
FairPoint Communications, Inc.

Investor Presentation

June 2011



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Agenda



- I. Company Overview
- II. Growth Opportunity
- III. Recent Results

FairPoint is positioned for success

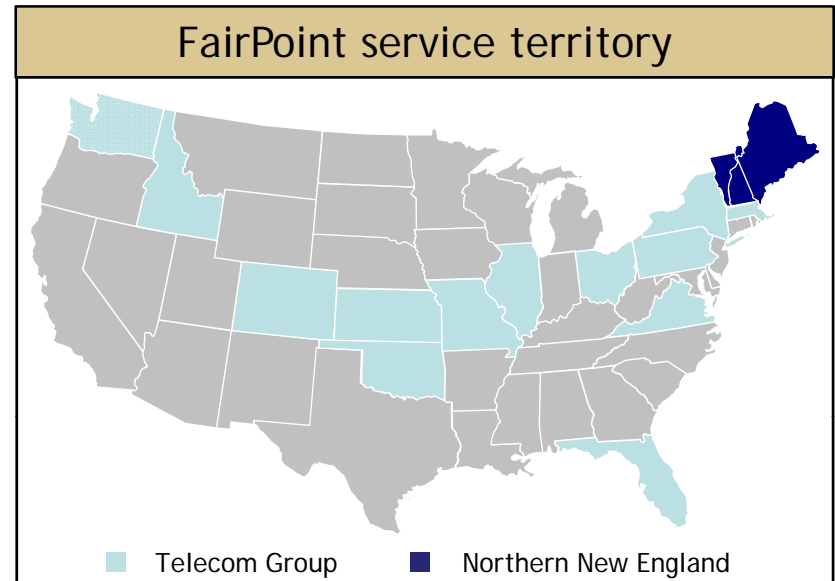


- **Leveraging core strengths for growth in revenue, EBITDAR and free cash flow**
 - Geographic scope and ubiquitous network presence in northern New England (ME, NH, VT)
 - Next generation, IP-based technologies
 - Organic revenue growth opportunities
 - Stable RLEC business in legacy FairPoint markets (“Telecom Group”)
- **Operational improvements allow for acceleration of cost reduction initiatives**
 - Meaningful improvements in operating metrics
 - High-speed internet subscribers are up
 - Voice access line loss is slowing
- **Experienced management team with fresh focus**
 - Aligned to capture revenue growth opportunities and improve operations
 - Focused on enhanced service and responsiveness
- **Simplified and right-sized capital structure**
 - Emerged from Chapter 11 on January 24, 2011
 - Pro forma debt of \$1.0Bn
 - Listed with NASDAQ: FRP

Company Overview at 1Q11



- FairPoint operates in 18 states with over 1.4 million access line equivalents (“ALEs”)¹
 - ~80% of ALEs in northern New England, ~20% in Telecom Group
- Northern New England: 3-statewide footprint with ubiquitous network presence
 - NNE averages 24% high-speed data penetration²
- Telecom Group: 30 rural LECs in 18 states with lower competitive profile
 - TG averages 44% high-speed data penetration²
- FairPoint offers an array of services across its footprint including voice, high-speed data, video and high-capacity bandwidth products
- Extensive capital investment on next generation network in NNE markets
 - Broadband available to more than 80% of our customers in NNE
- Over \$1Bn in annual revenue and approximately 4,000 employees⁴



Access line equivalents

	Northern New England	Telecom Group	Total
Switched access lines:			
Residential	556,576	139,340	695,916
Business	272,680	49,426	322,106
Wholesale ³	84,667	NM	84,667
Total switched access lines	913,923	188,766	1,102,689
High-speed data	215,307	82,184	297,491
Total access line equivalents	1,129,230	270,950	1,400,180



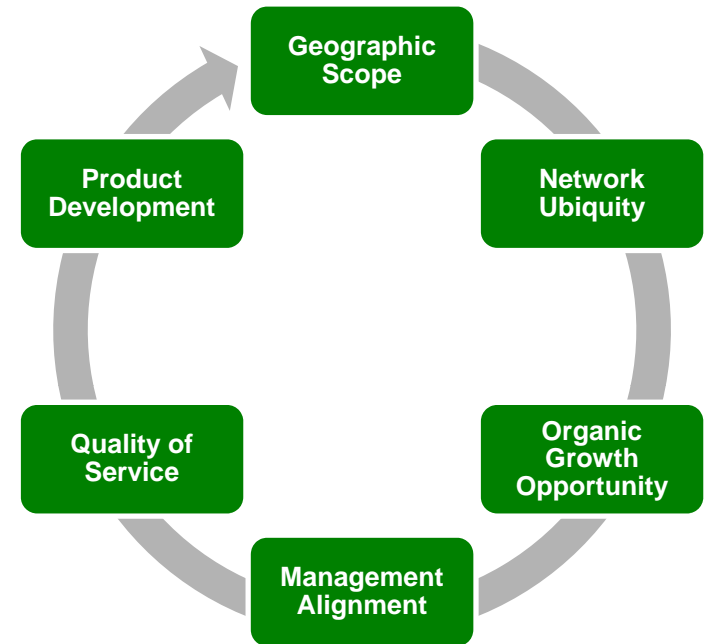
(1) Switched access lines plus high-speed data subscribers
 (2) High-speed data subscribers as % of switched access lines
 (3) UNE-P and Resale lines. Excludes UNE-L and Special Access circuits
 (4) Collective bargaining agreements with CWA and IBEW covering approximately 2,600 employees including ~240 temporary workers

Organic Revenue Growth Opportunities



Northern New England: Network + Service

- Geographic scope and network ubiquity are significant advantage, especially to major, enterprise and wholesale customers
- NNE markets offer organic growth and market share “win-back” opportunities
- Management aligned to unique characteristics of each customer segment
- Quality of Service (“QoS”) and rapid response as competitive advantages
- Next-generation products that speak to SMBs, enterprise and wholesale customers



Telecom Group: Leverage stable platform

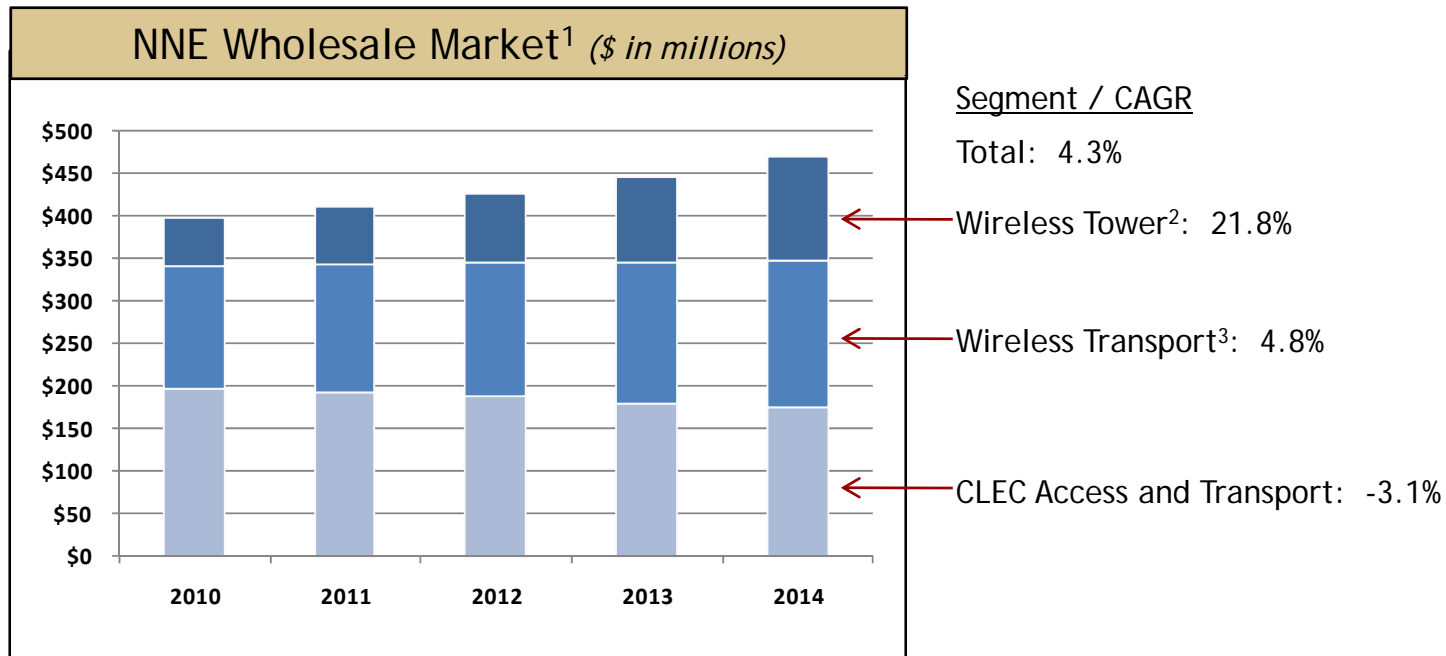
- Maintain the market share advantage with attractive bundles and excellent QoS
- Hone new products and processes before exporting to NNE markets
- Strategic capital investment to enhance the local network and optimize regulated revenue streams

Organic Revenue Growth in Wholesale



FairPoint commissioned a market share and demand study for its NNE markets

- FairPoint maintains a majority share in the wholesale market¹
- Organic growth opportunities exist, fueled by mobile broadband demands
- We are investing in new products and technologies to capture growth potential



Sources: SNL Kagan, In-Stat, US Census, InfoUSA, Altman Vilandrie & Company

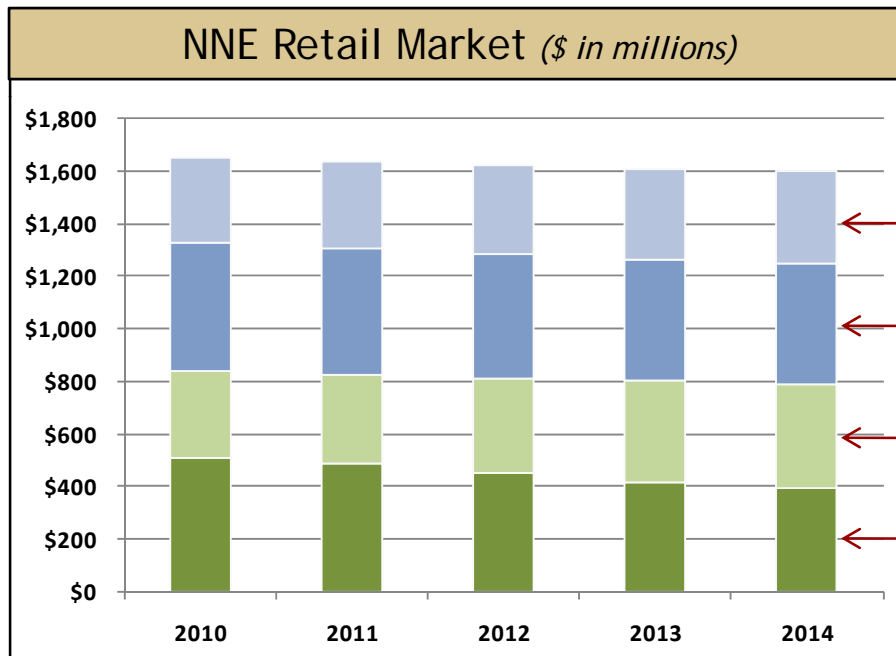


(1) Wholesale as defined by traditional products and technologies like switched access and special access circuits (DS1s, DS3s, SONET, etc.)
(2) Wireless tower refers to transport between towers and aggregation sites
(3) Wireless transport refers to transport between aggregation sites

Win-back Opportunities



- Overall retail wireline market is expected to decline gradually 2010-2014
- FairPoint's non-dominant market share provides significant win-back opportunities
 - 2010 retail business market share estimated to be 26% (data and voice)
 - 2010 retail residential market share estimated to be 39% (data and voice)



Segment / CAGR / 2010 FRP Market Share Est.

Total: -0.8% / 33%

Biz Wireline Data: 2.6% / 16%

Biz Wireline Voice: -1.9% / 33%

Res Wireline Data: 4.9% / 17%

Res Wireline Voice: -6.4% / 53%

26% share

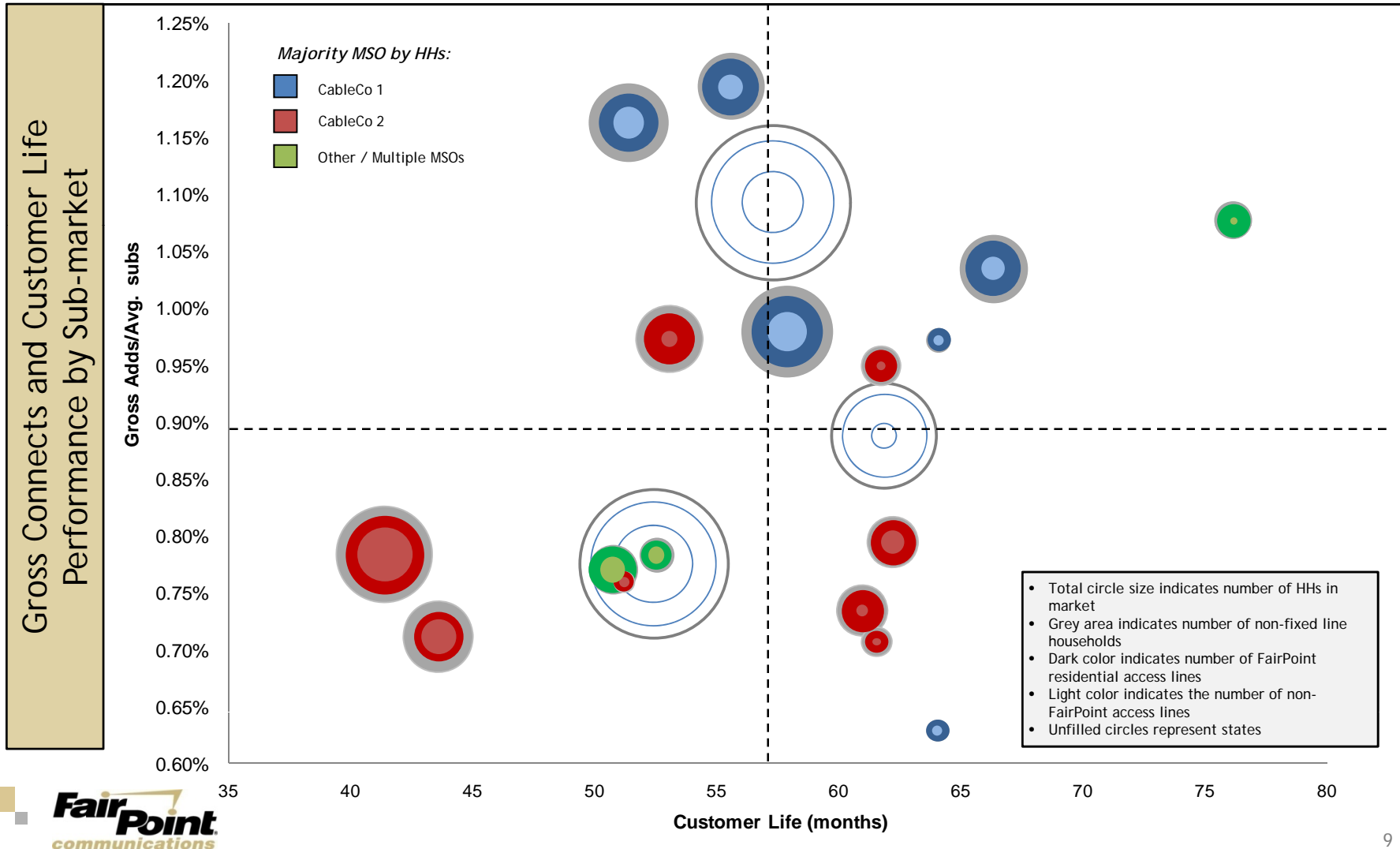
39% share

Sources: SNL Kagan, In-Stat, US Census, InfoUSA, Altman Vilandrie & Company

Targeted, Community-based Residential Marketing



A targeted, community-by-community approach to marketing and product development enhances the value to customers, reduces churn and increases customer longevity



Organized to Capture Revenue Opportunities



Revenue Segment	Wholesale	Government & Education	Business & Residential	Telecom Group
Opportunity	<ul style="list-style-type: none"> •Fiber to the tower (“FTTT”) •Special access 	Increasing bandwidth needs	Organic growth in SMB & targeted community-based marketing in Residential	Leverage scale and scope of enterprise; Increase attention
Advantages	Market Ubiquity	Market Ubiquity	VantagePoint Network	Dominant presence; Low competition
Approach/Strategy	<ul style="list-style-type: none"> •Network reliability •FTTT build-out 	<ul style="list-style-type: none"> •Maintain market share •Take advantage of ubiquitous network •Network reliability 	<u>Business:</u> <ul style="list-style-type: none"> • “Win-back” customers <u>Residential:</u> <ul style="list-style-type: none"> • “Defend” market share • Broadband availability 	<ul style="list-style-type: none"> •Understanding of local markets •Local presence •Product development platform
Executive Focus	Kathleen McLean	Peter Nixon	Jeff Allen	Peter Nixon
Foundation in Operations and Service Quality	From provisioning to maintenance to repair, from capex to customer care, all require exceptional execution in operations. Ken Amburn brings 42 years of experience to improve and enhance our operations and service quality.			

Combining Network, Service and Products

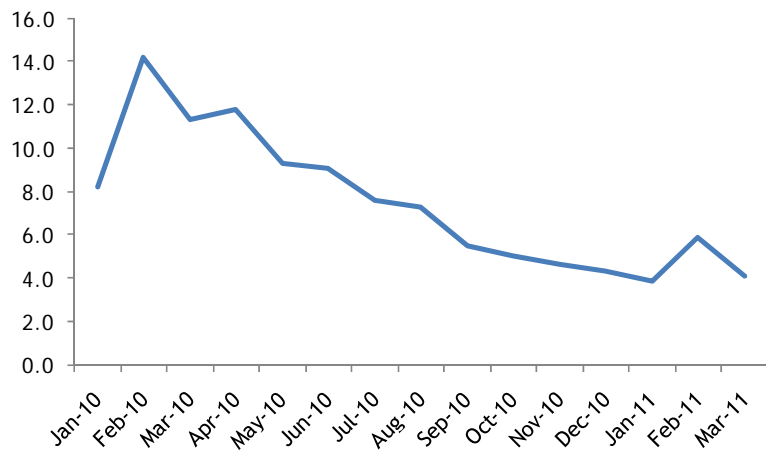


- Network reach and IP-based services support organic revenue growth opportunities
 - Over 1 million fiber strand miles on over 12,000 route miles
 - Designed and deployed with 400G dense wave division multiplexing (“DWDM”) capabilities; Multiprotocol Label Switching (“MPLS”) design
 - 350 central offices with inter-office fiber capacity
- Sales successes enabled by network and service
 - Maine Schools and Libraries network: 650 locations delivering 21G of bandwidth capacity averaging 66Mb per location on 16,000 Ethernet ports turned up over a variety of network elements (fiber, copper, bonded DS1)
 - Fiber-to-the-tower: announced initial build to over half of 1,600 towers served in NNE
 - Regional businesses: banks and hospitals seeking single source solution for their NNE footprint
 - Expanding broadband network: broadband service available to more than 80% of northern New England customers and more than 90% of Telecom Group customers. On track to meet all regulatory broadband commitments
- Product development will drive future sales
 - SMB bundle launched
 - Carrier Ethernet Service: full commercial launch 2H11

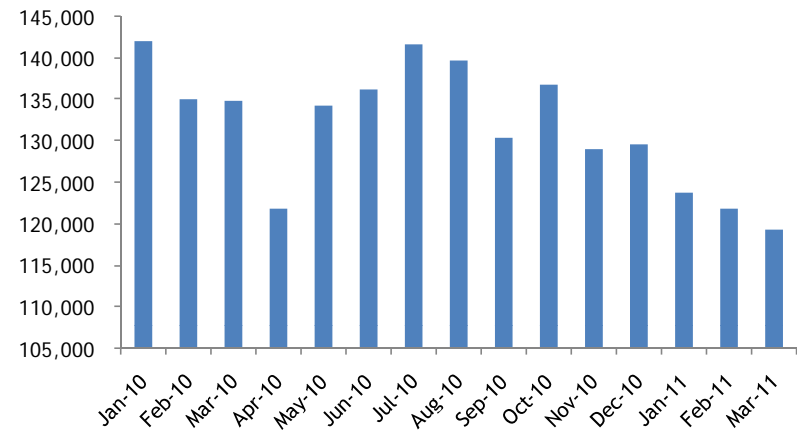
Operational and Quality Metrics are Improving



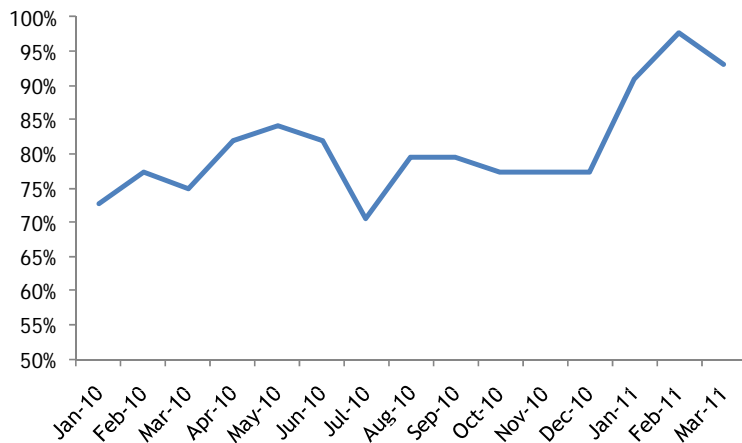
Mean-time-to-repair (hours)¹



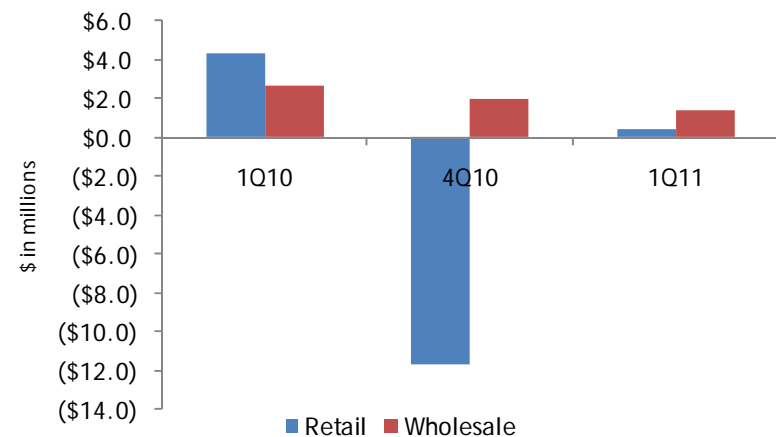
Call Center Volume²



Retail Service Quality Metrics Met³



Service Quality Penalties⁴

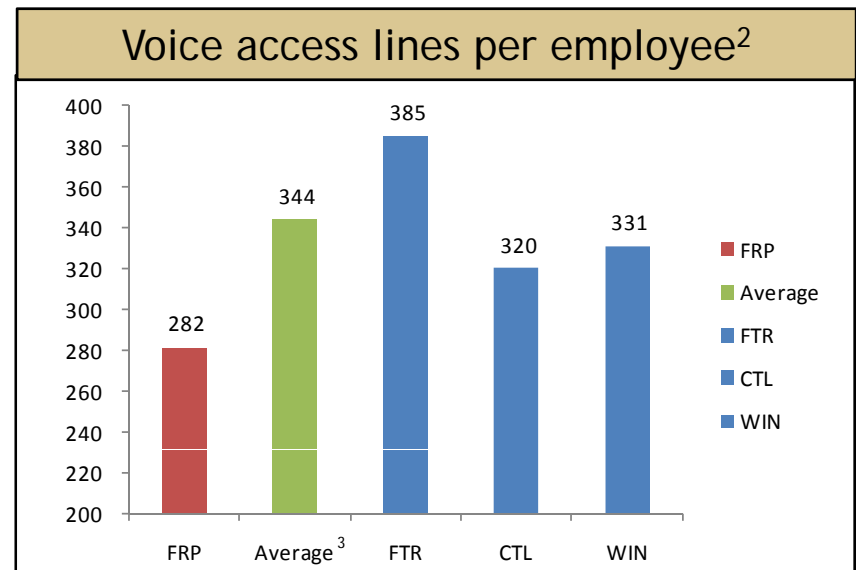
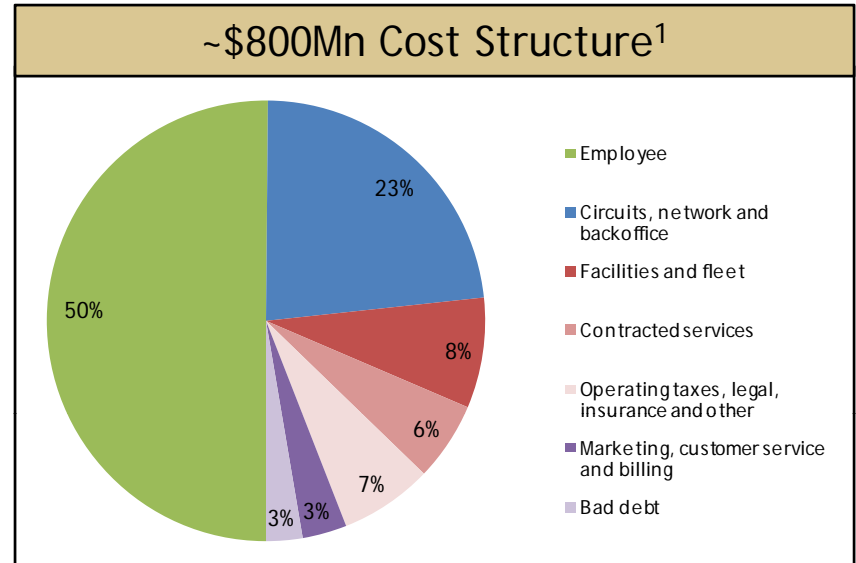


- (1) For a select major customer in northern New England, which management believes is indicative of overall improvement
- (2) Northern New England consumer and small business call centers
- (3) Number of retail service quality metrics achieved as a percentage of total penalty-bearing metrics in northern New England
- (4) Improved performance drove \$12.7 million reversal of accrued retail penalties in 4Q10 pursuant to regulatory settlements in NH & VT

Cost Reduction Opportunities



- Operational improvements in late 2010 and early 2011 allow FairPoint to accelerate cost reduction initiatives
- Areas of focus:
 - Cost of goods sold (access circuits)
 - Facilities and fleet (power, fuel, real estate)
 - Contracted services
 - Bad debt
 - Employee costs



(1) First quarter 2011 annualized, excluding vacation accrual
 (2) As of December 31, 2010
 (3) Weighted average of FTR, CTL and WIN

Capital Structure



As of March 31, 2011:

- Generated \$5.2 million of FCF in 66 days post-emergence
- Liquidity of \$72.2 million
 - \$15.4 million unrestricted cash
 - \$56.8 million revolver (net of LCs)
- Leverage of 3.87x vs. 4.75x covenant
- Interest Coverage of 5.30x vs. 3.25x covenant

Capital Structure Summary	
<i>as of March 31, 2011</i>	<i>(in millions)</i>
Cash and cash equivalents (unrestricted)	\$15
Gross debt	\$1,000
Revolver capacity	\$75
<i>Amortization schedule:</i>	
<i>2011</i>	<i>\$0</i>
<i>2012</i>	<i>\$10</i>
<i>2013</i>	<i>\$10</i>
<i>2014</i>	<i>\$25</i>
<i>2015</i>	<i>\$38</i>
<i>January 24, 2016</i>	<i>\$918</i>
<i>L+450, with LIBOR floor of 200</i>	
<i>No dividends if leverage > 2.0x</i>	
<i>Interest coverage and leverage covenants</i>	
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Common stock outstanding ¹	26.2
Warrants (7 yr, \$48.81 strike)	3.6
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Management long-term incentive	
Restricted stock ²	0.5
Options ³	1.0



(1) Includes management restricted stock and ~0.6 million of common stock held in reserve for certain pre-petition claims

(2) Generally vest 25% at emergence, 25% on each anniversary for three years thereafter. All restricted stock included in common stock outstanding

(3) Generally vest 25% at emergence, 25% on each anniversary for three years thereafter. Options struck at \$24.29

Recent Operating and Financial Results



First quarter 2011 highlights

- Data and Internet services revenue up 5.3% year-over-year on 4.8% growth in high-speed data subscribers
- Revenue flat in 1Q11 as compared to 4Q10, after adjusting for one-time item²
- Adjusted EBITDAR flat to up in 1Q11 versus 4Q10 and 1Q10

<i>(\$ in millions)</i>	1Q11	4Q10	1Q10	1Q11 vs. 4Q10	1Q11 vs. 1Q10
Consolidated EBITDAR (1)	\$ 49.1	\$ 84.0	\$ 60.8	-41.6%	-19.2%
One-time penalty reversal (2)	-	(12.7)	-		
Restatement items (3)	-	-	(10.4)		
Bad debt adjustment (4)	-	(12.5)	-		
Vacation accrual impact (5)	10.8	(3.7)	10.6		
Adjusted EBITDAR	\$ 59.8	\$ 55.1	\$ 61.0	8.6%	-1.8%
<i>margin</i>	<i>23.5%</i>	<i>20.6%</i>	<i>22.5%</i>		
Residential access lines (000s)	695.9	712.6	776.3	-2.3%	-10.3%
Business access lines	322.1	327.8	349.2	-1.7%	-7.8%
Wholesale access lines	84.7	87.1	93.8	-2.8%	-9.8%
Total switched access lines	1,102.7	1,127.5	1,219.3	-2.2%	-9.6%
High-speed data subscribers (000s)	297.5	289.7	283.8	2.7%	4.8%
Access line equivalents (000s)	1,400.2	1,417.3	1,503.1	-1.2%	-6.8%

(1) As defined in FairPoint's new credit facility. For a reconciliation of Net Income (Loss) to Consolidated EBITDAR, please see our year end 2010 and first quarter 2011 earnings releases furnished by FairPoint on April 5, 2011 and May 16, 2011, respectively, with the SEC on Form 8-K

(2) 4Q10 included a one-time reversal of certain service quality penalties in New Hampshire and Vermont totaling \$12.7 million

(3) Though added-back under new credit facility, the impact of the financial restatement does belong in 1Q10 for comparative purposes

(4) 4Q10 bad debt was favorably impacted by a true-up of the bad debt allowance resulting in contra-expense

(5) FairPoint accrues a full year of vacation expense each January 1st, which is then reversed throughout the year

FairPoint Management Team



Experienced management team with fresh focus: FairPoint strengthened its senior management team in key areas, while maintaining institutional knowledge

Name	Position	Experience
Paul Sunu	Chief Executive Officer	31 years corporate and operating experience; CEO since August 2010; Former CFO of Hargray Communications and Hawaiian Telecom; Co-founder and former CFO of Madison River Communications
Ajay Sabherwal	Executive Vice President, Chief Financial Officer	23 years of experience with 18 years in telecom; Joined FairPoint in July 2010; Former CFO of Choice One Communications, Aventine Renewable Energy and Mendel Biotechnology
Peter Nixon	President	33 years experience; Former COO and SVP of Corporate Development and President of Telecom Group; Former President of C&E Telephone Corp.
Jeffrey Allen	Executive Vice President, Sales & Marketing	21 years of experience in the telecom industry; Joined FairPoint in 2007; Prior to joining FairPoint, served as CEO of Intellispace, Inc. and held several leadership roles at Frontier Communications
Kathleen McLean	Executive Vice President and Chief Information Officer	28 years of telecom and information technology experience; Joined FairPoint in 2010 from Verizon Partner Solutions
Ken Amburn	Executive Vice President, Operations and Engineering	42 years of telecommunications experience. Prior to joining FairPoint, served as COO of Madison River Communications
Shirley Linn	Executive Vice President, General Counsel and Secretary	35 years business and securities law experience; Joined FairPoint in 2000
Greg Castle	Vice President, Human Resources	Over 25 years of experience managing employee and labor relations, including VP of labor relations at Ameritech
Rod Imbriani	Vice President, Product and Market Management	25 years of product development and marketing experience; held management positions at CenturyTel, Frontier, Broadwing, Qwest and US West; began his career with AT&T Bell Labs
Lee Newitt	Director, Investor Relations and Corporate Development	Joined FairPoint in 2003; has held leadership roles in M&A, corporate finance and investor relations

Conclusion: FairPoint is positioned for success



Leveraging core strengths for growth in revenue, EBITDAR and free cash flow

- Network: geographic scope, network ubiquity, next-generation platform
- Service: enhanced service and responsiveness as competitive advantage
- Organic revenue growth opportunities: business and wholesale
- Stable RLEC business: steady cash flow, platform for product development

Recent achievements accelerate cost reduction opportunities

- Operational improvements: service quality, data growth, slowing voice loss
- Margin expansion: revenue growth plus cost reduction

Experienced management team

- Aligned to capture growth and improve operations