FairPoint communications

www.FairPoint.com

Investor Presentation

August 2012

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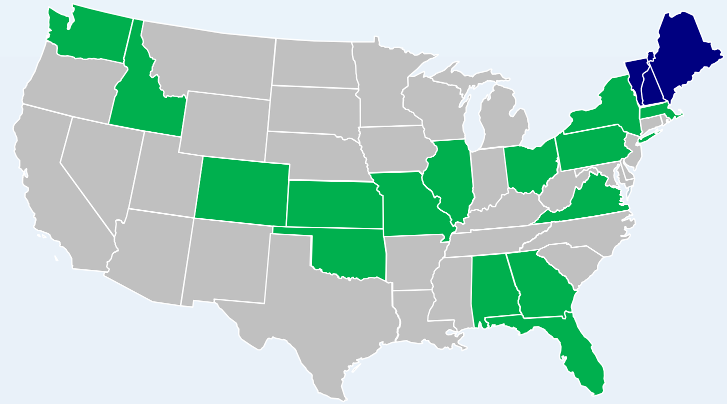
We provide guidance as to certain financial information herein, which consists of forward-looking statements. Our guidance is not prepared with a view toward compliance with the published guidelines of the American Institute of Certified Public Accountants, and neither our independent registered public 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

- Incumbent communications provider in ME, NH and VT ("Northern New England")
  - Over 1 million access line equivalents[1]
  - Significant organic growth opportunity, especially in business market
  - Ubiquitous, next-generation network
  - Over 14,000 route miles of fiber attracts sustainable, IP/Ethernet based revenues and lowers network operating cost
  - 85% average broadband availability
- Serving the communications needs of rural communities in 15 other states ("Telecom Group")
  - 263k access line equivalents
  - Less competition
  - Local presence and workforce
  - 90% average broadband availability
  - 49% broadband penetration[3]
- $1 billion LTM revenue and ~3,400 employees

Service Territory

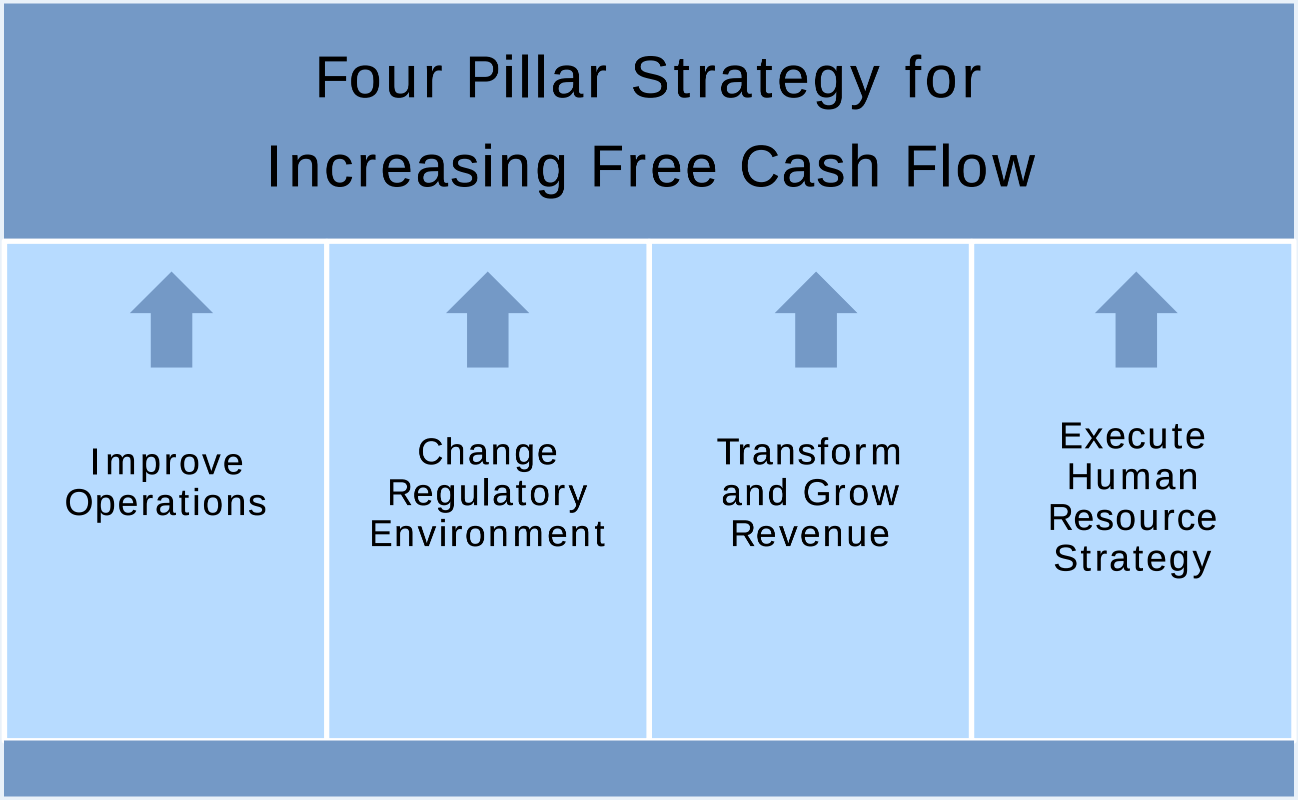


Access Line Equivalents

as of June 30, 2012	Northern New England	Telecom Group	Total
Switched access lines:			
Residential	490,944	128,296	619,240
Business	258,718	47,964	306,682
Wholesale[2]	69,375	NM	69,375
Total switched access lines	819,037	176,260	995,297
Broadband subscribers	234,308	86,504	320,812
Total access line equivalents	1,053,345	262,764	1,316,109

(1) Switched access lines plus broadband subscribers as of June 30, 2012
(2) UNE-P and Resale lines. Excludes UNE-L and Special Access circuits
(3) Broadband subscribers as a percentage of voice access lines

Path to Increasing Shareholder Value



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	Legislation in Maine and New Hampshire; 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

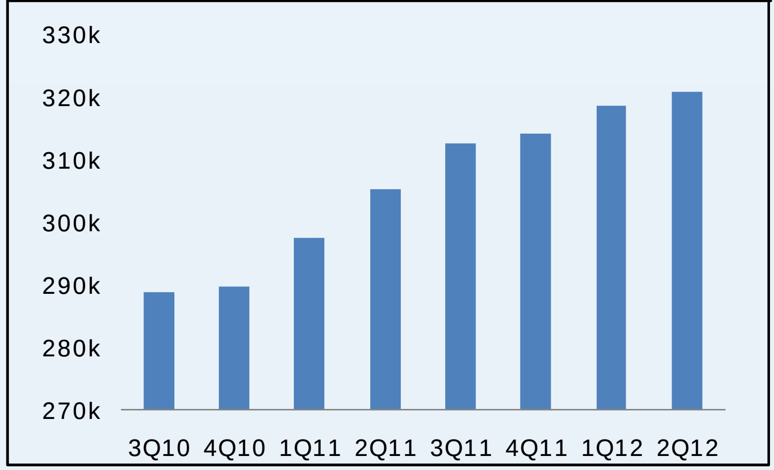
Operational Improvements

FairPoint continues to make significant operational improvements

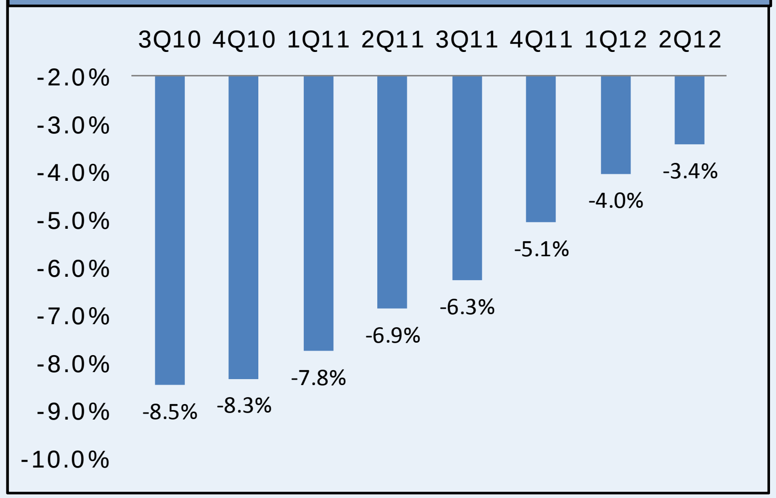
- 5.1% YoY broadband growth
- Slowdown in voice access line loss, especially in business
  - 7.8% YoY total voice line loss
  - 3.4% YoY business voice line loss
  - 0.8% business voice line loss in 2Q12
- Fiber-to-the-Tower initiative[1]
  - 800+ towers served with fiber
  - Opportunities for further expansion
- Meaningful improvement in service quality[1]
  - 26% YoY reduction in repair calls and trouble reports
  - 30% YoY reduction in repeat trouble calls
  - 24% QoQ improvement in broadband installation intervals
  - 8% QoQ improvement in Ethernet installation intervals

(1) Refers to Northern New England only

Broadband Subscribers

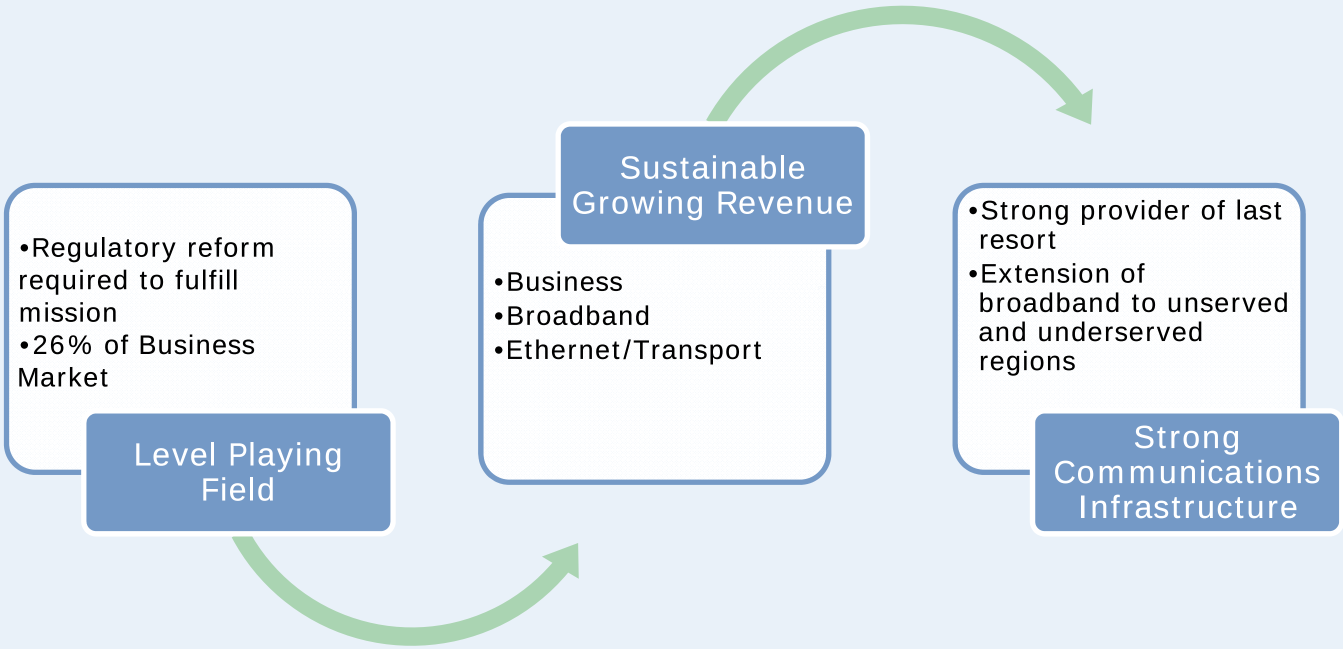


Business Voice Line Loss (YoY)



Regulatory Progress

- Regulators and legislators in Maine, New Hampshire and Vermont have responded 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



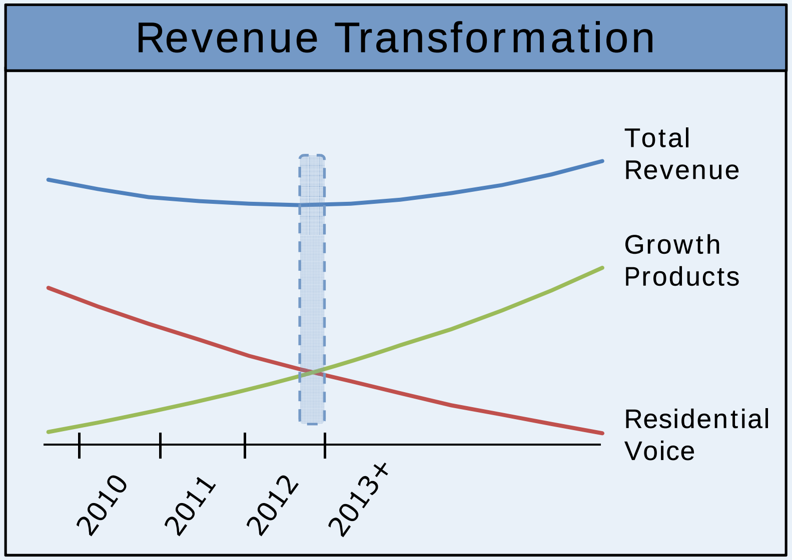
Revenue Transformation

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
  - Ethernet services
  - 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



Human Resource Strategy

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

- 15% workforce reduction since 2Q11
  - Lump sum pension distributions of $49 million
- 3,410 employees as of June 30, 2012
  - 1,226 management
  - 2,184 union (1,911 covered by CBAs with CWA and IBEW in NNE, which expire Aug. 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
- New law lowers 2013 required pension contribution[2]
  - FairPoint's 2012 contribution would have been $8-10M lower, pro forma for the new law

Pension & OPEB GAAP Liability

($ in millions)	2010	2011	2Q12
Pension			
Plan assets	$176.5	$160.3	$152.8
Projected benefit obligation	$265.8	$318.3	$308.9
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	$556.6
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
(2) Please see FairPoint's disclosure regarding the *Moving Ahead for Progress in the 21st Century Act*, which was furnished with the SEC on Form 8-K on July 19, 2012

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
Transform revenue	Regulatory FCC reform	Grow revenue	

Capital Structure

As of June 30, 2012:

- Liquidity of $107 million
  - $44 million unrestricted cash
  - $63 million of revolver availability, after $12 million letters of credit
- Leverage of 3.95x 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 June 30, 2012	*(in millions)*
Cash and cash equivalents (unrestricted)	**$44**
Gross debt[1]	**$995**
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 $3 million
(2) Undrawn as of June 30, 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

Financial Highlights					
($ in millions)	**3Q11**	**4Q11**	**1Q12**	**2Q12**	**LTM**
Revenue	$257.9	$254.2	$248.5	$243.5	$1,004.0
Consolidated EBITDAR[1]	60.5	70.0	55.3	70.2	256.0
Capital expenditures	35.2	35.1	26.3	32.1	128.6
Unlevered Free Cash Flow[2]	$25.3	$34.9	$29.1	$38.1	$127.3
Cash on hand	$9.9	$17.4	$35.8	$43.8	$43.8

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 second quarter 2012 earnings release furnished August 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 second quarter 2012 earnings release furnished August 2, 2012 on Form 8-K

Summary

- Operational improvements create foundation for transformation
  - Broadband, FTTT and service quality improvements
  - Productivity enhancements and 15% 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 and New Hampshire
  - 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