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Investor Presentation

May 2012

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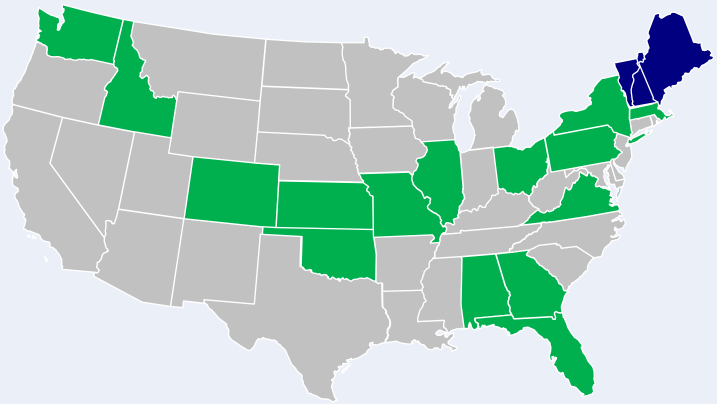
Throughout this presentation, reference is made to Consolidated EBITDAR or EBITDAR and Unlevered Free Cash Flow. EBITDAR and Unlevered Free Cash Flow are non-GAAP financial measures. Management believes that EBITDAR and Unlevered Free Cash Flow may be useful in assessing our operating performance and our ability to meet our debt service requirements. EBITDAR and Unlevered Free Cash Flow, as used herein, however, are not necessarily comparable to similarly titled measures of other companies. Furthermore, EBITDAR and Unlevered Free Cash Flow have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income or loss, operating income, cash flow or other combined income or cash flow data prepared in accordance with GAAP. Because of these limitations, EBITDAR, Unlevered Free Cash Flow and related ratios should not be considered as measures of discretionary cash available to invest in business growth or reduce indebtedness. We compensate for these limitations by relying primarily on our GAAP results using EBITDAR and Unlevered Free Cash Flow only supplementally.

We provide guidance as to certain financial information herein, which consists of forward-looking statements. Our guidance is not prepared with a view toward compliance with the published guidelines of the American Institute of Certified Public Accountants, and neither our independent registered public accounting firm nor any other independent expert or outside party compiles or examines the guidance and, accordingly, no such person expresses any opinion or any other form of assurance with respect thereto. Guidance is based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. We generally state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed but are not intended to represent our actual results which could fall outside of the suggested ranges. The principal reason that we release this data is to provide a basis for our management to discuss our business outlook with analysts and investors. Notwithstanding this, we do not accept any responsibility for any projections or reports published by any such outside analysts or investors. Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions or the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date hereof. Actual results may vary from the guidance and the variations may be material. Investors should also recognize that the reliability of any forecasted financial data diminishes the farther in the future that the data is forecast. In light of the foregoing, investors are urged to put the guidance in context and not to place undue reliance on it. Any inability to successfully implement our operating strategy or the occurrence of any of the events or circumstances discussed therein could result in the actual operating results being different than the guidance, and such differences may be material.

Company Overview

- Operate in 18 states with over 1.3M access line equivalents[1]
  - 80% northern New England (NNE)
  - 20% Telecom Group (TG)
- NNE: 3 contiguous states with ubiquitous next-generation network
- Telecom Group: RLECs in 15 other states with fewer competitors
- Broadband, voice, video and high-capacity bandwidth offerings
- Extensive capital investment to date
  - 15,000 fiber route miles
  - 85% avg. broadband availability in NNE
  - 90% avg. broadband availability in TG
- $1B annual revenue and ~3,500 employees

Service Territory



Access Line Equivalents

as of March 31, 2012	Northern New England	Telecom Group	Total
Switched access lines:			
Residential	502,845	128,879	631,724
Business	261,184	47,894	309,078
Wholesale[2]	72,233	NM	72,233
Total switched access lines	836,262	176,773	1,013,035
Broadband subscribers	234,020	84,490	318,510
Total access line equivalents	1,070,282	261,263	1,331,545

(1) Switched access lines plus broadband subscribers as of March 31, 2012
(2) UNE-P and Resale lines. Excludes UNE-L and Special Access circuits

Path to Increasing Shareholder Value

Four Pillar Strategy for Increasing Free Cash Flow

Improve Operations	Change Regulatory Environment	Transform and Grow Revenue	Execute Human Resource Strategy

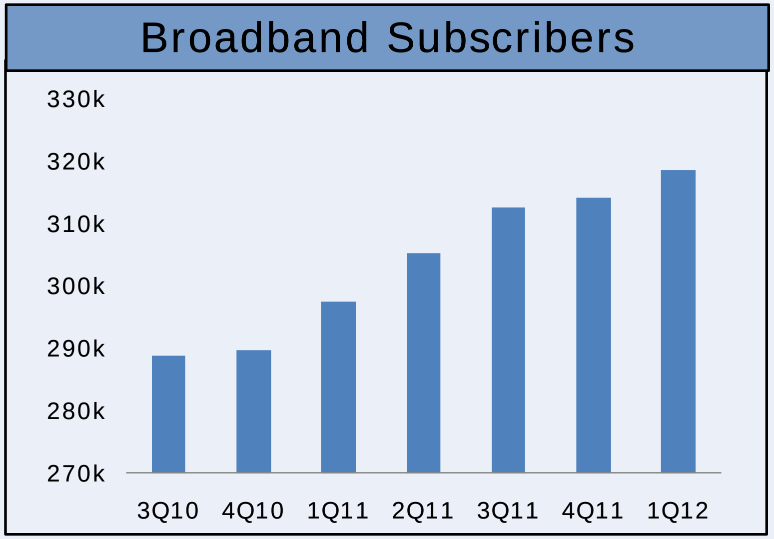
Established Track Record for Three Pillars

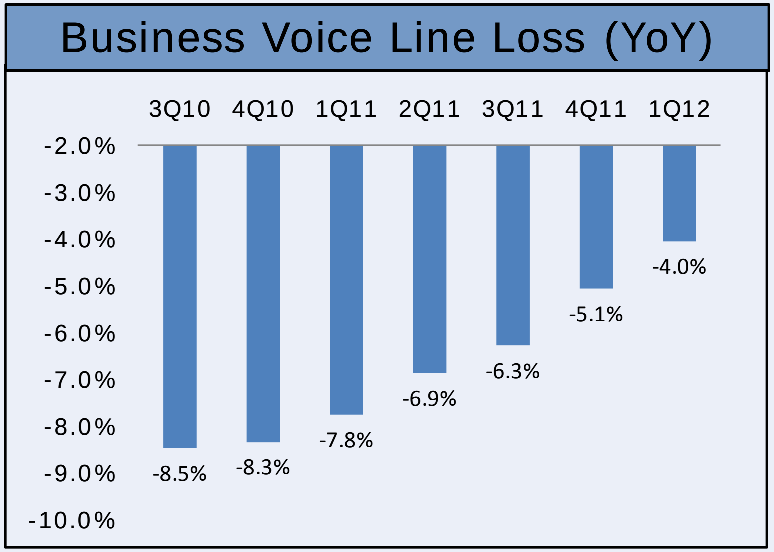
Improve Operations	Change Regulatory Environment	Execute HR Strategy	Transform & Grow Revenue
Proven	Proven	Executing	2012-13 Focus
Complex project management	Level playing field	IBEW 2011 Force Adjustment Process (FAP)	2012: Sales force & customer segment alignment
Improved service quality	Maine legislation and Vermont IRP	CWA 2012 FAP executed in 30 days	2012: Revenue transformation
Maintain service quality after reductions in force	FCC ICC/USF reform	Enhanced competencies in Labor Relations and Learning & Development	2013: Revenue stability and growth

Operational Improvements

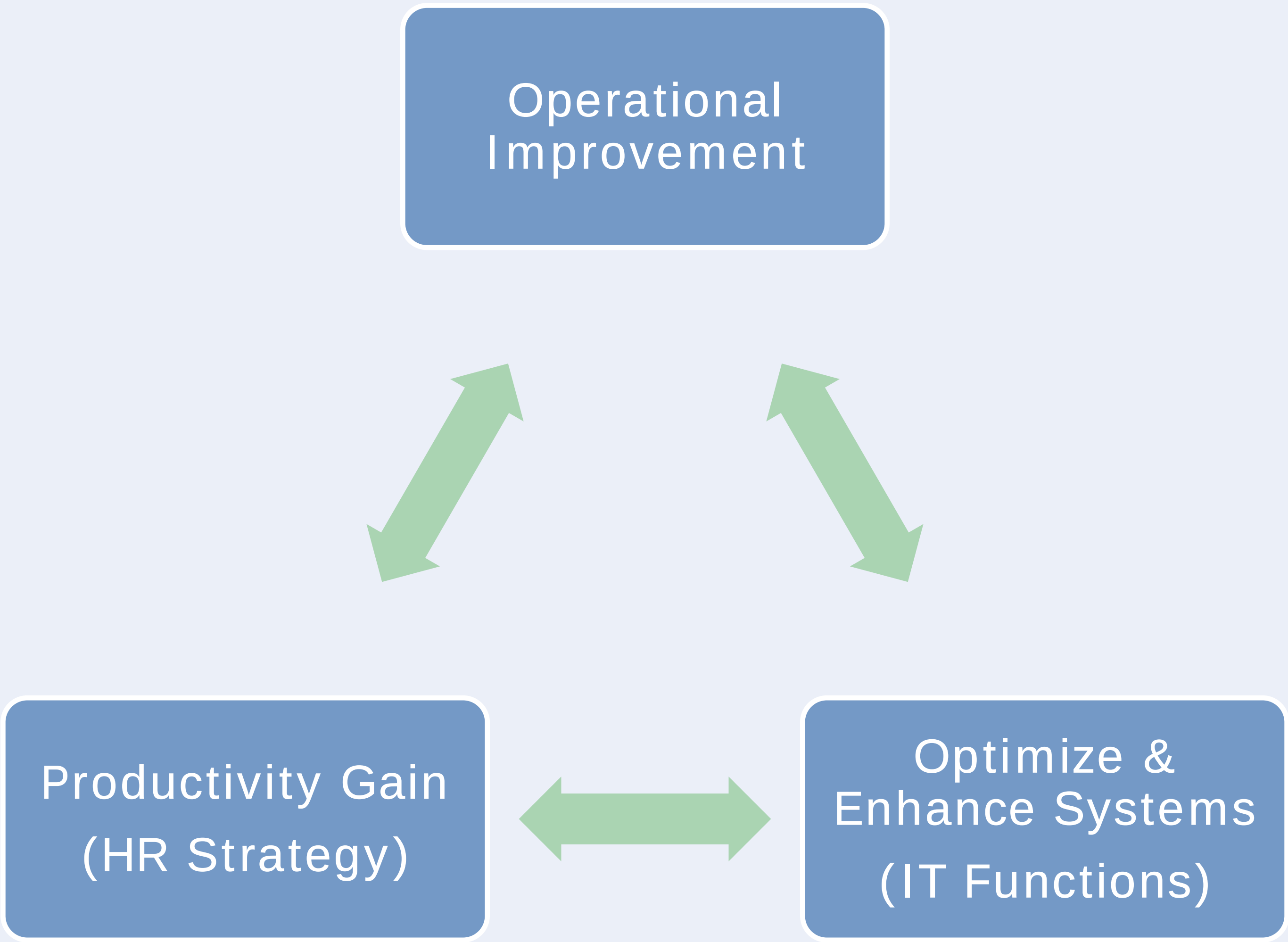
FairPoint continues to make significant operational improvements

- Industry leading broadband growth
  - 7.1% YoY growth
- Slowdown in voice access line loss, especially in business
  - 8.1% YoY total voice line loss
  - 4.0% YoY business voice line loss
  - 0.7% business voice line loss in 1Q12
- Fiber-to-the-Tower initiative
  - 800+ towers served with fiber
  - Opportunities for further expansion
- Enabled workforce reduction
  - 14% reduction since 2Q11
  - $40 million in annual savings
- Service quality has improved
  - Call center volumes decreased
  - Installation intervals shortened
- Service quality penalties down



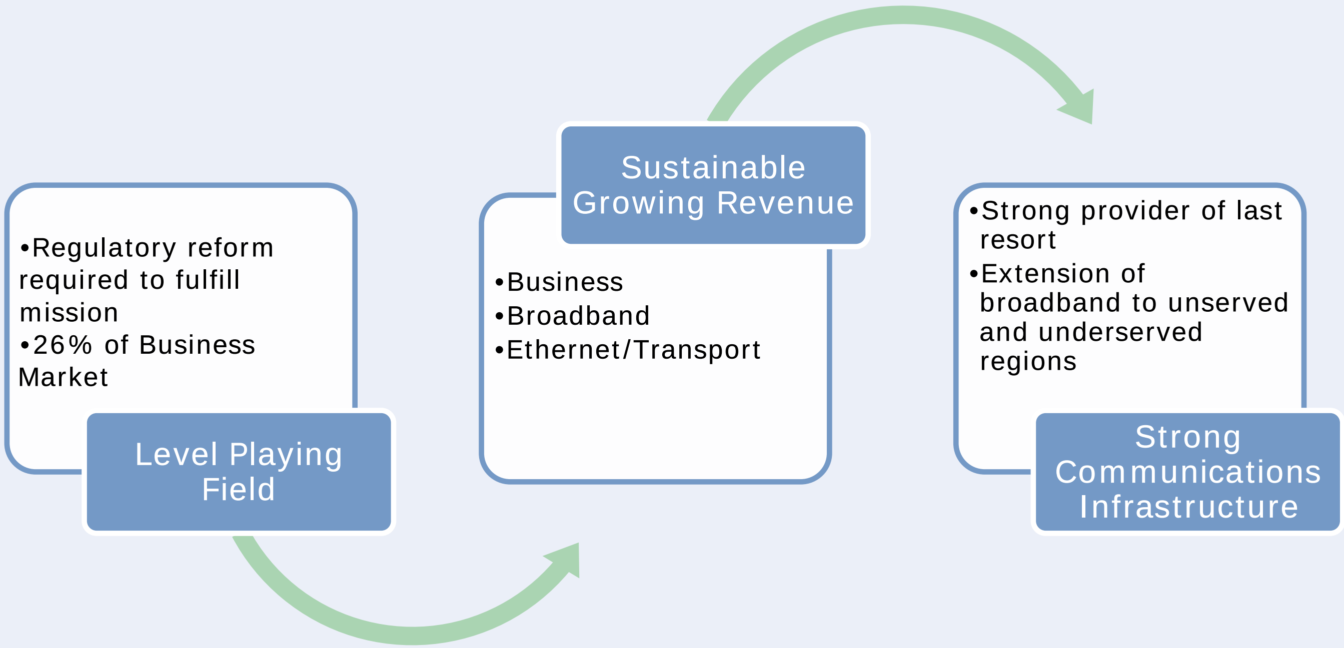


Continuous Improvement through Coordination & Collaboration



Regulatory Progress

- Regulators and legislators in Maine, New Hampshire and Vermont are responding to FairPoint's message of the need for a level playing field
- Improvement in service quality and recognition of need for strong communications infrastructure provider promotes the concept of a level playing field
- Benefits include:
  - Increased competitiveness with unregulated providers
  - Fewer service quality metrics and lowered caps in retail service quality penalties
  - Reduction in regulatory administrative burden



Revenue Transformation

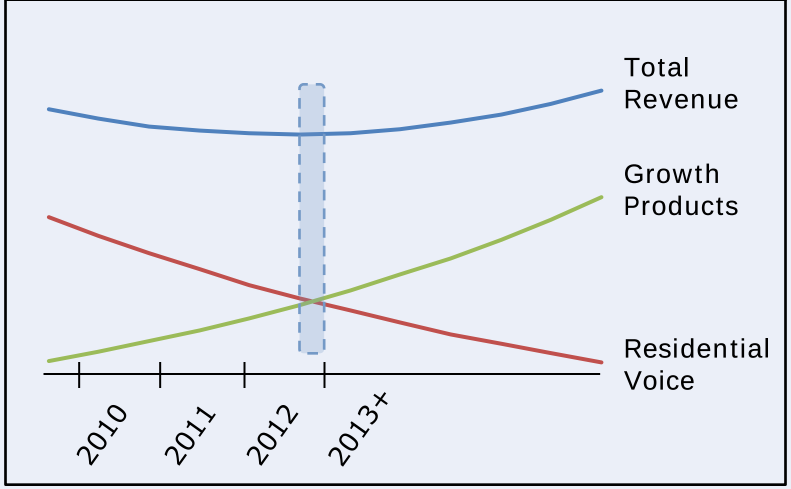
FairPoint plans to change the composition of its revenue base in order to stabilize and then grow our top line

- Legacy products in decline
  - Residential voice
  - Revenue churn arising from:
    - copper to fiber
    - TDM to IP
- Growth-oriented products
  - Broadband (business and residential)
  - SMB products and services
  - Carrier Ethernet Service
  - Other high-capacity/transport and management services

Low market share, especially in business market, creates opportunity for organic growth in northern New England

Next-generation network on 14k fiber route miles in northern New England provides platform for growth

Revenue Transformation



Human Resource Strategy

FairPoint must align its human resource assets with the changing telecom landscape

- 14% workforce reduction since 2Q11
  - Lump sum pension distributions of $48 million
- 3,454 employees as of March 31, 2012
  - 1,257 management
  - 2,197 union
- 1,919 union employees covered by collective bargaining agreements with the CWA and IBEW in northern New England
  - Contracts expire August 2014
- Increased labor relations competencies with telecommunications focus
- Pension & OPEB liabilities arise from northern New England union contracts
  - GAAP figures represent status quo into perpetuity and reflect continuation of past practices
  - Pension and OPEB are highly sensitive to the discount rate assumption (i.e. interest rates)
  - OPEB liability is highly sensitive to the medical cost trend assumption

Pension & OPEB GAAP Liability

($ in millions)	2010	2011	1Q12
Pension			
Plan assets	$176.5	$160.3	$146.0
Projected benefit obligation	$265.8	$318.3	$303.3
Key assumptions:			
Discount rate	5.56%	4.63%	4.61%
OPEB			
Plan assets	$0.2	$1.0	$1.0
Projected benefit obligation	$344.9	$533.2	$545.6
Key assumptions:			
Discount rate	5.65%	4.66%	4.66%
Healthcare cost trend (<65 years)	7.70%	8.40%	8.40%
Healthcare cost trend (>65 years)	8.20%	8.40%	8.40%

Pension & OPEB Sensitivity[1]

($ in millions)	Pension	OPEB
Impact on liability given 1% change in the discount rate assumption	19%	23%
Impact on liability given 1% increase in healthcare cost trend assumption	N/A	$134.1
Impact on liability given 1% decrease in healthcare cost trend assumption	N/A	($101.1)

(1) Based upon liability at December 31, 2011

Tactical Outlook

2012	2013	2014	2015
Productivity gains through process and systems enhancement	Stabilize and grow revenue	Negotiation of labor agreements	Grow revenue
Regulatory progress: FCC, ME, VT & NH	Productivity gains through process and systems enhancement	Stabilize operations during negotiation	Productivity gains through process and systems enhancement
Training and labor relations	Contingency planning	Regulatory FCC reform	Refinance credit agreement
Stabilize revenue	Regulatory FCC reform	Grow revenue	

Capital Structure

As of March 31, 2012:

- Liquidity of $99 million
  - $36 million unrestricted cash
  - $63 million of revolver availability, after $12 million letters of credit
- Leverage of 3.96x vs. 4.75x covenant
- Interest coverage of 3.77x vs. 3.25x covenant
- Covenant limiting capital expenditures to:

  2012: $190 million + $20 million carryover

  2013: $170 million

  2014: $150 million

  2015: $150 million

Capital Structure Summary

as of March 31, 2012	*(in millions)*
Cash and cash equivalents (unrestricted)	**$36**
Gross debt[1]	**$998**
Revolver[2]	**$75**
Amortization schedule:	
2011	*$0*
2012	*$10*
2013	*$10*
2014	*$25*
2015	*$38*
January 24, 2016	*$918*
L+450, with LIBOR floor of 200	
No dividends if leverage > 2.0x	
Interest coverage and leverage covenants	
Common stock outstanding[3]	**26.2**
Warrants (*7 yr, $48.81 strike*)	**3.6**

(1) Excludes letters of credit of $12 million and capital lease obligations of $4 million
(2) Undrawn as of March 31, 2012, except for outstanding letters of credit of $12 million, which reduces revolver availability
(3) Includes management restricted stock and common stock held in reserve for certain pre-petition claims

Financial Results and Guidance

2011 Financial Highlights					
($ in millions)	**2Q11**	**3Q11**	**4Q11**	**1Q12**	**LTM**
Revenue	$262.6	$257.9	$254.2	$248.5	$1,023.2
Consolidated EBITDAR[1]	70.5	60.5	70.0	55.3	256.3
Capital expenditures	52.1	35.2	35.1	26.3	148.7
Unlevered Free Cash Flow[2]	$18.4	$25.3	$34.9	$29.1	$107.6
Cash on hand	$13.1	$9.9	$17.4	$35.8	$35.8

2012 Guidance:

- Unlevered Free Cash Flow of $90 to $100 million (after pension & OPEB)
- Continued focus on improving EBITDAR
- Disciplined capital spending
- Interest of approximately $68 million
- Debt amortization of $10 million

(1) As defined in FairPoint's credit facility. Consolidated EBITDAR is a non-GAAP financial measure. For a reconciliation of Net Income (Loss) to Consolidated EBITDAR, see our first quarter 2012 earnings release furnished May 2, 2012 on Form 8-K

(2) Unlevered Free Cash Flow means Consolidated EBITDAR minus capital expenditures. Unlevered Free Cash Flow is a non-GAAP financial measure. For a reconciliation of Net Income (Loss) to Unlevered Free Cash Flow, see our first quarter 2012 earnings release furnished May 2, 2012 on Form 8-K

Summary

- Operational improvements create foundation for transformation
  - Broadband, FTTT and service quality improvements
  - Productivity enhancements and 14% workforce reduction
  - Focusing on productivity gains arising from process and systems enhancements

- Regulators and legislators are supportive of FairPoint's need for a level playing field
  - Deregulation in Maine
  - Incentive Regulation Plan in Vermont

- Transforming revenue by adding sustainable, growth-oriented revenues on our next-generation network in northern New England
  - 3 contiguous states with network ubiquity
  - 14,000 fiber route miles
  - 26% business market share

- Focus on increasing free cash flow to enhance shareholder value