

FairPoint Communications

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Discussion Outline

- FairPoint Overview
- Maintaining and Investing in Service in Vermont
- Broadband Investments
- Community Broadband Initiative
- Consolidated Acquisition

Company Snapshot

Overview

Operates in 17 states

21,000+ fiber route mile network including over 17,000 fiber route miles in northern New England

Northern New England (NNE):

- Incumbent wireline provider with extensive “enterprise class” network and scale in three contiguous states of Maine, New Hampshire and Vermont
- Over 1,900 Fiber-to-the-tower (FTTT) Ethernet backhaul connections
- Direct fiber connections to nearly 3,000 buildings
- Relatively low market share of both residential and business customers
- ~90% broadband availability

350 Central Offices

Network

- 400G DWDM ROADM
- 10G/1G EPS aggregation rings to all 350 offices
- IP/MPLS core

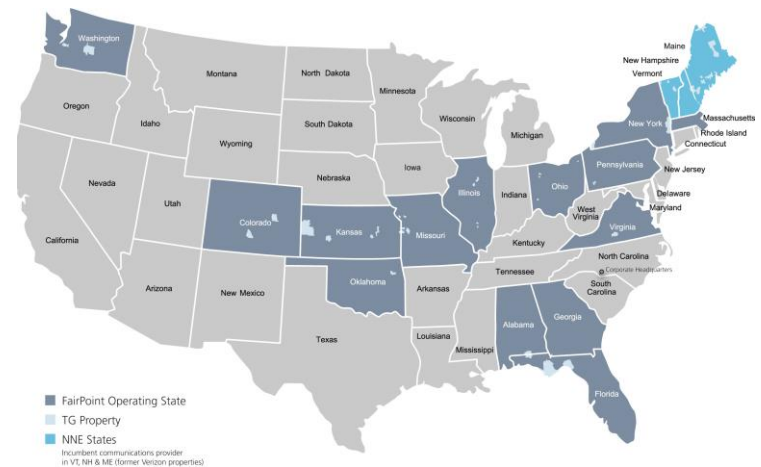
Network Operations Center

- 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 \$900 million invested in infrastructure and technology since 2008

Service Territory



(1) Unlevered Free Cash Flow (UFCF) means Adjusted EBITDA minus the sum of pension contributions, OPEB payments and capital expenditures. Unlevered Free Cash Flow is a non-GAAP financial measure. A reconciliation of Net Income (Loss) to Adjusted EBITDA and Unlevered Free Cash Flow can be found in the appendix of this presentation. In addition, to assist in the evaluation of the Company's operating performance without the impact of the work stoppage, we estimated the union employee and vehicle and other related expenses using historical data for the work stoppage period that we believe would have been incurred absent the work stoppage ("Estimated Avoided Costs"). Estimated Avoided Costs have been subtracted from our 2014 and 2015 UFCF results.

Recent Broadband Expansion – Vermont

- In 2016, FairPoint completed projects to upgrade or add 123 remote terminal locations increasing service speeds and service availability to 79 towns.
- FairPoint currently has 74 new and upgrade projects in the pipeline that will complete in 2017.
- In 2016, FairPoint launched Bonded DSL and has completed over 220 upgrades to central offices and remote terminals in Vermont enabling higher speeds up to 25 Mbps download. This Bonded DSL service utilizes 2 separate pairs of copper wires and electronics to bond two DSL signals into one higher speed service.
- These broadband expansion projects were funded by a combination of direct investment by FairPoint, Connect America Fund II (CAFII) and VT Connectivity Grants.
- FairPoint has increased communication related to the completion of broadband, sending out press releases and e-mail notifications on a County/Town and street level to State and Local officials and Community Broadband Committees.

Community Broadband Program

FairPoint has worked with many municipalities, community, county, and regional economic development groups

- Interests and outcomes vary, but the message is consistent: It is important to work in a collaborative manner
 - Clarifying the Objective
 - Knowing What Assets & Facilities Exist
 - Exploring Funding Sources
 - Exploring Partner Options
- Additional recommendations and tips
 - A comprehensive approach – addressing both residential and business
 - Finding the right solution
 - Goals vs. Needs
 - Not a “one size fits all” approach
 - Don’t duplicate existing facilities
 - Avoid becoming a service provider
 - Build a collaborative planning relationship



Many technology options depending on need, location & budget

- **DSL, ADSL2+ Bonded**, up to 25M
 - Asymmetrical
 - Second connection for only \$7.99*
 - Internet only
- **VDSL (Fiber to the Curb)**, up to 50M
 - Asymmetrical
 - Internet only
- **FAST (Fiber to the Home)**, up to 1G
 - Shared facilities - GPON
 - Symmetrical and Asymmetrical options
 - Internet only
- **Carrier Ethernet over Fiber**, up to 10G
 - Symmetrical
 - Dedicated
 - Private IP - Point to Point or Wide Area Network
 - Internet
 - SLAs

"With the continued evolution of technology, we can create customized plans to expand broadband access and bandwidth to towns by leveraging both new and existing assets and delivering high-speed services to the most households and businesses in each area."

New Federal Program – CAF II

- Connect America Fund Phase II (CAF II) requires companies accepting funding over six years to provide broadband to high-cost unserved & underserved locations within census blocks
- Replaces Federal High Cost Support for telephone
- CAF II requires:
 - Broadband internet with speeds of 10/1 Mbps
 - Specific latency, usage, and reporting requirements
 - Pricing that is reasonably comparable to pricing in urban areas
- FairPoint is designing, engineering and developing an implementation plan to connect approximately 105,000 locations in rural, high-cost areas across 14 states
- Bringing broadband to these high-cost locations is no small task

CAF II in Vermont

- Since 2008, increased broadband availability from 65% to 93%, but more service and speed needed
- FairPoint has agreed to utilize \$8.8 million of annual CAF II funding available to it in Vermont.
- CAF II requires FairPoint to complete build-out to 28,400 locations that must be within defined census blocks, over the six-year program.
- In Vermont, 49 Projects have been completed to date and another 59 projects are at some stage of planning or deployment
- FairPoint's first CAFII milestone is to provide service 40% of the CAFII locations by the end of 2017, which we have already completed.
- Additional projects will be developed iteratively over the course of the program