

**MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding is dated as of October 13, 2007, and is by and between FairPoint Communications, Inc. (FairPoint) and New Hampshire Legal Assistance, acting for and on behalf of Irene Schmitt (NHLA).

WHEREAS, FairPoint has agreed to acquire the incumbent local exchange operations of Verizon Communications Inc. (individually or with its affiliates, Verizon) in the states of Maine, New Hampshire and Vermont (the “Acquired Properties”), which will be accomplished by Verizon’s transfer of such Acquired Properties to a subsidiary of Northern New England Spinco Inc. (Spinco), the spin-off of Spinco shares to Verizon’s shareholders and the merger of Spinco into FairPoint, with FairPoint being the surviving entity (the “Merger”);

WHEREAS, FairPoint and Verizon are seeking all necessary approvals of the Merger from the Federal Communications Commission, the Maine Public Utilities Commission, the Vermont Public Service Board, the New Hampshire Public Utilities Commission (the Commission) and any other regulatory authorities as required by law;

WHEREAS, FairPoint and NHLA have reached a settlement of terms and conditions under which NHLA can support the approval of the Merger by the Commission;

NOW, THEREFORE, in consideration of the foregoing, and the promises, representations and covenants set forth herein, the sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

**1. Lifeline and Link-up Support**

FairPoint and NHLA agree to work together in good faith to develop processes and procedures that will be intended to increase participation by eligible persons in the Lifeline and Link-up programs. Initially, for the first three years following the Merger closing, those steps will consist of the following:

- a. Not later than three months following the Merger closing, FairPoint will initiate contacts with New Hampshire’s Community Action Programs, the New Hampshire Department of Health and Human Services and the New Hampshire Municipal Association to discuss ways to coordinate the dissemination of information regarding the Lifeline and Link-up programs. Any dissemination efforts that require use of FairPoint operating systems will be implemented on a mutually agreed to schedule after the cutover from the Verizon operating systems to the new FairPoint systems (the “Cutover”).
- b. Based on these discussions, FairPoint will develop a Lifeline and Link-up outreach plan, including annual financial assistance to social service agencies in an aggregate amount to be negotiated not to exceed \$50,000. Any mutually

agreed outreach initiatives that require use of the FairPoint billing or other operations systems shall be implemented after the Cutover on a mutually agreed schedule.

c. Commencing three months after the Cutover, FairPoint will report Lifeline and Link-up participation levels monthly to the Commission Staff, the Office of Consumer Advocate (“OCA”) and NHLA. Such reports shall be provided not later than fifteen days following the close of the prior month and shall include (i) the total number of New Hampshire Lifeline customers, (ii) the net change in the number of Lifeline customers from the prior month and (iii) the percentage that Lifeline customers comprise of the total number of residential basic service customers.

d. FairPoint will meet with the Commission Staff, the OCA and NHLA every six months to discuss progress and results of the outreach efforts.

e. FairPoint will provide the Commission Staff, the OCA and NHLA the opportunity to review and comment on new Lifeline and Link-up outreach pamphlets and brochures and the disclosures regarding Lifeline and Link-up to be included in disconnect notices.

## **2. Soft Disconnects**

Commencing not later than nine months following the Cutover, FairPoint will institute a “soft disconnect” process whereby consumers disconnected for non-payment of telephone bills will continue to have access to dial tone for the limited purposes of calling 911 for emergencies and for calling the FairPoint business office for a period of at least ninety days. Soft disconnects (i) will only be available where facilities and telephone numbering resources are available, (ii) will be subject to technical, provisioning and activation considerations and (iii) will not be available to customers who port their telephone numbers to other wireline, wireless or broadband service or other provider.

## **3. Basic Service Offerings**

For a minimum of three years following the Merger closing, FairPoint will continue to offer a separate stand-alone basic telephone service offering including the functionalities set forth in Rule Puc 412.01(b).

## **4. Payphones**

FairPoint makes the following undertakings regarding payphones:

a. For a period of two years following the merger closing, FairPoint will maintain a process (except as may be otherwise required by an existing contract) by which it will provide not less than thirty (30) days advance notice in writing to the Commission Staff, the OCA and NHLA of its intent to remove any FairPoint

payphone that could be eligible for consideration as a public interest payphone based on the criteria set forth in Puc 406.04(b).

b. Within six months following the Cutover, FairPoint will install, fund and maintain in place for at least three years five public interest payphones at locations to be determined in consultation with Staff, the OCA and NHLA. If maintenance costs of any public interest payphone are unusual due to misuse or vandalism, the parties will negotiate the relocation of such payphone.

**5. Approval by the New Hampshire Public Utilities Commission**

NHLA and FairPoint agree that it is a condition of the effectiveness of this Memorandum of Understanding that it be approved in its entirety by the Commission as a condition of the Commission's approval of the Merger. Each of the Parties agrees to fully support, through its filings, testimony and other proceedings in Commission Docket No. DT 07-011, the approval of this Memorandum of Understanding by the Commission, as representing the good faith negotiated resolution of the issues and concerns raised by NHLA in said Docket and the intent of FairPoint to fully and adequately address those issues and concerns upon FairPoint's completion of the Merger. As a result, and subject to the terms hereof, NHLA hereby supports the Commission's approval of the Merger.


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Signature pages follow.]*

IN WITNESS WHEREOF the parties have executed this Memorandum of Understanding as of the day and year first above written.

FAIRPOINT COMMUNICATIONS, INC.

By Its Attorneys:

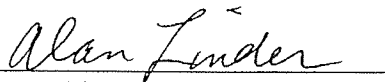
DEVINE, MILLIMET & BRANCH  
PROFESSIONAL ASSOCIATION

By:   
Frederick J. Coolbroth

IRENE SCHMITT

By Her Attorneys:

NEW HAMPSHIRE LEGAL  
ASSISTANCE

By:   
Alan N. Linder