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Company Presentation

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Throughout this presentation, reference is made to Adjusted EBITDA and Unlevered Free Cash Flow and adjustments to GAAP and non-GAAP measures to exclude the effect of special items. Management believes that Adjusted EBITDA provides a useful measure of operational and financial performance and removes variability related to pension contributions and payments for other post-employment benefits and that Unlevered Free Cash Flow may be useful to investors in assessing the Company's ability to generate cash and meet its debt service requirements. The maintenance covenants contained in the Company's credit facility are based on Adjusted EBITDA. In addition, management believes that the adjustments to GAAP and non-GAAP measures to exclude the effect of special items may be useful to investors in understanding period-to-period operating performance and in identifying historical and prospective trends.

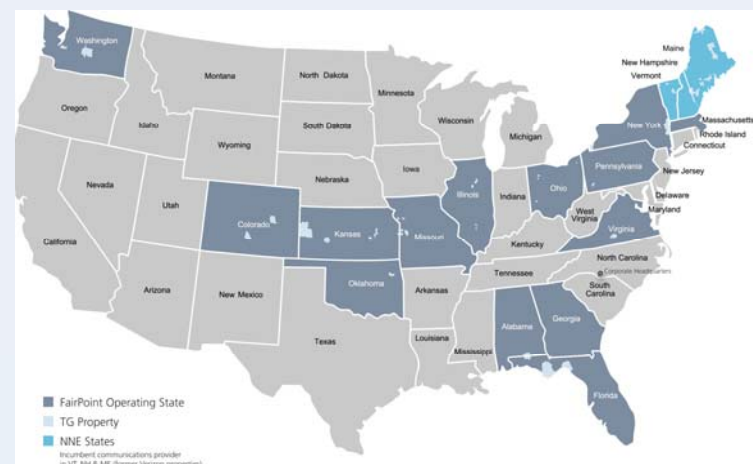
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Company Snapshot



- \$917.7 million LTM Revenue (through 3Q14) and 3,088 employees
- Operates in 17 states with approximately 1.2M access line equivalents⁽¹⁾
 - 80% former Verizon wireline business in Maine, New Hampshire and Vermont (“NNE”)
 - 20% pre-merger FairPoint in rural communities in 17 states, including ME, NH and VT (“Telecom Group”)
- **NNE:**
 - Incumbent wireline provider with extensive “enterprise class” network and scale in three contiguous states
 - 16,000+ fiber route mile network offering IP/Ethernet services to attract sustainable revenues
 - Significant organic growth opportunity, especially in business market
 - ~90% broadband availability; 36.3% penetration⁽²⁾
- **Telecom Group:**
 - Consistent, substantial cash flow generation
 - Local presence and workforce; less competition
 - ~90% broadband availability; 56.5% penetration⁽²⁾
 - Closed sale of Idaho property for 6x EBITDA in 1Q13

Service Territory



Access Line Equivalents

as of September 30, 2014	NNE	Telecom Group ⁽³⁾	Total
Switched access lines:			
Residential	380,441	103,905	484,346
Business	243,279	43,259	286,538
Wholesale	54,386	NM	54,386
Total switched access lines	678,106	147,164	825,270
Broadband Subscribers	246,358	83,136	329,494
Total access line equivalents	924,464	230,300	1,154,764
Broadband Penetration	36.3%	56.5%	39.9%

(1) Switched access lines plus broadband subscribers as of September 30, 2014
 (2) Broadband subscribers as a percentage of switched access lines
 (3) Approximately 20% of Telecom Group is located in ME, NH and VT

Northern New England Network



Enterprise Class fiber network designed to meet growing demand of business customers

350 Central Offices

16,000+ Fiber Route Miles

Network

- 400G DWDM ROADM
- 10G/1G EPS aggregation rings to all 350 offices
- IP/MPLS core with terabit routing capacity and NGN design

Network extensions

- 1 Summer St, Boston MA (on-net)
- 80 State St, Albany NY (on-net)
- 60 Hudson St, NYC NY (leased 10G waves)

Network Operations Center

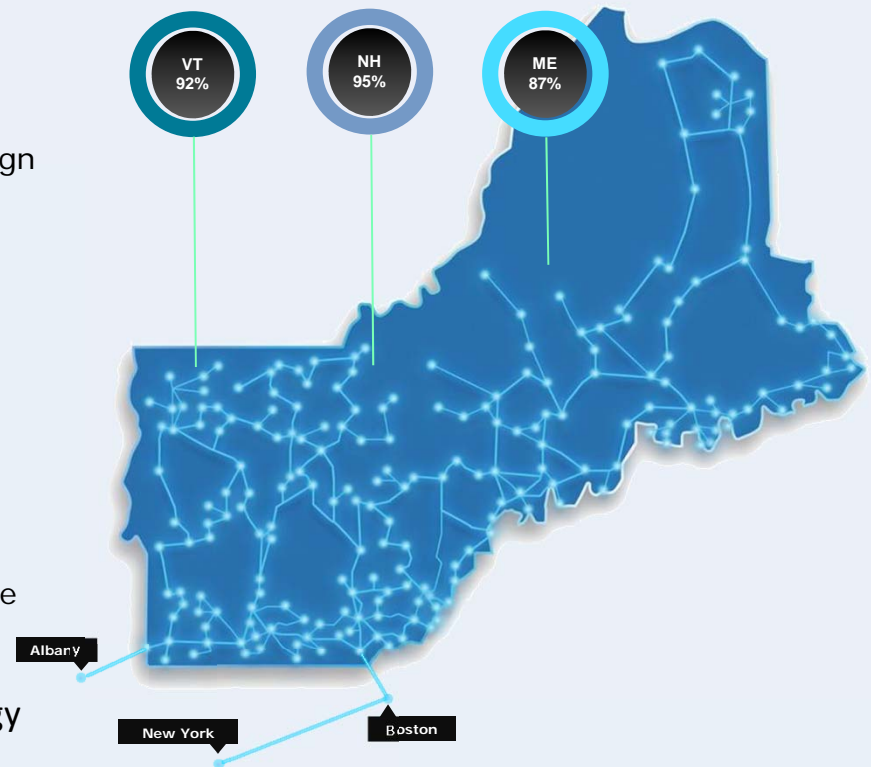
- 24/7/365 network operations and data services center

Data Center Capabilities

- On-net enterprise data services facility in New Hampshire
- Bundled product with CES

Over \$700 million invested in infrastructure and technology since 2008

Broadband Coverage



Summary Financial Results



Third Quarter 2014 Results

Third Quarter

- Revenue of \$228.1M
- Adjusted EBITDA⁽¹⁾ of \$61.7M
- Unlevered Free Cash Flow⁽²⁾ of \$24.5M
- Reported positive momentum in growth-oriented business
 - Ethernet services contributed approximately \$21.3M of revenue in Q3 2014 as compared to \$17.2M a year ago, an increase of 23.8% YoY
 - Ethernet revenue was 9.3% of total revenue in Q3 2014 compared to 7.3% of total revenue in Q3 2013
 - Data and Internet services revenue grew 7.9% YoY
 - Total Ethernet circuits grew by 37.5% YoY

(1) Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation of Net Income (Loss) to Adjusted EBITDA, see our third quarter 2014 earnings release furnished November 5, 2014 on Form 8-K

(2) Unlevered Free Cash Flow means Adjusted EBITDA minus the sum of pension contributions, OPEB payments and 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 third quarter 2014 earnings release furnished November 5, 2014 on Form 8-K

Executing on our Strategy



Improved Operations
2011 Focus

Improved Service Quality

Changed Regulatory Environment
2012 Focus

"De-reg" through Legislation in ME & NH and IRP in VT

Transform and Stabilize Revenue
2013 Focus

Mitigating Year-Over-Year Declines in Revenue



Execute HR Strategy

2014 Negotiation

Focus on Training And Customer Service

Enhanced competencies in labor relations and learning & development

2014 Priorities

- Maintain revenue transformation momentum
- Exceed customer expectations and improve retention
- Best in class complex project management
 - New England Telehealth Consortium – over 275 healthcare facilities connected on fiber network
 - Maine Next Generation 911 system – delivered new capabilities and connected 26 public service answering points
 - Over 1,500 Fiber-to-the-tower connections as of 3Q14 with contracts for an additional approximately 200 in 2014
- Leverage new product pipeline to continue to deliver meaningfully relevant products and services

Execute HR Strategy

NNE Labor Negotiations Timeline

- August 2, 2014 – contracts expired
- August 28, 2014 – impasse declared and implementation of our final proposals
- October 17, 2014 – work stoppage initiated by two NNE unions
- Pending NLRB charges limit our ability to discuss details

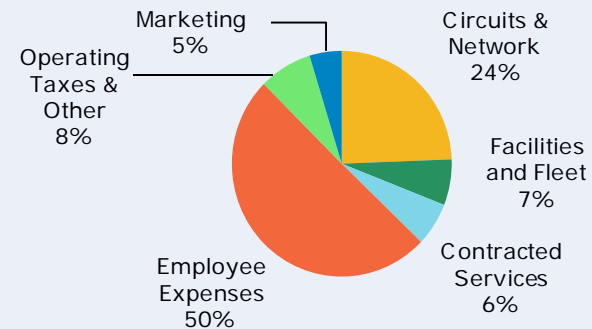
Company Implemented Final Proposals on August 28, 2014

Implemented proposals include:

- No change to the current wage rates for current employees
- Substantially the same benefit plans, including medical, as are available to management employees
- A freeze of the existing defined benefit pension plan, while preserving employees' current accrued benefits
- Elimination of retiree medical for current employees

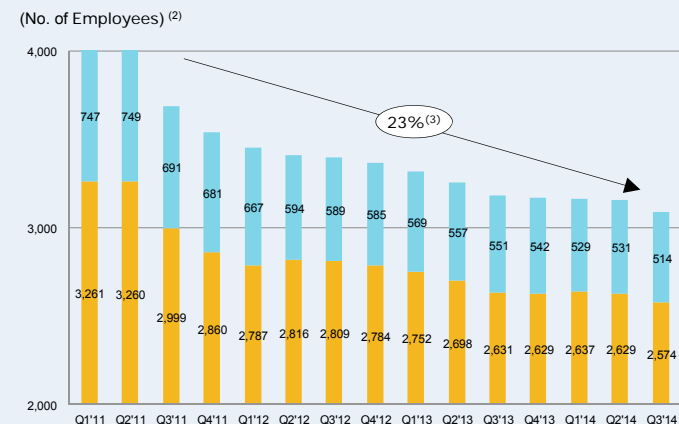
(1) FY 2013 adjusted for items added back to compute Adjusted EBITDA
 (2) NNE = Yellow, Telecom Group = Blue
 (3) Decrease represents total change in workforce since 1Q11

\$700M Cost Structure ⁽¹⁾



Headcount Rationalization

- 23% workforce reduction in last 3 ½ years
- 3,088 employees as of September 30, 2014
 - 1,157 non-represented, 1,931 union (approx. 1,718 in NNE covered by final proposals implemented on August 28)

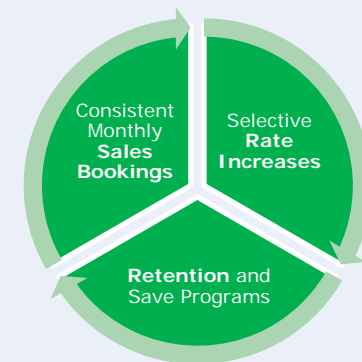


Recipe for Revenue Stabilization

Focus: Transform, stabilize revenue

Approach: Convert revenue mix toward Ethernet, Fiber and business services

Objective: Revenue Stability turns to Revenue Growth



Field Sales

- Consistent monthly sales bookings
- Sales force of 65 to 70 Reps
- Focus on Fiber and Ethernet based services
- Hosted VoIP, FTTT, NG911 and NETC
- New product pipeline

Rate Increases

- Selective increases offset revenue loss from residential line churn
- Several selective increases over the year
- Balance rate increase with retention
- Offsets revenue impact of line churn by \$1 to \$2 million in first full quarter post-implementation

Retention

- Extend customer lives
- Renew expiring contracts
- Retain customers after promotions end
- Promotions designed to prolong customer life: "Stay and Save"

Enhanced Data Products



Broadband Opportunity

- Moving customers to higher speeds to protect base and increase ARPU
 - ~13% year-over-year increase of customers with 7Mb or more as of October 2014
- 1.3M qualified and available loops at 7Mb, 15Mb and 30Mb
 - Competitive speed
 - Ample room for growth
- Improving credit quality of customer base

Next-Generation Ethernet & IP Products

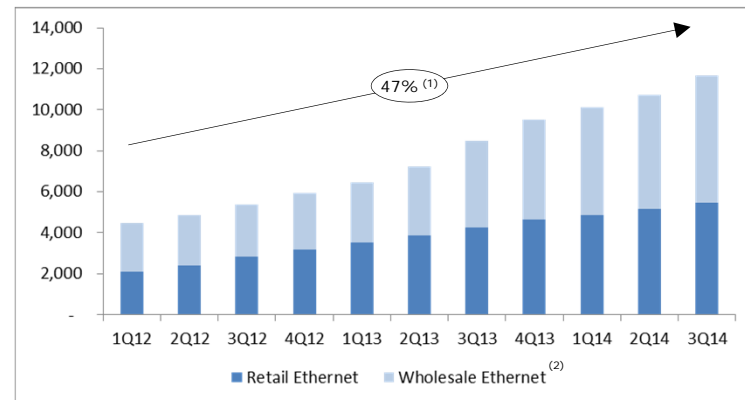
- Key growth products include:
 - Retail and Wholesale Ethernet (FTTT, E-DIA, E-LAN)
 - Broadband (DSL and FTTP)
 - Managed services (Hosted VoIP)
- Ethernet products increasingly important as the Company drives expansion into the business market
 - Ethernet revenue has grown 23.8% YoY and was 9.3% of total revenue in 3Q14
- IP and Ethernet products will be critical as the product mix shifts away from local voice, ATM, frame relay and switched access
- Opening of Laconia data center creates additional opportunities

Opportunity for 7Mb+ Data Products

Max Speed	Current Subs	Total Qualified Loops	% Penetration
<=1.5Mb	0.1M	0.3M	20%
3Mb	0.1M	0.5M	20%
7Mb	0.1M	0.5M	10%
15Mb	0.0M	0.7M	2%
30Mb	0.0M	0.1M	8%
Total	0.3M	2.1M	11%

Rapid Ethernet Adoption

(Ethernet circuits)



(1) CAGR of Ethernet circuit counts
 (2) Includes FTTT customers

Complex Program Management



- Dedicated team of project managers
- Highly experienced customer facing team with a proven track record of success
- Disciplined and standardized 10 step project implementation approach

Maine Schools and Libraries

- 470+ locations across the state of Maine
- Ethernet Virtual Private Line
- Off-net site coordination with access management team

Fiber to the Tower

- ~1,600 FTTT connections
- Ethernet Virtual Private Line on fiber network
- All major wireless carriers
- Have met all on-time delivery SLA's to date

New England TeleHealth Consortium

- 275+ locations across ME, NH and VT Ethernet Virtual Private Line
- Mix of fiber and copper delivered solutions
- Stringent tracking of all order/circuit information with regularly scheduled customer meetings/reports

NG911

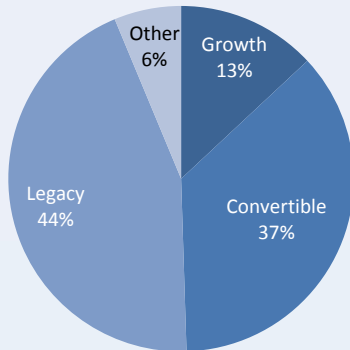
- Conversion of Maine E911 system from TDM to IP
- 26 PSAPs
- Maine is the 1st completely IP based NG911 system in the nation

Revenue: Stabilize, Transform and Grow



by Strategic Category

1Q 2011⁽¹⁾



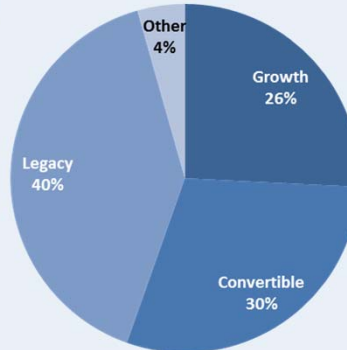
Historic Growth Rate

Growth = +18% CAGR

Convertible = -9% CAGR

Legacy = -6% CAGR

3Q 2014⁽²⁾



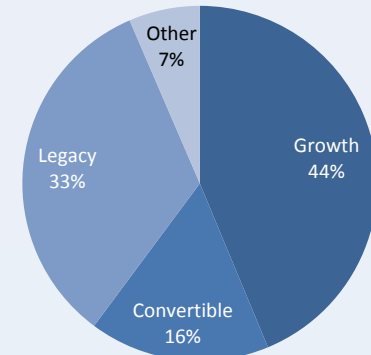
Projected Growth Rate

Growth = +13% to +17% CAGR

Convertible = -10% to -14% CAGR

Legacy = -2% to -6% CAGR

5-Year Outlook



- **Growth** revenues are comprised of products such as:
 - Retail and Wholesale Ethernet
 - Hosted Voice
 - Broadband and FTTH
- **Convertible** revenues are moving from older technologies like:
 - Centrex
 - ATM
 - Frame Relay
- **Legacy** revenues are in managed decline and comprised of:
 - Residential voice
 - Switched access

- Sales and marketing efforts focused on driving acceleration of **Growth** products including the evaluation of new products and services
- Proactive re-termining and up-selling designed to reduce revenue churn as **Convertible** customers switch from TDM to IP/Ethernet
- Retention efforts and rate increases structured to slow churn in **Legacy** category

Transforming Revenue while Mitigating Year-over-year Declines

(1) 1Q11 revenue of \$254.8 million

(2) 3Q14 revenue of \$228.1 million



**A CONNECTED
COMMUNITY**

IS A BETTER COMMUNITY

FairPoint
communications



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Financial Overview

Recent Financial Trends



Financial Highlights

<i>(\$ in M)</i>	3Q13	4Q13	1Q14	2Q14	3Q14	2013	2014 Guidance ⁽³⁾
Revenue	\$236.0	\$233.4	\$230.6	\$225.6	\$228.1	\$ 939.4	
Adjusted EBITDA ⁽¹⁾ <i>margin</i>	\$67.5 28.6%	\$67.2 28.8%	\$64.2 27.8%	\$64.2 28.5%	\$61.7 27.0%	\$ 265.0 28.2%	Approx. \$260
Capital expenditures <i>% of revenue</i>	\$33.8 14.3%	\$37.2 15.9%	\$28.1 12.2%	\$34.9 15.5%	\$28.8 12.6%	\$ 128.3 13.7%	Approx. \$120
Cash Pension & OPEB	\$9.3	\$8.9	\$8.0	\$8.0	\$8.4	\$23.4	Approx. \$35
Unlevered Free Cash Flow ⁽²⁾	\$24.4	\$21.1	\$28.1	\$21.4	\$24.5	\$ 113.3	\$100 - \$110
Cash on hand	\$24.7	\$42.7	\$31.7	\$31.9	\$25.2	\$ 42.7	
Debt, gross	\$936.8	\$935.2	\$933.6	\$932.0	\$930.4	\$ 935.2	

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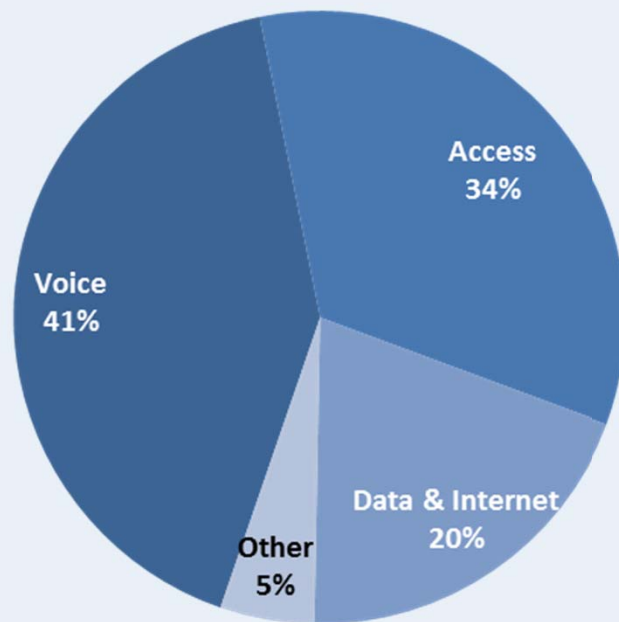
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(3) Guidance provided November 5, 2014

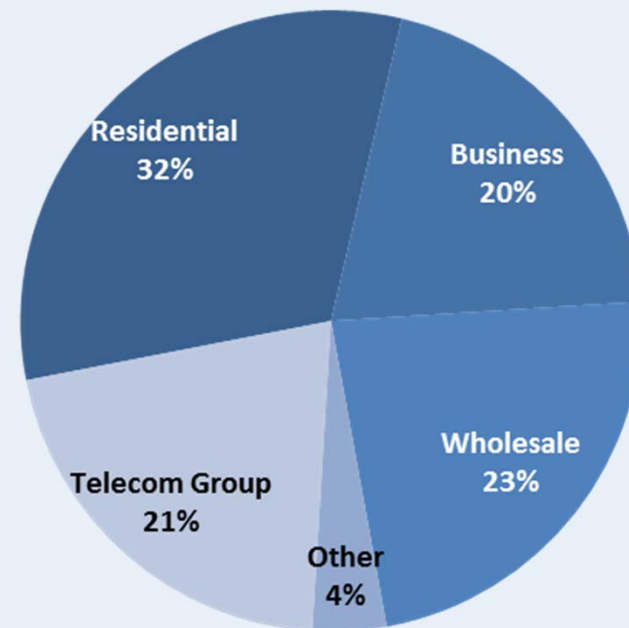
Revenue: Stabilize, Transform and Grow



by Product Type ⁽¹⁾₍₂₎



by Customer Segment ⁽¹⁾



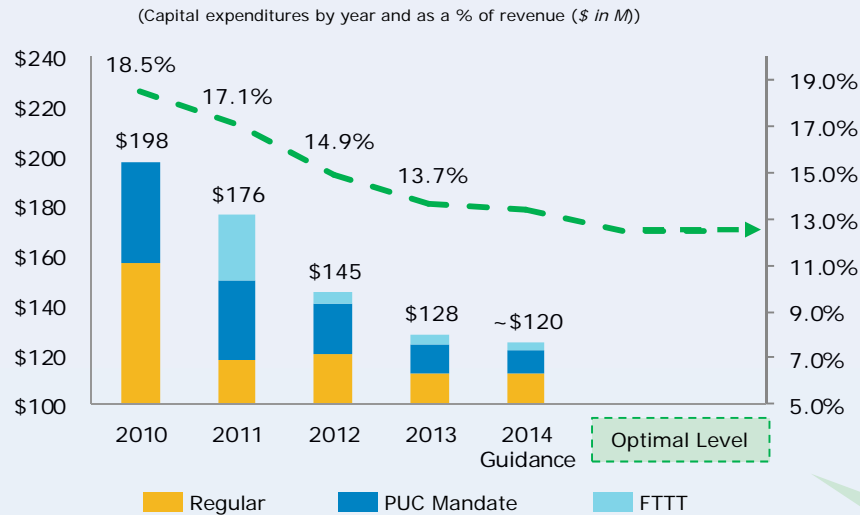
Maintaining revenue transformation momentum

(1) 3Q14 revenue of \$228.1 million

(2) Access includes switched access and special access, which includes wholesale Ethernet services like fiber-to-the-tower

Disciplined approach to Cap Ex

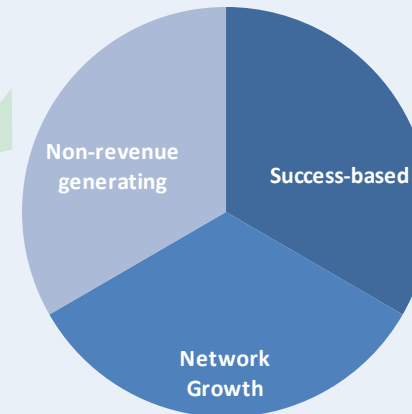
Cap Ex Trend and Allocation



Optimizing Cap Ex Levels

- Cap Ex managed through regular review of priorities and initiatives
- Cap Ex trending toward optimal level

- Success-based includes spending directly attributable to sales
- Network growth includes fiber expansion, broadband build-out and speed upgrades
- Non-revenue generating includes IT, plant maintenance and cost saving projects



Pension and OPEB Considerations

- Pension & OPEB liabilities arise primarily from Northern New England union contracts
 - GAAP liabilities represent status quo into perpetuity and reflect continuation of past practices
- 2014 Pension contribution of \$28 to \$30 million and OPEB payments of approximately \$6 million targeted
- Pension and OPEB liabilities are highly sensitive to changes in the discount rate and healthcare cost trend assumptions
- 23% reduction in headcount since 2011

Pension & OPEB GAAP Liability⁽¹⁾

Pension & OPEB GAAP Liability

(\$ in millions)	2012	2013	3Q14
Pension			
Plan assets	\$166.3	\$175.2	\$191.9
Projected benefit obligation	\$369.8	\$328.8	\$336.2
Key assumptions:			
Discount Rate ⁽³⁾	4.08%	4.92%	4.93%
OPEB			
Plan assets	\$0.0	\$0.0	\$0.0
Projected benefit obligation	\$621.4	\$590.4	\$628.1
Key assumptions:			
Discount Rate	4.20%	4.98%	4.98%
Healthcare cost trend (<65 years)	8.40%	8.10%	7.90%
Healthcare cost trend (>65 years)	8.40%	8.10%	7.90%

Pension & OPEB Sensitivity⁽²⁾

(\$ in millions)	Pension	OPEB
Impact on liability given 1% change in the discount rate assumption	~20%	~20%
Impact on liability given 1% increase in healthcare cost trend assumption	N/A	\$145.3
Impact on liability given 1% decrease in healthcare cost trend assumption	N/A	(\$111.2)

Pension and OPEB liabilities do not reflect the impact of the implemented proposals

(1) Pension and OPEB liabilities do not reflect the impact of the implemented proposals

(2) Based upon liability at September 30, 2014

(3) Discount rate used to value GAAP projected benefit obligation. Rate determined each year on December 31

Strengthening Financial Profile

Disciplined Investment for Growth

- Focused on revenue & product transformation
 - “Enterprise Class” network with 16K fiber route miles in 3 contiguous states
 - Continually developing network to meet growing and rapidly evolving needs of enterprise and wholesale customers
 - Enhanced sales organization with positive momentum
- Significant growth opportunities in NNE Business Market

Strengthen Balance Sheet

- Deleveraging
 - Reduced debt from \$1B to \$930.4M in 3 ½ years
 - Successful refinancing in 1Q13
 - Mandatory debt principal payments of \$6.4M per year
 - 50% excess cash flow sweep
 - Continued investment discipline
 - Sustainable, growing free cash flow
- Opportunity to monetize non-core assets at attractive valuations
 - Sale of Idaho operations for 6x EBITDA
- Focus on cost savings
- Manage pension liability through prudent cash contributions

Operating Footprint

