**FairPoint Cutover Monitoring
Status Report
The Liberty Consulting Group
March 7, 2008**

Overview of Monitoring Activities

During February, the Liberty Consulting Group ("Liberty") continued its normal monitoring activities as outlined in its previous monthly reports. In addition, Liberty representatives met in South Portland, ME on February 26 with the FairPoint team responsible for design and execution of employee training for cutover. Liberty representatives also attended the FairPoint Wholesale User Forum in South Portland on February 27. In mid-February, Capgemini shared with Liberty a draft of proposed end-to-end test cases, and, as noted below, Liberty provided extensive comments on these. Finally, February produced the last remaining regulatory approvals for the transaction between Verizon and FairPoint in Vermont and New Hampshire, which now allows for a fixed date of March 31 for the close of the transaction. Late in February, FairPoint also announced it has revised the target date for cutover to late September. As FairPoint has noted, it is not possible to provide a specific cutover date, because the precise date can only be known when FairPoint provides its notice of cutover readiness and Verizon responds with a proposed date for cutover.

Overview of Status

1. Systems Development and Testing.

    Close.
    With the final regulatory approval in place, March 31 is the expected date of close. The status of the systems necessary for close (the launch systems), which will support certain financial, human resource, and supply chain management functions, continues to look good. The basic testing of the launch systems is complete, and FairPoint is engaged in a series of dry runs of the system setups and data to be converted from Verizon's systems to FairPoint's systems at close to assure a successful transition. There are a few remaining open items, including two vendor contracts. However, Capgemini and FairPoint have plans in place to minimize the impact of any gaps. In addition, because of the nature of the systems to be implemented at close, any gaps should only affect FairPoint's internal operations and have no customer impact.

    Cutover.
    Capgemini has informed FairPoint that it successfully completed on February 29 most of the last major planned software construction in the two code releases, Build 4.1 and Build 4.2. A few significant items were not able to make the February 29 software releases, mostly for various reasons outside of Capgemini's control, such as completion of contract negotiations and some continuing negotiations with Verizon. Among the items that remain after February 29 are ones affecting such functions as transport and special services inventorying, DSL activation, network management,

wholesale ordering, maintenance of historical billing information, and E911 in Maine. Capgemini is not planning a new release for the remaining missing elements. Instead, it will add them to the software as they are developed through the same process used for correcting software defects uncovered through testing.

Testing of the completed software releases continues to be slow, largely because of identified software defects that remain to be corrected and the remaining gaps in the software noted above. However, with the completion of the main phases of software construction, Capgemini has indicated it plans to place its primary focus going forward on correcting software defects and testing. Capgemini completed initial development of systems (end-to-end) test scenarios and test cases on February 15, as planned, and provided a list of them to Liberty for review on February 18. Capgemini also provided a list of CLEC certification test cases for review on February 19, and Liberty provided comments on these before they were made public to the CLECs. See below in Section 4 for a summary of Liberty's analysis of these test cases.

2. Business Processes. As noted in Liberty's January 14, 2008 report, Liberty received from FairPoint a copy of its disaster response plan in December. At that time, Liberty noted several areas that were still under development and needed further detail. Since that time, FairPoint has been updating and filling the gaps in the plan. Liberty is receiving weekly updates on its status and believes that FairPoint is on trajectory for the plan to be essentially complete and operational by close.

   FairPoint continues to provide Liberty documentation of its business processes in different functional areas, and Liberty is reviewing these and preparing comments to FairPoint for review.

3. Personnel and Training. Liberty has reviewed the status at the end of February of the personnel projected to transfer from Verizon to FairPoint at close. There was an additional reduction in the workforce of approximately two percent, and the workforce size is now approximately five percent less than that in May 2007. However, purely based on numbers, there is no evidence that the staffing levels in critical positions has decreased significantly.

   Liberty reviewed with FairPoint the details of the plans for employee training on the new (independence) systems to be used at cutover. These plans appear to be well thought out and complete. Liberty also met with representatives of UIT, the vendor FairPoint will be using to conduct the training, and believes they have the necessary industry knowledge and teaching skills for this task.

   As the FairPoint training team discussed with Liberty, it is best for training to be delayed until it is clear that the systems are stable and business processes are well mapped in order to avoid the confusion, additional expense, and distraction associated with retraining. This means that training can only start late in the transition period between close and cutover. As Liberty noted in its last monthly report (February 11), a cutover date in late July would have made it extremely difficult to complete training

in time. Even the new late September date will be challenging for training to meet, and Liberty has informed FairPoint of the importance of including within the cutover readiness criteria evidence that the training is effective and proceeding well.

4. <u>Cutover Readiness Criteria</u>. As noted, Capgemini completed initial development of systems (end-to-end) test scenarios and test cases on February 15, as planned, and provided them to Liberty for review on February 18. Liberty reviewed these scenarios and test cases and provided some general comments and over 200 specific comments about them. Liberty expressed concerns about these test cases in the following general areas:

- The test cases are referred to as end-to-end, but they do not run through the complete set of systems from beginning to end of a transaction (e.g., from ordering to billing). They only exercise a few next-in-line systems used in the processing of a transaction.
- Several important test cases are missing.
- A number of the test cases need to be revised for various reasons, including missing or inconsistent information and the need to better reflect the valid business operations.

Capgemini has committed to provide Liberty with a revised set of end-to-end test cases by March 14 reflecting changes made based on Liberty's input.

Capgemini has also created a more limited set of "CLEC certification" test cases to be used for external CLEC testing. Liberty reviewed a list of these test cases and provided comments, and Capgemini made adjustments in response to Liberty's comments before they were released to the CLECs in late February. Given that the full set of wholesale capabilities should be exercised in the internal systems testing, Liberty believes that the revised set of CLEC certification test cases contain a reasonable range of scenarios to use for the narrower purpose of external CLEC user testing.

FairPoint is still in the process of revising the cutover acceptance criteria and has promised to provide for Liberty's review a revised set of criteria soon. Capgemini recently provided a copy of the data conversion test plan, and Liberty is in the process of reviewing it.

Evaluation of Status

FairPoint is now on track for close on March 31, and manageable workarounds that would have no customer impact appear to exist if the few remaining systems issues are not resolved before that date.

Given the large amount of work that needs to be completed before cutover, FairPoint's revised target of September for cutover is a helpful step forward. However, the number of identified defects and the testing backlog are substantial, and Capgemini has not yet successfully defined a complete and accurate set of end-to-end test cases to use. Liberty

hopes that the completion of the main software construction effort at the end of February and the consequent devotion of more Capgemini resources into defect fixing and software testing will help in this regard. Nevertheless, it is too soon to assess the likelihood that FairPoint will be able meet a September cutover date.

Liberty is still waiting for an update to the cutover acceptance criteria, and an updated and corrected set of systems test cases. Liberty also has not received a complete set of business process documents. These are all elements Liberty will need before it can complete its assessment of the cutover readiness and testing process.