PROJECTED FINANCIAL INFORMATION
FAIRPOINT COMMUNICATIONS, INC.

This section provides summary information concerning projections for the calendar years 2010 through 2013 (the "Projections"). In connection with the planning and development of the Plan, the Projections were prepared by FairPoint to present the anticipated impact of the Plan. The Projections assume that the Plan will be implemented in accordance with its stated terms. FairPoint is unaware of any circumstances as of the date of the Disclosure Statement that would require the re-forecasting of the Projections due to a material change in FairPoint's prospects. Capitalized terms not otherwise defined herein have the meanings ascribed to such terms in either the Disclosure Statement or the Plan.

The Projections were not prepared with a view toward compliance with the guidelines established by the American Institute of Certified Public Accountants or the rules and regulations of the Securities and Exchange Commission. The Projections are based on a number of assumptions made by management with respect to the future performance of Reorganized FairPoint's operations. Although management has prepared the Projections in good faith and believes the assumptions to be reasonable, it is important to note that FairPoint can provide no assurance that such assumptions will be realized. As described in detail in the Disclosure Statement, a variety of risk factors could affect Reorganized FairPoint's future financial position and results of operations and must be considered.

The Projections should be read in conjunction with the assumptions, qualifications and explanations set forth in the Disclosure Statement and the Plan in their entirety, and the historical consolidated financial statements (including the notes thereto) and other financial information set forth in FairPoint Communications' Annual Report on Form 10-K for the fiscal year ended December 31, 2008, FairPoint Communications' Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 and any other recent FairPoint Communications report to the Securities and Exchange Commission. These filings are available by visiting the Securities and Exchange Commission's website at www.sec.gov or FairPoint's website at www.fairpoint.com.

Key Assumptions

A. General

1. *Methodology*: The Projections incorporate management's assumptions and initiatives, including the impact of new products and services, projected customer trends and cost savings initiatives.

2. *Plan Consummation*: The operating assumptions assume that the Plan will be confirmed and consummated on June 30, 2010. Although FairPoint would seek to cause the Effective Date to occur as soon as practicable, there can be no assurance as to when, or whether, the Effective Date will actually occur.

3. *General Market Conditions*: The Projections take into account the current market environment in which FairPoint operates and assume a general improvement in macroeconomic trends beginning in 2010.

4. *Presentation*: The Projections have been prepared by management and have not been reviewed or audited by an outside accounting firm. No assumption has been made with respect to fresh start accounting.

B. Projected Consolidated Statement Of Operations

1. *Total Revenue*: Projected revenues are the aggregation of revenues from FairPoint's primary lines of business—local and long distance voice, network access and data services. a. *Local and Long Distance Voice*: Local and long distance voice revenues are driven by residential retail, business retail and wholesale customers. Revenue projections are derived by multiplying forecasted voice subscribers by an average revenue per unit ("ARPU"). Consistent with industry trends, FairPoint assumes that it will continue to lose local and long distance voice customers to wireless substitution, wireline competition from competitive local exchange carriers and cable operators, and as dial-up customers replace their service with DSL technology which does not require a second line. FairPoint assumes that the trend for voice ARPUs will remain relatively flat or slightly decline throughout the projection period. b. *Network Access*: Network access revenues are comprised of interstate switched and special access, intrastate switched and special access and universal service fund receipts. Both interstate and intrastate switched access revenues are assumed to continue to decline, consistent with industry trends, as switched access minutes of use traveling across the network decline and rates per minute decrease. Special access revenues, comprised mostly of special circuits like DS3s and OCNs, are projected to increase substantially throughout the projection period. Following the acquisition and integration of the NNE Operations, FairPoint believes there is considerable opportunity for growth in special circuit revenues as the business market—the primary purchaser of special circuits—was largely underserved by Verizon. To capitalize on this opportunity, FairPoint is investing in a next generation network upon which FairPoint will offer a new suite of internet protocol services to the business market. Accordingly, FairPoint has added a substantial sales force in the three state territory to service this customer base, whereas Verizon maintained virtually no direct sales personnel in the region. Finally, universal service fund receipts have become a smaller portion of the overall revenue base following the acquisition from Verizon. Since Verizon is a regional bell operating company, the NNE Operations received relatively little USF funding, which did not change following their acquisition by FairPoint. c. *Data Services*: Broadband service is a key element of FairPoint's long-term growth strategy. FairPoint's pre-merger legacy operations boast one of the highest broadband availability and product penetration rates among independent local exchange carriers in the country. The NNE Operations were significantly underserved prior to their acquisition by FairPoint. As part of FairPoint's acquisition business plan, FairPoint planned to invest in a next generation data network to expand broadband availability throughout Maine, New Hampshire and Vermont. The core portion of this network is now complete and FairPoint is ramping up sales and marketing efforts to begin adding subscribers. The forecast assumes considerable growth in data

subscribers and flat ARPUs over the forecast period, with a general goal to reach current "legacy" FairPoint penetration levels by 2013.

2. *Total Expenses (excluding Depreciation and Amortization)*: Expenses include cost of goods sold and operating expenses.

   a. *Cost of Goods Sold ("<u>COGS</u>")*: FairPoint considers all wholly-variable, third-party costs to provide service across its product lines as COGS. COGS primarily includes access charges paid to other telcos and long distance carriers for voice traffic and third-party ISP service costs for data customers. Because the majority of FairPoint's revenues come through voice services and most calls travel on-network, the gross margin on revenues is relatively high. COGS are assumed to increase over the projection period, primarily as a result of the anticipated launch of new products that have lower gross margins.

   b. *Operating Expenses*: FairPoint considers all other costs to be operating expenses. Roughly one half of operating expenses are employee related. Other major operating expense categories include operating taxes, contracted services, network and IT operations, marketing expenses, bad debt expense, building related expense for leases and maintenance, motor vehicle expense, billing expense and other. The forecast assumes a considerable drop in operating expense from 2010 to 2011. All integration and Cutover related costs are expected to be eliminated by 2010. In addition, 2010 includes significant expenses related to FairPoint's restructuring activities. Finally, 2010 includes the initial benefit of certain cost savings initiatives expected to occur throughout 2010, with a full year's benefit being realized beginning in 2011. The Projections then assume flat to slightly increasing operating expenses for the remainder of the projection period consistent with modest inflation, offset by continued cost controls and expected productivity enhancements.

3. *Depreciation and Amortization*: Depreciation and amortization is comprised primarily of depreciation expense for property, plant and equipment and the amortization of certain intangible assets generated as a result of the acquisition of the NNE Operations from Verizon. Depreciation and amortization is forecast consistent with current accounting policies and expected useful lives.

4. *Interest Income*: Interest income reflects the interest earned on the projected cash balance throughout the projection period.

5. *Dividend Income*: FairPoint has investments, including those in which it is a minority owner, which pay dividends. Future dividends were forecast based upon recent historical trends.

6. *Other Non-operating Income/(Expense)*: Prior to the assumed Effective Date in 2010, other non-operating income/(expense) consists primarily of the

amortization of debt issuance discount associated with the current capital structure.

7. *Gain/(Loss) on Debt*: For 2010, the gain/(loss) on debt includes gains on current interest rate swap agreements, projected through the assumed Effective Date, and a preliminary estimate on the gain on extinguishment of debt due to the reorganization, which is subject to revision.

8. *Stock Based Compensation*: No assumption for stock based compensation has been made.

9. *Interest Expense*: Interest expense is based upon projected debt levels and applicable interest rates, as outlined in ***Section III ("Prepetition Obligations and Capital Structure")*** of the Disclosure Statement.

10. *Income Tax Expense/(Benefit)*: The Projections reflect the book income tax impact of the preliminary estimate for the gain on cancellation of debt due to the reorganization in 2010 and the expectation of minimal pre-tax book income in 2011 and beyond. Due to various temporary book-tax differences, and because FairPoint's net operating loss carry-forward asset is expected to decrease substantially due to the reorganization, cash taxes are expected to exceed book taxes beginning in 2011.

C. Projected Consolidated Balance Sheet

1. *Cash*: The cash balance projection is forecast using the cash flow statement.

2. *Accounts Receivable*: Accounts receivable is assumed to remain relatively flat over the forecast period. Collections are expected to improve from current levels, as 2009 activities have been impacted by the recent systems conversion following the acquisition of the NNE Operations from Verizon.

3. *Other Current Assets*: Other current assets include materials and supplies, the current portion of deferred income taxes and other current assets. In total, FairPoint does not expect significant fluctuations in these line items.

4. *Net Property, Plant and Equipment*: Net PP&E is forecast using capital expenditures and depreciation from the income statement and cash flow statement. Near-term depreciation is expected to exceed capital expenditures, as a large portion of the 2008 capital expenditures, which related to the development of new systems for the NNE Operations, is depreciated over a much shorter life than traditional telephone network assets.

5. *Intangible Assets and Other*: Intangible assets are primarily the result of goodwill and other intangible assets created as a result of the acquisition of the NNE Operations from Verizon. Goodwill is not amortized, while other intangibles are amortized based upon their expected useful lives. Other assets include prepaid pension assets, debt issuance costs associated with the current debt facility, which

is eliminated upon the assumed Effective Date in 2010, and other. The line item is forecast to decline as intangible assets are amortized, offset partially by increased pension asset balances.

6. *Accounts Payable and Accrued Liabilities*: Includes trade payables, payrolls and other accrued liabilities. Following the reorganization, management forecasts that accounts payable will return to more ordinary levels and remain relatively flat, consistent with the forecast for expenses in 2011 and beyond.

7. *Other Current Liabilities*: Accrued liabilities include the current portion of long-term debt, accrued interest, current interest rate swap agreements and other accrued liabilities. The current portion of long-term debt, interest rate swap agreements, accrued interest and a significant portion of other accrued liabilities are assumed to be reduced significantly or eliminated as a result of the reorganization. Following the reorganization, other current liabilities are expected to increase gradually as a larger portion of the New Term Loan and the New Revolver are classified as current over time.

8. *Post-Reorganization Debt*: Reflects post-reorganization debt based upon the proposed Plan.

9. *Other Long-Term Liabilities*: Includes accrued pension obligations, employee benefit obligations, deferred income taxes and other long-term liabilities. Management anticipates that accrued pension obligations and employee benefit obligations will continue to rise as the actuarially determined expense exceeds cash funding amounts. In addition, the reorganization is expected to generate considerable deferred tax liabilities that will decline over time as cash taxes exceed book taxes.

10. *Shareholders' Equity*: Shareholders' equity changes each year by the amount of net income. No dividends to common stockholders are projected in the plan.

D. Projected Consolidated Statement of Cash Flows

1. *Operating Cash Flow*: Operating cash flow is forecast starting with net income and adjusted for certain non-cash items included in income as well as for working capital changes. The most significant non-cash adjustment is related to the one-time gain resulting from the cancellation of debt related to the restructuring activities described above. Working capital changes are expected to be positive due to certain pension and post-employment benefit expenses which reduce income each period, but are non-cash and therefore create a positive working capital adjustment in the Cash Flow Statement. FairPoint has collective bargaining agreements which entitle union workers to receive post-employment (retiree) health benefits. Such expenses are recognized over the expected working life of the participant, while cash payments are not required until employees retire and begin to incur such costs.

2. *Investing Cash Flow*: Capital expenditures is the only meaningful item included in investing cash flows. Capital expenditures are comprised primarily of continued broadband spending, maintenance and improvements on the existing network infrastructure and information technology investments.

3. *Financing Cash Flow*: The New Term Loan and the New Revolver include certain excess cash flow sweep provisions. Repayments of long-term debt are forecast in accordance with the terms of the New Term Loan and the New Revolver and capital lease obligations are forecast based upon current lease agreements.

FairPoint Communications, Inc.

Projected Consolidated Statement of Operations (Unaudited)

($ in 000s)	2010E	2011E	2012E	2013E
Revenues	$1,161,722	$1,210,770	$1,234,961	$1,234,714
Total Expenses (excluding D&A)	(859,071)	(797,119)	(798,929)	(797,425)
EBITDA from operations	$302,651	$413,651	$436,032	$437,289
% margin	*26%*	*34%*	*35%*	*35%*
Depreciation & Amortization	(342,049)	(352,202)	(361,727)	(370,349)
EBIT	($39,399)	$61,449	$74,305	$66,941
Non-operating income / (expense)				
Interest Income	896	2,034	3,141	4,258
Dividend Income	800	800	800	800
Other Non-operating Inc/Exp	(3,960)	(163)	(163)	(163)
Gain(Loss) on debt (a)	671,305	-	-	-
Stock Based Compensation	-	-	-	-
Total non-operating income / (expense)	669,041	2,670	3,778	4,895
Interest expense	(104,515)	(65,296)	(67,262)	(61,979)
Pre-tax income/(loss)	**525,127**	**(1,177)**	**10,821**	**9,856**
Income tax expense/(benefit)	210,051	(471)	4,328	3,942
Net Income (loss)	**315,076**	**(706)**	**6,492**	**5,914**
Memo:				
EBITDAR (b)	346,128	413,651	436,032	437,289

Note: Projections do not include any fresh start accounting adjustments

(a) Represents the preliminary estimated gain on the extinguishment of debt due to the reorganization, subject to revision

(b) EBITDA from operations excluding all cutover related costs and also excludes restructuring fees, severance and other one-time adjustments