off as it relates to issues of valuation and solvency.

Xavier Grappotte (by deposition) was a senior associate in the Corporate Department at Debevoise. Mr. Grappotte will testify about his involvement in drafting and filing the Form 10 and Offering Memorandum for the Idearc notes issued in connection with the Spin-Off and in commenting on various other offering documents prepared by counsel for the lead lenders on the credit facility. Mr. Grappotte will also testify to the extensive due diligence performed by him and others at Debevoise working with him. He will further testify about his extensive interactions, and the due diligence performed in conjunction, with Idearc's lead lenders and their counsel, Cravath, regarding the Spin-Off and the disclosure documents. Mr. Grappotte will

testify about the risk factor and other disclosures contained in the offering documents, and the bases therefor.

Greg Feldman (by deposition) was an associate in the Corporate Department at Debevoise. Mr. Feldman will testify about his involvement in preparing various disclosure documents for Idearc, including the Form 10 and Offering Memorandum. Mr. Feldman will testify about the risk factor and other disclosures contained in the offering documents, and the bases therefor.

Glen Hettinger is partner at Fulbright & Jaworski LLP and was primary outside counsel for Idearc at the time of the Spin-Off. Mr. Hettinger will testify to his participation in advising the officers and incoming Board members of Idearc about issues related to the Spin-Off. Among other things, Mr. Hettinger will testify to the extensive diligence and work that he performed in connection with the transaction, including his participation in issues related to valuation and solvency. If Mr. Schizer is permitted to testify at trial, Mr. Hettinger will testify about his personal knowledge and involvement in various issues identified by Mr. Schizer's report (and any subsequent testimony), including about his understanding of the minimal effect of the Tax Sharing Agreement on Idearc's business.

Jason Belew is an audit partner at Ernst & Young, Idearc's independent auditors on the date of the Spin-Off and thereafter. Mr. Belew will testify regarding Ernst & Young's audit work as related to issues of valuation and solvency. Mr. Belew will also testify to the audit procedures that he performed with respect to the *pro forma* financial statements included in the Form 10, and Idearc's financial disclosures in subsequent SEC filings. Mr. Belew will testify to the significance of the *pro forma* Idearc balance sheet on issues of valuation and solvency, as well as the audit procedures he followed that are relevant to those issues in connection with the

review of Idearc's 2006 and 2007 filings on Forms 10-K and 10-Q. Mr. Belew will also testify about the audit work that he conducted with respect to issues of "going concern" under the relevant audit procedures and guidance.

Peter Bisson is a director at McKinsey & Company ("McKinsey"). Mr. Bisson will testify regarding his involvement in consulting advice that McKinsey provided to Idearc both before and after the Spin-Off. Mr. Bisson will testify about his involvement in McKinsey's review and evaluation of VIS's historical and projected performance, and McKinsey's consulting advice with respect to various forecasts of Idearc's future operational and financial performance. Mr. Bisson will testify about his communications with respect to McKinsey recommendations for various operational improvements, and the anticipated impact of those recommendations on VIS's operational and financial performance. Further, if Ms. Taylor is permitted to testify at trial, Mr. Bisson will testify, from personal knowledge, about his knowledge of various facts related to Idearc, the directories markets, and McKinsey's review of Idearc's projections prior to the Spin-Off.

Investors:

Michael Smith is a Managing Director in the Corporate Finance Solutions Group at Goldman Sachs & Co. ("Goldman"). At the time of the Spin-Off, Mr. Smith was a Managing Director in the Telecom, Media & Technology Group at Goldman. Mr. Smith will testify that, in connection with the Spin-Off, Goldman served as one of the largest lenders and an arranger in the credit facility and as a co-manager in the offering for the unsecured notes. Mr. Smith will testify that, in 2005, Goldman prepared presentations for Verizon regarding the opportunities it had to sell or spin-off its directory business, in which Goldman expressed the view that equity markets would likely ascribe a total enterprise value to the business of approximately \$14 billion

to approximately \$21 billion. Mr. Smith will testify that, in developing those presentations, Goldman conducted financial analyses and considered how the markets were valuing other directories companies. In addition, Mr. Smith will testify that, while Verizon ultimately did not retain Goldman to be an adviser on the restructuring, Goldman decided to participate in the financing for Idearc. In particular, he will testify that, following its analysis of the business and the risks and challenges it faced, Goldman decided to commit up to \$200 million to the credit facility. Mr. Smith will testify to the analysis that Goldman's credit team performed, the credit memo that it prepared, and the approval that Goldman's Credit Committee provided. In addition, Mr. Smith will testify regarding Goldman's sophistication in the credit markets and position as a leader in spin-offs and in transactions involving directories companies.

Jonathan Singer (by deposition) is a Managing Director in the Technology, Media, and Telecom group at Credit Suisse Securities USA (LLC) ("Credit Suisse"). He was a Vice President in that group at the time of the Spin-Off. Mr. Singer will testify that, in connection with the Spin-Off, Credit Suisse served as one of the largest lenders in the Idearc credit facility. Mr. Singer will testify that Credit Suisse was a managing agent of the credit facility and a co-manager of the notes offering. Mr. Singer will describe presentations that Credit Suisse made to Verizon and to private equity firms in July 2006 in which Credit Suisse projected that Verizon's directories business, if separated from Verizon, would likely have a total market enterprise value of approximately \$12.5 billion to approximately \$12.9 billion; that the business could raise more than \$9 billion debt; and that it should have sufficient cash-flow to service that debt. Mr. Singer will also testify that, while Verizon ultimately did not retain Credit Suisse to be an adviser on the Spin-Off, Credit Suisse decided to participate in the financing for Idearc. In particular, he will testify that, following its analysis of the business and the risks and challenges it faced, and its

extensive due diligence, Credit Suisse decided to commit up to \$100 million to the credit facility. Mr. Singer will describe the analysis that Credit Suisse's credit team performed, the credit memo it prepared, and the approval that Credit Suisse's Credit Committee provided. Mr. Singer will explain that Credit Suisse determined that Idearc would be able to service and repay its debts. In addition, Mr. Singer will describe Credit Suisse's sophistication, as of the time of the Spin-Off, with respect to financial markets and experience with credit facilities and the directories business, as well as other parts of the media and telecom sector.

Jonathan Yourkoski is a Managing Director in the Media and Communications Group within the Investment Banking Division of Morgan Stanley & Co. LLC ("Morgan Stanley"). At the time of the Spin-Off, Mr. Yourkoski was a Vice President in the Media and Communications Group. Mr. Yourkoski will testify that, in connection with the Spin-Off, Morgan Stanley served as a financial adviser to Verizon, as one of the largest lenders in the Idearc credit facility, and as a co-manager in the offering of Idearc notes. Mr. Yourkoski will testify that in late 2005, Morgan Stanley made a number of presentations to and had discussions with Verizon management about ways for Verizon to unlock value for its shareholders by divesting its directories business. He will testify that these presentations concluded that Verizon's directories business would have a total market enterprise value of approximately \$13.9 billion to approximately \$17.4 billion. Mr. Yourkoski will testify that Verizon retained Morgan Stanley to advise it in connection with the Spin-Off, that Morgan Stanley had previously worked on a number of transactions involving directories companies, and that Morgan Stanley had conducted extensive research on comparable companies including R.H. Donnelley. He will testify that Morgan Stanley committed to provide up to \$100 million in financing for Idearc in connection with the Spin-Off. Mr. Yourkoski will explain that, as part of its due diligence process for that

commitment, Morgan Stanley (among other things) evaluated Idearc's underlying business and its prospects, analyzed the proposed capital structure for Idearc, and met with Idearc's management. Further, if Ms. Taylor is permitted to testify at trial, Mr. Yourkoski will testify that, at the time that it agreed to help finance the Spin-Off, Morgan Stanley was aware of various risks and challenges Idearc faced. Mr. Yourkoski will testify that, notwithstanding these risks and challenges, Morgan Stanley did not believe that Idearc would be rendered insolvent by the Spin-Off and, to the contrary, that it expected that Idearc would be able to service and refinance its debt in the future and that its total enterprise value would be well in excess of its liabilities.

Greg Apkarian (by deposition) is a Managing Director of the Principal Investments Group (Wells Fargo Foothill) at Wells Fargo Bank, N.A. ("Wells Fargo"). Mr. Apkarian will testify that Wells Fargo and its affiliates participated in the Spin-Off by investing in the credit facility as well as in the unsecured notes. Mr. Apkarian will testify to the due diligence process that he performed that preceded the decision by Wells Fargo to provide debt financing to Idearc in connection with the Spin-Off. He will testify about his evaluation of the risk factors described in Idearc's Form 10 and offering documents; his review of third party research regarding the directories business and Idearc; and his involvement in making recommendations within Wells Fargo with respect to providing debt financing to Idearc. Mr. Apkarian will testify about his participation in preparing the memorandum submitted to Wells Fargo's Credit Committee, and his involvement in obtaining approval from the Committee. Mr. Apkarian will testify that, because the credit facility was "oversubscribed" Wells Fargo did not receive the full allocation it had hoped to receive, and therefore went into the "secondary market" to obtain additional Idearc debt securities. Mr. Apkarian will testify to his understanding of the operational and financial challenges facing Idearc, and that he nevertheless considered Idearc an attractive investment

opportunity. He will testify to the facts that led him to conclude that Idearc was solvent and would be able to service its debt at the time of the Spin-Off. Mr. Apkarian will also testify about Wells Fargo's sophistication in the credit markets. Mr. Apkarian will provide similar testimony regarding the due diligence on Idearc that Wachovia Bank, which also participated in the credit facility and later merged with Wells Fargo, performed.

Peter Schwartzman is a Managing Director at BlackRock, an investment management firm with more than \$3.5 trillion under management. Mr. Schwartzman will testify that funds managed by Blackrock were among the largest investors at the time of the Spin-Off in Idearc's credit facility and notes, providing \$85 million and \$90 million in financing, respectively. Mr. Schwartzman will testify that he and his colleagues recommended that BlackRock participate in the Spin-Off after conducting due diligence, which included reviewing the various risk factors identified in Idearc's Form 10 and the Offering Memorandum for the notes; meeting with management of Verizon's directory business at a road-show to discuss its business and the Spin-Off; and comparing VIS to other companies in the directories business. He will testify that BlackRock did not receive the projections prepared by Idearc's management (or any other non-public information) and that, instead, BlackRock developed its own independent set of projections, which Blackrock considered conservative. Mr. Schwartzman will testify to the facts that led BlackRock, notwithstanding these projections, to the belief that the total enterprise value of Idearc exceeded its debt and that Idearc would be able to service its debt. In addition, Mr. Schwartzman will describe BlackRock's sophistication and its success, over time, in its investments.

Experts:

Mark Hopkins is a Senior Managing Director at CDG Group, LLC with more than 25 years of experience and is an expert on the valuation and solvency of companies. Mr. Hopkins will provide expert testimony on the appropriate methodology for determining the value of Idearc at the time of the Spin-Off. He will explain the significance of Idearc's public stock market price and Idearc's implied valuation at the time of the Spin-Off. He will then explain additional valuation methodologies — the comparative company approach, the precedent transaction approach, and the discounted cash flow approach — and testify to the value of Idearc under each of these approaches. In testifying about the discounted cash flow approach, Mr. Hopkins will testify that he estimated Idearc's value using management's projections for the business and will describe the factors he considered in concluding that management's projections were reasonable and corroborated. Mr. Hopkins will testify that Idearc was solvent at the time of the Spin-Off under each of the three accepted tests of solvency, and that Idearc's total enterprise value was in the range of \$11.8 to \$13.2 billion, well in excess of its debt. Further, if Ms. Taylor is permitted to testify at trial, Mr. Hopkins will rebut Ms. Taylor's opinions with regard to valuation and solvency. Specifically, Mr. Hopkins will explain that Ms. Taylor deviated from generally accepted valuation principles to arrive at an outlier valuation for Idearc, that Ms. Taylor then overweighted her outlier valuation without sufficient basis in fact, expert knowledge, or valuation methodology, and that, in order to arrive at her opinion, Ms. Taylor applied a \$2 billion deduction from Idearc's value that was unwarranted and commercially unreasonable.

Michiel McCarty is a founding partner of M.M. Dillon & Co. ("Dillon"), an independent investment banking firm. Mr. McCarty is Dillon's CEO and Chairman of its Commitment Committee. He has more than 35 years of experience in the investment banking industry. Mr.

McCarty will testify that the financial institutions that funded Idearc's credit facility and invested in its notes were highly sophisticated, experienced investors. Mr. McCarty will opine that the participants were capable of understanding (and did understand) the Spin-Off, including the risks and challenges faced by Idearc, as well as its potential prospects for success. Mr. McCarty will further testify that the financial institutions that participated in the Spin-Off conducted extensive, independent due diligence, in some cases for nearly a year, before agreeing to fund the Spin-Off. He will testify that the "oversubscription" of the credit facility and the notes signifies that these sophisticated investors, after performing their due diligence, formed the judgment that Idearc's enterprise value was well in excess of its debt levels. He will also testify that, by the time of the Spin-Off, investors were very familiar with spin-offs and with the directories business. Mr. McCarty will testify regarding the favorable conditions in the credit and equity markets in 2005-2006, and the extent to which companies, including directories companies, obtained large leveraged loans during this period, reflecting the confidence of the capital markets in companies' ability to pay their debts as they became due. He will testify that the Great Recession drove valuations down across asset classes, including leveraged loans, and led to the bankruptcies not merely of Idearc, but of many other companies that had been financed through large leveraged loans, consistent with the then-prevailing market conditions.

Keith Ugone is Managing Principal at Analysis Group and previously was a Partner at PricewaterhouseCoopers, LLP. Dr. Ugone will testify that the Great Recession had a significant impact on Idearc's customers (and its customers' customers), which contributed materially to Idearc's business difficulties following the Spin-Off. Dr. Ugone will also testify that the Great Recession was unique in its depth and scope, and had a disparate impact on the small and

medium size enterprises that were Idearc's primary customers. Dr. Ugone additionally will testify that the events of the Great Recession were unforeseeable at the time of the Spin-Off.

Jeff D. Balcombe is the President and Chief Executive Officer of The BVA Group LLC, a business valuation and litigation consulting firm. If Ms. Taylor is permitted to testify at trial, Mr. Balcombe will provide rebuttal expert testimony in response to her opinion that Idearc was rendered insolvent as a result of the Spin-Off. Mr. Balcombe will testify that Ms. Taylor's opinion that Idearc was insolvent on the date of the Spin-Off is unreliable and inconsistent with generally accepted valuation principles. Specifically, Mr. Balcombe will testify that Ms. Taylor improperly disregarded market evidence of Idearc's valuation and solvency at the time of the Spin-Off, including Idearc's stock market capitalization of approximately \$3.5 billion, the willingness of sophisticated financial institutions to provide \$9.1 billion in debt financing to fund the Spin-Off, the contemporaneous valuations of Idearc by independent research analysts and Idearc's lenders, and the market valuations of similar publicly traded and acquired companies. Mr. Balcombe will testify that, under well-established valuation principles, such contemporary market valuations must be given substantial, if not dispositive, weight in performing a valuation of a publicly traded company like Idearc. Mr. Balcombe will further testify that Ms. Taylor improperly disregarded this market evidence by relying on her unproven assertions that Verizon allegedly withheld material information from the market, and that Ms. Taylor failed to support those assertions with any statistical analysis or an event study. Mr. Balcombe will testify that performing such an analysis shows that Idearc retained a multi-billion dollar stock market capitalization for a year and a half after the Spin-Off, before its stock price declined in tandem with the stock price of its most comparable competitor, R.H. Donnelley, indicating that Idearc's stock-market price declines were primarily the result of industry-related factors, not any alleged

Idearc-specific omissions of material information at the time of the Spin-Off. Furthermore, Mr. Balcombe will testify that Ms. Taylor's valuation of Idearc is an outlier, as it is far lower than every valuation of Idearc contemporaneous to the Spin-Off. Mr. Balcombe will testify that Ms. Taylor improperly undervalued Idearc even further by overstating the amount of Idearc's contingent liability to indemnify Verizon under the Tax Sharing Agreement.

Thomas Wessel is a Principal at KPMG LLP and primary author of "Corporate Distributions Under Section 355: Strategies for Acquisitions, Dispositions, Spin-Offs, Joint Ventures, Financings, Reorganizations & Restructurings 2011" (PLI 2012). If Ms. Taylor or Mr. Schizer is permitted to testify at trial, Mr. Wessel will rebut their testimony regarding the Tax Sharing Agreement and the tax issues related to the Spin-Off. Mr. Wessel will testify regarding the flexibility the Tax Sharing Agreement and applicable tax laws afforded to Idearc to engage in restructurings, refinancings, acquisitions, and other business operations following the Spin-Off. Mr. Wessel will testify, from the perspective of a tax practitioner, that Verizon's preferred method of separating its directories business was not unusual, and that Mr. Schizer's contrary observation lacks any basis in fact or expert knowledge. Mr. Wessel will testify, based on his extensive experience practicing before the IRS in the field of tax-free reorganizations, that none of the purported "red flags" or issues spotted by Mr. Schizer suggest any impropriety or wrongdoing by Verizon or any of the attorneys involved in the process of obtaining a private letter ruling from the IRS regarding the tax-free treatment of the Spin-Off.

C. Estimated length of time for the direct and cross-examination of each witness: The parties provide the following estimate of the length of time for the direct (including any re-direct) and cross-examination (including any re-cross) of each witness that

each side expects to call.¹ Each side has presented the length of the questioning that it will be conducting. Defendants have presented their proposed length of time for the combined questioning, whether on direct or on cross-examination, by both counsel for the corporate defendants and counsel for Mr. Diercksen. Plaintiff's estimate of the time for direct examination of witnesses includes Plaintiff's estimate of time for re-direct examination assuming reasonable cross that does not exceed the scope of direct examination. Where the parties disagree with the other side's proposal, the time allocation is in italics in the table below, and a discussion of the basis for the disagreement is set forth in text below the table.

In addition, the parties disagree about whether, for those witnesses presented by deposition rather than live testimony, the Court should allow the party proffering the testimony to play the excerpts of the videotaped deposition. Plaintiff's position is that the Court should permit the parties to do so; Defendant's position is that the Court should accept copies of the excerpts into evidence (in either transcript form or on CDs), but not play them during time the Court is in session. Defendants, however, have provided estimates of the length of time it would take to play their anticipated excerpts in the event the Court permits the parties to do so. Plaintiff maintains that Federal Rule of Civil Procedure 43(a) requires deposition testimony to be presented in open court.

Witness	Direct Time	Cross Time
<i>Plaintiff's Witnesses</i>		
Tom Costello	<i>3 hours</i>	<i>2 hours</i>
John Diercksen	6 hours	3 hours
Scott Drake	0.5 hours	0.5 hours
Joe Garza	0.5 hours	0.5 hours

¹ The parties do not waive any objections they have to the admissibility of a witness's testimony by making the time estimates in this section.

Witness	Direct Time	Cross Time
Samuel "Dee" Jones	0.5 hours	0.5 hours
Steven Matays	<i>3.5 hours</i>	<i>2 hours</i>
Charma Meek	<i>3 hours</i>	<i>2 hours</i>
William Mundy	<i>3 hours</i>	<i>2 hours</i>
Theresa Murray	1 hour	1 hour
Thomas Rogers	<i>1 hour</i>	<i>1.5 hours</i>
Jeffrey Rosen	<i>5 hours</i>	<i>2 hours</i>
Ivan Seidenberg	<i>2.5 hours</i>	<i>2.5 hours</i>
David Schizer	<i>5 hours</i>	<i>5 hours</i>
Steven Slutzky	<i>4 hours</i>	<i>2 hours</i>
Berry Spears	0.5 hours	0.5 hours
Carlyn Taylor	<i>10 hours</i>	<i>10 hours</i>
Weil Gotschal lawyers	unknown	unknown
Yichen (Sophia) Xu	<i>2.5 hours</i>	<i>2.5 hours</i>
<i>Defendants' Witnesses</i>		
Greg Apkarian	By deposition (1.25 hrs)	4 hours
Jeff D. Balcombe	3.5 hours	2 – 3.5 hours
Jason Belew	2 hours	1 – 2 hours
Peter Bisson	2 hours	1 – 2 hours
Andrew Coticchio	2 hours	2 – 3 hours
Richard De Rose	3 hours	1.5 – 3 hours
H. Andrew Decker	3 hours	1.5 – 3 hours
John Diercksen	3 hours	2 - 3 hours
Greg Feldman	By deposition (0.75 hrs)	4 hours
John Fitzgerald	4 hours	2- 4 hours
Larry Fulton	2.5 hours	1 – 2.5 hours
Xavier Grappotte	By deposition (1.5 hrs)	4 hours
Kathy Harless	2.5 hours	2 – 2.5 hours
Glen Hettinger	1 hour	.5 – 1 hour
Mark Hopkins	5.5 hours	3 – 5.5 hours

Witness	Direct Time	Cross Time
Jessica Kearns	3 hours	1.5 – 3 hours
Samuel “Dee” Jones	3 hours	1.5 – 3 hours
Michiel McCarty	3 hours	2 – 3 hours
Steven Matays	1 hour	1 – 1.5 hours
John “Jack” Mueller	1.5 hours	1 – 1.5 hours
Jennifer Nason	3 hours	1.5 – 3 hours
Neil Olson	2.5 hours	1 – 2.5 hours
Donald Reed	1 hour	.5 – 1 hour
David Rievman	2 hours	1 – 2 hours
Stephen Robertson	By deposition (1.5 hrs)	4 hours
Jeffrey J. Rosen	3 hours	2 – 3 hours
Peter Schwartzman	1 hour	.5 – 1 hour
Ivan Seidenberg	3 hours	2 – 3 hours
Jonathan Singer	By deposition (1.5 hrs)	4 hours
Steven Slutzky	2.5 hours	1.25 – 2.5 hours
Michael Smith	2 hours	1 – 2 hours
Doreen Toben	2.5 hours	1 – 2.5 hours
Keith Ugone	2 hours	2 hours
Thomas Wessel	3 hours	1.5 – 3 hours
Clifford Wilson	1 hour	.5 – 1 hour
Sophia Xu	1.5 hours	1.5 – 2.5 hours
Jonathan Yourkoski	2.5 hours	1 – 2.5 hours

Plaintiff’s Statement

Plaintiff disagrees with Defendant's disagreements stated below. Plaintiff does not believe this is the time or place to voice objections to witnesses taking the stand. The statements by Defendants below are outside the scope of the information the Court directed the parties to submit in this joint status report. *See Order* (ECF 504), p.2. Defendants are improperly attempting to convert this joint report into a motion for relief, which it is not. FEDERAL RULE OF

CIVIL PROCEDURE 7 (“A request for a court order must be made by motion.”). When and if Defendants move to suppress a witness’ testimony, Plaintiff will respond. By the same token, this is not the appropriate place to address the implications of the Defendants bringing witnesses live after the Plaintiff has introduced evidence by that witness. These matters can be handled at trial.

Further, Plaintiff objects to many of the Defendants’ witnesses taking the stand for a variety of reasons, not the least of which is that their testimony is irrelevant or they were not timely or properly disclosed. Plaintiff will raise these matters, along with issues of failure to produce evidence and failure to disclose witnesses with knowledge of relevant facts, by written or oral motion at the appropriate time.

Defendants’ Disagreements with Plaintiff’s Time Allocations.

Defendants object to Plaintiff’s allocations of time for certain of the witnesses listed above for the reasons set forth below. However, for completeness, Defendants have indicated an expected amount of cross-examination time for those witnesses. Defendants present these objections now in order to assist the Court in determining the appropriate length of the Phase I trial, and disagree with Plaintiff’s suggestion that doing so is improper.

1. Plaintiff has proposed a total of 15 hours of direct testimony from two of its expert witnesses, Carlyn Taylor (10 hours) and David Schizer (5 hours). Defendants have moved to strike the testimony of both witnesses under *Daubert* and *Kumho Tire*. See ECF Nos. 499 & 501. If the Court grants those motions, neither witness will testify.

2. Plaintiff has proposed a total of 21.5 hours of direct for Ivan Seidenberg (2.5 hours), Jeffrey Rosen (5 hours), Steven Slutzky (4 hours), Steven Matays (3.5 hours), William Mundy (3 hours), Yichen (Sophia) Xu (2.5 hours), and Thomas Rogers (1 hour). Each of these

witnesses is outside of subpoena range and, to Defendants' knowledge, none has agreed to appear voluntarily during Plaintiff's case in chief. This Court has already rejected Plaintiff's attempt to require Defendants to produce for Plaintiff, to use during its case in chief, witnesses who have agreed voluntarily to appear only during Defendants' case in chief. *See* ECF No. 506 (Aug. 23, 2012). Plaintiff's allocation of trial testimony time for these witnesses appears to flout this Court's ruling, as does Plaintiff's statement that it "reserves the right to call any witness the Defendants bring to trial or include in their list of witnesses." *Supra* page 2. If Plaintiff cannot subpoena a witness or obtain his or her agreement to appear voluntarily, it cannot include live testimony from that witness as part of its case in chief, but must instead present testimony by deposition.

To the extent Plaintiff proposes instead to play 21.5 hours of videotaped deposition excerpts, Defendants' position is that this is a poor use of the Court's time, which as the Court recently reminded the parties is its "scarcest — and most precious — resource." Order Regarding Conduct of Trial at 1, ECF No. 522 (Sept. 14, 2012). Instead, the Court should accept excerpts of depositions into evidence, including (if the party wishes to submit it) video excerpts. In addition, Mr. Rogers was not deposed in this case, and Plaintiff should not be permitted to introduce — or to play excerpts from — Mr. Rogers' deposition in the *Buettgen* case. *See* ECF No. 526 at 1-3.

3. Plaintiff has proposed a total of 6 hours for two witnesses that Plaintiff did not timely disclose under Rule 26: Tom Costello (3 hours) and Charma Meek (3 hours). Plaintiff did not disclose Mr. Costello or Ms. Meek in its initial Rule 26 disclosures served on December 22, 2010, or the amended disclosures served on April 3, 2012. Plaintiff's amended disclosures served on April 30, 2012 — the last day of fact discovery — included a disclosure of "[a]ll

witnesses deposed or identified in the parties' Rule 26 disclosures in the *Buettgen* case.”

Although Ms. Meek is included in that category, that disclosure — in terms of both timing and specificity — is plainly insufficient to disclose Ms. Meek as a potential witness, particularly as none of the Defendants here is a defendant in *Buettgen*. Plaintiff disclosed Ms. Meek by name for the first time on August 31, 2012, and disclosed Mr. Costello for the first time on September 19, 2012.² Courts routinely preclude testimony from such undisclosed witnesses. *See Stambler v. RSA Sec., Inc.*, 212 F.R.D. 470, 471-72 (D. Del. 2003); *Smith v. Specialty Pool Contractors*, 02:07-CV-1464, 2009 WL 799748, at *6 (W.D. Pa. Mar. 25, 2009).

D. A comprehensive estimate of the length of time needed for Phase I of the trial: The parties' estimates regarding the total length of time needed to complete Phase I of the trial are set forth below.

Opening Statements. Defendants proposed that each side be permitted 75 minutes for opening statements. Plaintiff does not think the length of opening statements needs to be addressed in this joint report, but because Defendants addressed this issue, Plaintiff states its disagreement. Plaintiff believes that 15 minutes per side is sufficient time for opening statements in light of the Court's familiarity with the facts at issue in this case.

Total Time for Trial.

Plaintiff's Statement

The parties disagree regarding whether some of the witnesses listed by Defendants are relevant to the case or cumulative. It is, therefore, difficult to estimate the total time necessary for trial. Plaintiff's case would take 91 hours based on the estimates above. If Defendants are

² Plaintiff asserts that Mr. Costello was “known to Defendants,” but that is true of thousands of people who worked for Verizon's directories business at some point prior to the Spin-Off. That level of knowledge cannot cure Plaintiff's failure timely to disclose Mr. Costello. Moreover, although Plaintiff asserts that it “only recently discovered” Mr. Costello, it says nothing about the circumstances of that discovery to explain its failure to have discovered — and disclosed — him in a timely fashion.

allocated a like amount of time for their case, then the total amount of time needed for Phase I of the trial is 182 hours. Defendants' case, if all of their 37 witnesses are permitted to testify, would take 189 hours based on the estimates above. If Plaintiff is allocated a like amount of time for their case, then the total amount of time needed for Phase I of the trial is 378 hours.

Defendant's Statement

Plaintiff proposes to present 51.5 hours of direct testimony; if the Court permits all of that testimony, Defendant's propose an additional 39.5 hours of cross-examination. However, if the Court were to agree with all of Defendants' objections set forth above, Plaintiff would have only 9 hours of direct testimony and Defendants would have 6 hours of cross-examination.

Defendants propose to present 78 hours of live testimony, with the Plaintiff proposing between 44.75 and 80.5 hours of cross-examination. Defendants also propose to present an additional 6.5 hours of testimony by deposition, although they do not believe such testimony needs to be played during court time; Plaintiff proposes to play an additional 20 hours of deposition testimony.

Accordingly, the proposed length of trial — before considering openings, motions, and administrative time — and based on the parties' own views of the amount of time each needs to present its case ranges from 137.75 hours at the low end to 276 hours at the high end. Including openings, motions, and administrative time will likely increase the total time of trial by approximately 1 hour per day.

Respectfully submitted,

s/ Werner A. Powers

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CERTIFICATE OF SERVICE

I hereby certify that all counsel of record who are deemed to have consented to electronic service are being served with a copy of the foregoing document via the Court's CM/ECF system pursuant to the Court's Local Rules this 19th day of September, 2012. All other counsel will be served by United States mail, certified mail/return receipt requested.

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