FAIRPOINT STABILIZATION PLAN

March 31, 2009

The FairPoint Stabilization plan is designed to ensure FairPoint returns to Business As Usual (BAU) by the end of the second quarter 2009. It will also be utilized to identify customer affecting issues and identify and track plans that have been or can be immediately implemented to mitigate the impact as the final solution is put in place. Although the cutover impacted every system and process used by FairPoint, this plan will focus on the systems, training and processes that are used as we interface with our customers and will not address internal systems such as ERP, payroll etc. We will however review and report on our reporting metrics such as the monthly Performance Assurance Plan (PAP) and Service Quality Index (SQI) reports. Although reporting or our metrics does not directly impact the customer, this process needs attention and an improvement plan is required. We have also included status and plans for PUC appeals and escalations. This important area has fallen behind, and this plan will incorporate improved processes to correct this deficiency.

Background:

FairPoint initiated the cutover from Verizon's systems to its systems on January 31, 2009. During the first week of February, all the data extracts from the Verizon systems were loaded into the new FairPoint systems and we opened for business on Monday February 9, 2009, operating completely on our new systems as planned. As we started to utilize our new systems to run the business, we encountered some areas that did not work as well as anticipated. This was primarily in our billing processes, order flow and call center response for both our retail and wholesale business. Since that time, many improvements, system corrections and additional training have been put into place and some areas have shown marked improvement. The end result; however is we are not servicing our customers at an acceptable level, and we are not improving fast enough. The FairPoint Stabilization plan is being implemented to insure we address all the issues at hand, put the resources and attention to the most critical areas of improvement and accurately monitor and measure our results.

Plan:

The operations plan is focused on three primary areas that have many parts and subsets. The three primary areas that will be addressed are:

1. Call Centers
    a. Consumer
    b. Business
    c. Repair
    d. Service levels and responsiveness
    e. Order flow backlog and ongoing business

2. Order Flow
    a. POTS and ported orders
    b. DSL
    c. Complex orders and ASRs
    d. Other unique Wholesale issues (preorder and order rejects)

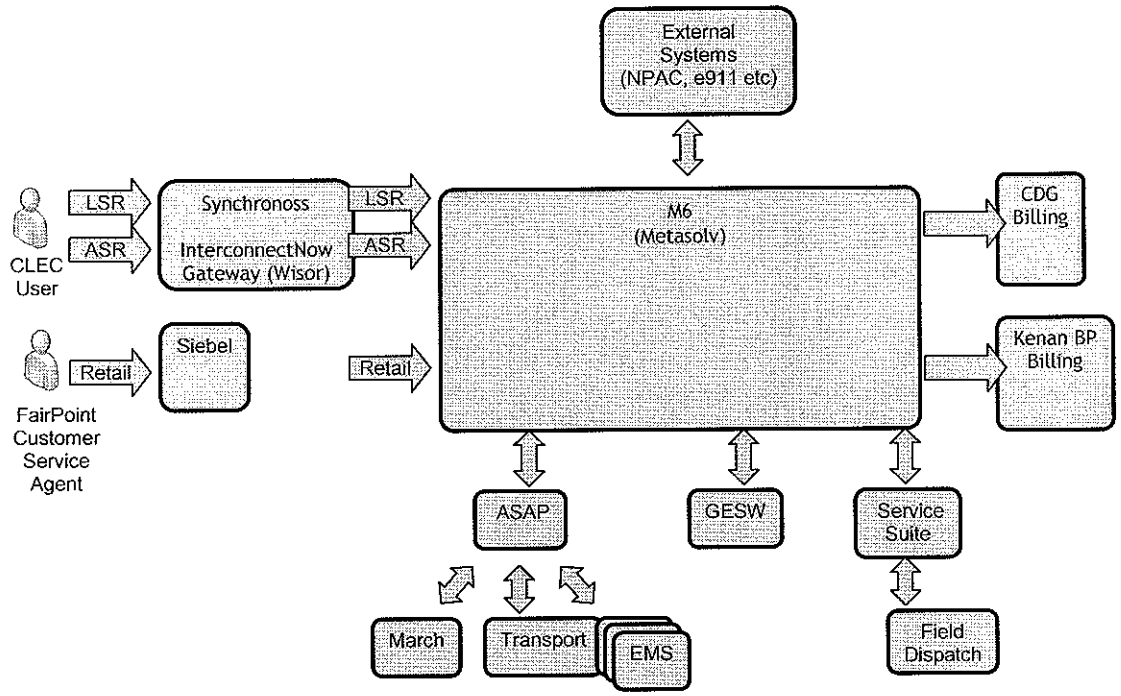
3. Billing
    a. Wholesale and Retail
    b. Billing schedule
    c. Quality and accuracy

Most of the items that are addressed will have an equal impact on our Wholesale and Retail customers (such as order flow); however there are some unique systems and processes that are used by each of these businesses. Both Wholesale and Retail will be addressed in the plan. The results will also be tracked in detail for both of these business areas.

As mentioned, we will also address our metric reporting area and our escalation process.

In all segments of our business, there are three items to address that ultimately determine our ability to perform. These are People, Process and Systems. The plan will look at each of these for improvements and ultimately success. The remediation when reviewing People could include increased training or a change in the organization. For Process, it might include organizational restructuring or a change in procedures. For Systems it would likely include changes in how our systems interact with the data, how our employees use the systems, system fixes and upgrades. Specific measurements will be incorporated and shared with our stakeholders on a regular basis to monitor our success. This will help ensure we meet the time frames committed to and will also be utilized to readjust resources as needed.

To understand the plan, a general view of which systems are being utilized and how they interact is critical. The following is a diagram that shows for both Wholesale and Retail, how an order enters our system, how it moves through the entire process and finally completes to billing. As you can see, the ordering and billing are the only areas that are different for our Retail and Wholesale customers.



Call Centers: There are many activities that occur in the call center with our Customer Service Reps (CSRs). Primarily they answer calls, answer customers' questions, and start the order flow with most orders, including new orders, change orders and disconnects. We will address the order processing as part of the Order Flow section, and focus on the call answering results in this section.

Consumer Call Center: The Consumer Call Center was performing at very high levels prior to cutover, and is currently performing below acceptable levels. The reasons for this negative reversal in performance are partially attributable to proficiency on the new systems but mostly due to large call volumes. The proficiency of the reps has improved significantly since cutover, as demonstrated in the 50% reduction in Average Handle Time (AHT) from the first week post-cutover to the third week. They now have had almost two months working with their new tools, and have had additional training sessions to improve their performance. The call volumes however have increased substantially causing the current problem. Call volumes for the last 6 months of 2008 (pre-cutover) averaged 151,145/month. During this time, service levels for the consumer centers were 83%. Call volumes for March are trending to come in with a total of 351,384 calls for the month. The service levels at this volume are running at [redacted]%. The results in the center are a symptom of what is driving the calls, and the solution is fixing

the root cause, thereby reducing calls to the center. There are three primary reasons customers are calling the centers in record numbers.

1. Billing questions: For the month of March, 55% of the calls coming into the call center were billing related calls. Due to the delayed billing of our first bill cycle runs, approximately 1 ½ months of bills were sent in a 3-week period. The high volume of bills sent out in a condensed timeframe would have, by itself caused an increase in call volumes above normal levels. Given that it was the first bill out of the new systems, there were increased errors that needed adjustment, a moderately different look and some small changes in how different fees and surcharges were calculated. Therefore the call volumes caused by billing are dramatic. Beginning in mid-March, the bill cycles have been brought back to their normal dates. This change and the increased accuracy of the bills should significantly mitigate the volume of calls generated for billing inquiries. It is critical however that the accuracy of the bills is improved to BAU levels for the volume of calls to the center to normalize. This process will be discussed in the billing section. This increase in billing related calls is typical of most billing conversions. We anticipate a reduction of calls to occur in our centers, and that steady consistent improvement will be realized.

2. Order Flow: The extended time it currently takes to complete several types of orders has caused a spike in the call volume. Customers call repeatedly to get their status or to inquire about a missed appointment. This is the 2nd largest reason customers call the center with 25% of the total calls and will not be eliminated until the order flow issues are resolved, although we have established mitigation plans to minimize this issue. These plans are outlined in the order flow section of the document.

3. Call Backs: Due to the extended wait times, many customers can't wait for a representative - They hang up and call back at a later time for service. Therefore many customers call the centers several times to get the assistance they require. The solution to this issue is obviously fixing items one and two above. As the volume drops, hold times will reduce, and we can handle customers quickly and efficiently.

To determine the reduction in call volume and AHT necessary to reach our desired service levels (measured in calls answered within 20 seconds), we used an industry standard tool for call centers called Erlang C. We currently have [redacted] reps in our centers with an average of approximately [redacted]% of the total reps available to take calls at any time (the rest are out of the office or on special assignment). We were achieving an AHT of 15 minutes before the call volume spike caused by billing. As evidenced by the following charts, the two major drivers to improve service levels are the average handle time and call volumes. These two areas are the primary focus of the call center leadership.

Number of Calls		Call handle time		Staffing			Serviced in
Day	Hour	Minutes	Seconds	0.8	0.7	0.5	Threshold
20000	2000	15	900	519	515	509	20
19000	1900	15	900	494	490	484	20
18000	1800	15	900	468	464	459	20
17000	1700	15	900	443	439	434	20
16000	1600	15	900	418	414	408	20
15000	1500	15	900	392	388	383	20
14000	1400	15	900	367	363	358	20
13000	1300	15	900	341	338	333	20
12000	1200	15	900	316	312	308	20
11000	1100	15	900	290	287	282	20
10000	1000	15	900	265	261	257	20
9000	900	15	900	239	236	232	20
8000	800	15	900	214	211	206	20
7000	700	15	900	188	185	181	20
6000	600	15	900	162	159	156	20

Number of Calls		Call handle time		Staffing			Serviced in
Day	Hour	Minutes	Seconds	0.8	0.7	0.5	Threshold
20000	2000	10	600	348	345	340	20
19000	1900	10	600	331	328	324	20
18000	1800	10	600	314	311	307	20
17000	1700	10	600	298	294	290	20
16000	1600	10	600	281	277	273	20
15000	1500	10	600	264	261	256	20
14000	1400	10	600	247	244	240	20
13000	1300	10	600	230	227	223	20
12000	1200	10	600	213	210	206	20
11000	1100	10	600	195	193	189	20
10000	1000	10	600	178	176	172	20
9000	900	10	600	161	159	155	20
8000	800	10	600	144	142	139	20
7000	700	10	600	127	125	122	20
6000	600	10	600	110	108	105	20

We are also implementing some short-term mitigation plans to improve the centers results as the volumes subside. These steps will not only lower the volume of calls to the center, but also provide improved customer communications. We have just implemented a plan to outbound call customers whose due date is in jeopardy. This saves the customer from calling us and helps set the proper expectation with the customer during the time we

have an order flow issue. We are also implementing the use of an auto dialer to call affected customers when a billing problem affecting many customers is identified. Again this provides our customers with better information and eliminates calls into the center.

Business Call Center: Much like the Consumer Call Center, the Business Call Center had very good results prior to cutover. In a typical month prior to cutover the center handled 878 calls per day with a 91% service level. Since cutover the volume of calls has increased for the same reasons experienced in the consumer center. Call volumes for March have averaged 1636 calls per day with a [redacted]% service level. Given that the root cause for the additional calls is the same as the Consumer Call Center, the remedies and measurements are also the same.

Repair Call Center: The repair call center provided excellent levels of services prior to the cutover, and although the results have not dropped as much as some of our other centers, there is clearly room for improvement to return to a business as usual level. The repair centers have primarily been impacted by the core problem of order flow more than billing issues. If an installation does not take place as scheduled, or a customer's new service isn't turned up as expected, they will typically call repair. This group has also been receiving spillover calls from the Consumer Call Center where customers experienced long wait times. The total calls requesting service order information has increased call volumes 37%, so as the volumes drop at the Consumer and Business Call Centers, the Repair Call Center will experience immediate improvement. Improving order flow will also have a significant impact on this center. When measuring the Repair Call Center, it is important to note this is a 7 day/week operation, and the results are different for weekdays vs. weekends. Prior to cutover, during a weekday, the center took an average of 1215 calls/day. They handled this with an average service level of 92%. During this same time period for weekends, the center took 475 calls per day and had a service level of 98%. For the month of March, the repair center is handling 2654 calls/day during the weekdays, and 653 calls per day on the weekends. The service levels are [redacted]% weekdays and 82% weekends.

We also noticed a big difference in service levels with a minimal difference in call volumes or calls/rep. For example during the month of March 2009, when call volumes exceeded 2300/day during a weekday, service levels averaged [redacted]%. When volumes during the week were less than 2300, service levels averaged [redacted]%. Consequently adding a few service reps to this center can have an immediate and significant impact on the results. We will implement the following short term mitigation plan to improve the results in this center until the call volumes return to normal. We will be adding 10 additional trained reps by April 10, 2009 and should see improvements in our daily measurements within the next two weeks.

The following shows the matrix we will utilize to measure our results on a daily basis.

Call Centers	Calls offered	Calls handled	Calls Answered <20 seconds	Calls Answered >20 seconds	Calls Abandoned	Percent Abandoned	Service Level	AHT (in minutes)	Average Wait Time
CSSC									
BSSC									
Repair – Weekday									
Repair – Weekend									

For repair we will also report on Mean Time To Repair (MTTR) and the number of trouble reports. This will be reported on daily.

Mean Time to Repair and Trouble Report Rate	Total trouble reports	Mean time to repair	Trouble report rate (total trouble reports/total lines in-service)
Retail POTS			
Retail Xdsl			
Retail all other services			
Resale POTS			
Resale all other services			
Wholesale Advantage POTS			
Wholesale Advantage all other services			
UNE- L < DS1			
UNE- L > or equal to DS1			
Special Access < DS1			
Special Access > or equal to DS1			
Switched Access trunks			

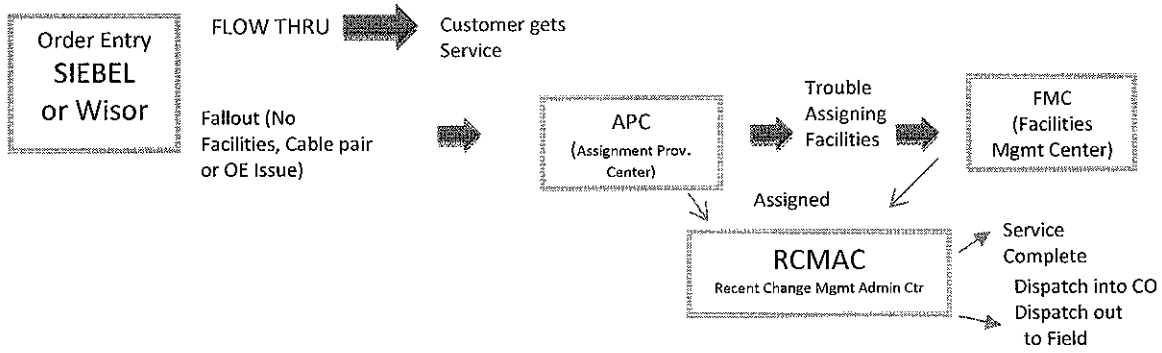
Order Flow: For the purposes of this plan we will look at order flow from the preorder status through to provisioning of the service. We will explain both the Wholesale and Retail business environments and look at all order types for status, remediation plans and for tracking results.

Retail Orders: The front end of the retail order process has the CSR entering orders into the Siebel system. Many of these orders flow through to completion, but some do not. An initial problem area that has experienced significant improvement is in the area of "unsubmitted orders". An unsubmitted order is one that enters the system but does not move forward to completion. At the front end of the order process flow this is the most significant measurement. On March 2, 2009 there were 7906 orders in the unsubmitted

bucket. The majority of these orders would not move to completion without additional work. The current number as of March 31, 2009 is [redacted], which is close to being back to a business as usual state. This was accomplished through a combination of system fixes, a change in the process to handle the orders, substantial training and a focused team effort. These are characteristics of the other mitigations plans we have adapted that are detailed in the plan. It is important to view the different type of unsubmitted orders as well as the total to understand where we are. Of the [redacted] unsubmitted orders, [redacted] of these orders are in a green status. These are in the normal process of moving through the system and do not require action. Some [redacted] of the orders need a system fix to complete the order and are being handled by Capgemini on a daily basis. The remaining [redacted] are being worked by dedicated offline FairPoint CSRs daily. Of the [redacted] in this status, we believe the number of these orders in a business as usual environment to be approximately [redacted] orders. We will track this number daily for each of the three buckets, with an objective of reaching a maximum of [redacted] total unsubmitted orders (current total [redacted]) that need attention by June 30, 2009.

Once an order is started in the system, it moves through several stages on its way to completion. This flow is different for POTS/DSL orders and Complex orders. Each of these order types will be assessed and measurements of success attached to ensure all orders reach completion.

POTS/DSL



DSL can also fallout to:

IOF Design – For Static IP Addressing
BSSG – Broadband Support Service Group
for "other provisioning issues"

In the Wholesale environment, there is an additional preorder process. To date, this has been a challenge, and the CLECs have been unable to consistently obtain customer service information through the current preorder transaction in the Wisor system. There have been several steps taken to first mitigate and then eliminate this problem. To

mitigate the problem a manual loop qualification and CSR process were established to be utilized by the CLECs when they were unable to get sufficient pre-order information returned through the Wisor gateway. At the same time a permanent IT solution was being developed. The definition of the fix has been validated by three CLECs to help insure the enhancement deliver the required results. The system improvements have now been put into place, and the testing with the CLECs to validate defect resolution has begun. It is anticipated defined functionality of preorder CSR's will be available to all the CLECs on April 3, 2009. We will measure this with milestones targeting a reduction in the number of manual CSR's required by the CLECs. Our CLEC customers are also receiving a large number of order rejects in the ordering stage. We are reviewing the root cause of this to determine if there any systems issues, or if additional training is necessary. In the interim the CLECs need a better way to identify the reason for the reject so they can take appropriate steps to make corrections. Although an error code is returned with a reject, it is not clear what the error code refers to. As a short term mitigation plan, we will provide each of the CLECs with an error code guide so they can more easily identify the reason for a reject. We have also recently set up a joint session with three CLECs to work together with our systems experts from Capgemini to rectify any ordering problems.

Manual CSR-CSI Projection			
Date	Per Day	Backlog	Total Volume
3/15	40	105	298
4/01	5	22	52
4/15	5	5	30
5/01	4	0	20
5/15	4	0	20
6/01	4	0	20
6/15	4	0	20
6/30	4	0	20

If a POTS, DSL or AB/EB type of LSR do not flow through the system, they are handled by the groups identified in the previous chart. This is an area that is currently challenged and needs significant improvements. The solution is two fold: First is to improve the flow through percentage for these types of orders and second, when an order does fall out, we need to improve the performance of the groups that handle that order.

The Assignment Provisioning Center and Facilities Management Center (APC/FMC), are our centers that assign facilities to primarily POTS and DSL orders that do not flow through our assignment system. These centers have been a bottleneck in the overall order fulfillment process. New orders each day have been exceeding the number of orders completed, so consequently the number of orders in these queues continues to grow. The reason for this issue is a combination of systems, people (primarily training) and resource, and all need to be addressed. The current combined queue is [redacted] orders, with many of these orders exceeding the due date. Our objective for BAU is to reduce each of these two queues down to <200 orders. To get to this state, several initiatives have been started. Many system improvements have already been identified and implemented, and

we are continuing to work to identify other potential improvements. On the system side, a list of data fixes and application improvements has been prioritized, and sent to IT for implementation. The majority of these relate to how the systems interface with the data.

We have identified several instances where the physical inventory of network elements shown in our systems is not consistent with the actual inventory in place in the field. An internal audit has commenced to rectify this discrepancy. Aligning this will both increase flow through and speed the ability of the FMC to assign facilities when an order falls out. Consequently, this activity should have a very positive impact on service delivery intervals. This process needs to be carefully monitored ensuring any changes happen quickly and accurately. Additionally, there is significant retraining underway to improve the proficiency of the entire work group. Extensive training has been scheduled in each work location from March 23 – April 10, 2009 with planned WebEx sessions to follow. From a resource perspective, additional personnel are being added to these groups (four additional engineers are being added to help the FMC supervisors), overtime is being maximized, additional field resources are being considered to be "loaned" to this group, the staffing group is attempting to add staff with experience on the Metasolv and GESW systems and specific systems engineers are being sought from our vendors. As part of the mitigation plan, Capgemini has also assembled a team to work with our teams to accelerate improvement in this center. These actions are beginning to show improved results. Overall, the numbers of orders completed by these joint teams has increased from about 40 per week in February to 470 completed last week. We will track our progress in this area with the forecasted milestones to clear the backlog and return to BAU.

A number of other organizations may get involved if an order does not flow through. These include Recent Change Management Administration Center (RCMAC) and the Broadband Support Service Group (BSSG) as noted on the chart. The RCMAC is an organization that did not have any impact from absorbing the Transition Services Agreement (TSA) functions, and has largely been keeping up with its work on a day-to-day basis. The center had periodic backlog problems early on when port-out orders were set to automatically fall-out to make sure that we were minimizing any customers getting disconnected in error. We have gained confidence in the accuracy of this system/process and have recently again set these orders to flow through without manual intervention.

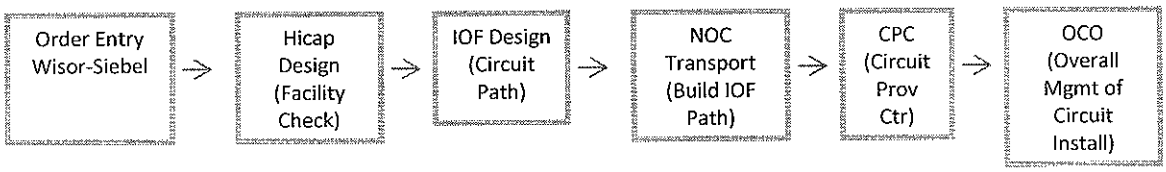
The (BSSG) is another new center that has absorbed significant functions previously provided by Verizon as a TSA service. It has [redacted] orders in its work queues, and is completing fewer orders than it is receiving. The desired result is to move this queue to <200 past due and complete orders that come into the center within 24 hours. The mitigation plans for this center are very similar to the plans discussed for the FMC and APC. As a component of the overall provisioning plan for POTS/DSL orders, we will be forecasting improvements in this area with milestones.

In some isolated cases, we have experienced "false positive" installations. These were instances where the order is completed in the system, but one final step is needed to really complete the installation. In early March, there were some system fixes put into

production that took care of many of these issues, but there are still isolated cases that require addition system adjustments. We believe these fixes to systems and processes have been identified and are being implemented, but as a safeguard we have added the following steps as part of our mitigation plan. We will have representatives in our outbound call center in Maine phone retail customers as their orders are completed to verify their service is in place as expected. For our wholesale customers we will have the Single Point of Contact (SPOC) that is assigned to each wholesale customer and confirm with the CLEC that an order is complete.

Complex orders are, by their nature, more manual and require more handoffs. This is true for both retail orders and wholesale ASRs. The following chart depicts the complex order flow.

COMPLEX ORDER FLOW – MANUAL DESIGN



-Depending on Service Request – other groups are involved
Examples include:
PRI – VNCP (Voice Network Creation & Prov)
Centrex – RCMAC
PRI/Switched Access Svcs – NOC Switch
Data Services – BSSG & IT Groups

Both our Retail and Wholesale customers have experienced substantial delays in this area. The problems have been primarily in the Network Operations Center (NOC) transport and Overall Control Office (OCO). The OCO work group provides the overall management of the circuit installation (DS0 and above). There are a number of tasks that tie the design, wiring, testing and turn up pieces of a circuit together. The OCO is responsible for these activities and acts as an advocate for the Customer. All aspects of the circuit must be aligned and correct to ensure that service is up and running.

The backlog of orders in the OCO is a priority. The backlog will be worked along with due dated orders with extreme focus and daily accountability. Technicians in the OCO are being held accountable for a specific number of task completions every day. These

tasks and ultimately orders will be reviewed twice daily via a reporting process that will be visual in the OCO center. Additional supervisors with OCO knowledge are being brought in from field functions to facilitate the daily accountability that is required to rid the OCO of backlog. All of these managers will be in place by April 6, 2009.

The NOC transport group interfaces with the OCO on every order to provide the cross connection with the network elements. Additional field Central Office Technician (COT) resources are being added to the NOC transport group along with experienced managers that will enable the OCO to move forward with the backlogged work. All of these resources will be in place by April 6, 2009.

Similar issues had existed in the Hicap, IOF design and CPC groups; but due to system and process improvements, these groups are back to a business as usual status. There are several initiatives underway to rectify the problem in the two remaining groups. These include the introduction and deployment of SWAT teams to reduce retail complex order and ASR backlog, a priority list of both Wholesale (by CLEC) and Retail customers, and the coordination of different team activities to push orders through. A daily prioritization of system improvements is provided to IT, the training organization has a comprehensive plan for this group, and additional provisioners are being added.

The following matrix will be utilized to measure and track our progress for order flow.

Order type	Total Orders (current day)	Percent Flow through (current day)	Total order (rolling 4 weeks)	Percent Flow Through (rolling 4 weeks)
Retail POTS				
Retail Xdsl				
Retail all other product types				
Wholesale LSRs				
Wholesale ASRs				

Retail POTS (Orders requiring a dispatch)	Total Orders	Valid rejects	Service Complete	Unsubmitted	Service Pending		
					Total	Not Late	Late
Add							
Delete							
Move and Migrate							
Record							
Resume and Suspend							
Update							

Retail POTS (Orders not requiring a dispatch)	Total Orders	Valid rejects	Service Complete	Unsubmitted	Service Pending		
					Total	Not Late	Late
Add							
Delete							
Move and Migrate							
Record							
Resume and Suspend							
Update							

Retail xDSL (Orders requiring a dispatch)	Total Orders	Valid rejects	Service Complete	Unsubmitted	Service Pending		
					Total	Not Late	Late
Add							
Delete							
Move and Migrate							
Record							
Resume and Suspend							
Update							

Retail xDSL (Orders not requiring a dispatch)	Total Orders	Valid rejects	Service Complete	Unsubmitted	Service Pending		
					Total	Not Late	Late
Add							
Delete							
Move and Migrate							
Record							
Resume and Suspend							
Update							

All other product types (Orders requiring a dispatch)	Total Orders	Valid rejects	Service Complete	Unsubmitted	Service Pending		
					Total	Not Late	Late
Add							
Delete							
Move and Migrate							
Record							
Resume and Suspend							
Update							

All other product types (Orders not requiring a dispatch)	Total Orders	Valid rejects	Service Complete	Unsubmitted	Service Pending		
					Total	Not Late	Late
Add							
Delete							
Move and Migrate							
Record							
Resume and Suspend							
Update							

Wholesale	Total Orders	Valid rejects	Service Complete	Unsubmitted	Service Pending		
					Total	Not Late	Late
LSR Dispatch Total							
AB - Loop							
BB - Loop with Number Portability							
CB - Number Portability							
DB – Ret/Bnld Loop & Port w/o Cage Platfm							
EB - Resale							
FB - Unbundled Loc Switching (Port)							
JB - Standalone DL only VZ Added							
KB - Resale Private Line							
MB – Loop & Unbnld Loc Switch Port w/Cage							
NB - DID/DOD/PBX							
PB - CENTREX Resale							
QB - Isdn Bri/Pri Service							
SB - LIDB Verizon Added							

Wholesale LSRs not requiring a dispatch	Total Orders	Valid rejects	Service Complete	Unsubmitted	Service Pending		
					Total	Not Late	Late
LSR Dispatch Total							
AB - Loop							
BB - Loop with Number Portability							
CB - Number Portability							
DB – Ret/Bnld Loop & Port w/o Cage Platfm							
EB - Resale							
FB - Unbundled Loc Switching (Port)							
JB - Standalone DL only VZ Added							
KB - Resale Private Line							
MB - Loop&UnbnldLocSwitchPortw/Cage							
NB - DID/DOD/PBX							
PB - CENTREX Resale							
QB - Isdn Bri/Pri Service							
SB - LIDB Verizon Added							

Wholesale ASRs (Orders requiring a dispatch)	Total Orders	Valid rejects	Service Complete	Unsubmitted	Service Pending		
					Total	Not Late	Late
EA – End User Special Access Manual/Mechanized Service Request							
ED – End User Special Access Manual/Mechanized Firm Order							
LD – CCS Link Manual/Mechanized Firm Order							
MA – Trunking Manual/Mechanized Service Request							
MD – Trunking Manual/Mechanized Firm Order							
SA – Special Access Manual/Mechanized Service Request							
SC - Not Defined							
SD – Special Access Manual/ Mechanized Firm Order							
SG – Special Access - Access Service Request							
VD – Broadband Services Manual/ Mechanized Firm Order							
XD – Broadband End User Services Manual/Mechanized Firm Order							
Other							

Wholesale ASRs (Orders not requiring a dispatch)	Total Orders	Valid rejects	Service Complete	Unsubmitted	Service Pending		
					Total	Not Late	Late
EA – End User Special Access Manual/Mechanized Service Request							
ED – End User Special Access Manual/Mechanized Firm Order							
LD – CCS Link Manual/Mechanized Firm Order							
MA – Trunking Manual/Mechanized Service Request							
MD – Trunking Manual/Mechanized Firm Order							
SA – Special Access Manual/Mechanized Service Request							
SC - Not Defined							
SD – Special Access Manual/ Mechanized Firm Order							
SG – Special Access - Access Service Request							
VD – Broadband Services Manual/ Mechanized Firm Order							
XD – Broadband End User Services Manual/Mechanized Firm Order							
Other							

In addition to the daily order measurement outlined above we will manage our critical queues. The focus on the queues for all the different operational groups will greatly assist us to improve the overall results of order throughput. The following shows our historical results in the different queues and will also be tracked daily.

[Chart Redacted]

Billing: Measuring the success of our billing conversion falls primarily into two categories. One is the timeliness of getting the bills out to both our Retail and Wholesale customers. The other is the quality or accuracy of the bills. Initially, the bill cycles fell behind anticipated delivery dates. This has been brought current for both the Retail and Wholesale bills, and bill cycles are being calculated and mailed per our normal billing cycle dates. There are approximately [redacted] accounts that are not current which [redacted] have received their first bill from FairPoint systems. These accounts are actively being worked to correct the billing delay. This number includes new orders that have not yet reached their first billing cycle so as such, this is a variable number in every bill cycle and is not unusual. We have an action plan to minimize any bill defects. Prior to sending a bill cycle, each cycle is proactively reviewed at least four days prior to the cycle dates to examine all products by state to validate:

- Pricing of Monthly Recurring Charges (MRC) and Non-Recurring Charges (NRC)
- Usage rates by calling plan
- Taxes/surcharges
- Invoice presentation
- Transactions and payments
- General customer information

Defects are identified and fixed prior to the bill cycle or invoices are held until the defect is fixed. We currently have [redacted] invoice defects, including [redacted] invoice hold defects that are being worked. These defects are typically cleared and implemented within [redacted] days of being identified.

Despite these precautions, we have had some billing errors. Once identified, the defect is fixed for future invoices, and the appropriate credit or charge is applied to the impacted group of customers. Currently, wholesale bills rendered from the CDG billing system has no know errors. The major focus of the billing team at this point is to identify these defects and put a fix in place before sending the invoice for payment. The number of defects and impacted customers is being tracked to return to BAU.

Billing	Percent of bills known to be in error (excluding format errors)	Daily $ amount of billing adjustments	Number of active defects being addressed
Retail			
Wholesale (Resale)			
Wholesale (all other)			
Access bills			

We will also use these same measurements to forecast and track our progress. These will be targeted, measured and reported on twice monthly as noted.

Current Results **Billing**	Percent of bills known to be in error (excluding format errors)	Daily $ amount of billing adjustments	Number of active defects being addressed
Retail	2%	$71,000	43
Wholesale (Resale)	<1%	$470	1
Wholesale (all other)	0%	$0	0
Access bills	0%	$0	0

April 15, 2009 **Billing**	Percent of bills known to be in error (excluding format errors)	Daily $ amount of billing adjustments	Number of active defects being addressed
Retail	2%	$70,000	<40
Wholesale (Resale)	<1%	$400	<1
Wholesale (all other)	<1%	$0	<1%
Access bills	<1%	$0	<1%

May 1, 2009 **Billing**	Percent of bills known to be in error (excluding format errors)	Daily $ amount of billing adjustments	Number of active defects being addressed
Retail	<2%	$60,000	<35
Wholesale (Resale)	<1%	$400	<1
Wholesale (all other)	<1%	$0	<1%
Access bills	<1%	$0	<1%

May 15, 2009 **Billing**	Percent of bills known to be in error (excluding format errors)	Daily $ amount of billing adjustments	Number of active defects being addressed
Retail	<2%	$50,000	<20
Wholesale (Resale)	<1%	$350	<1
Wholesale (all other)	<1%	$0	<1%
Access bills	<1%	$0	<1%

June 1, 2009 Billing	Percent of bills known to be in error (excluding format errors)	Daily $ amount of billing adjustments	Number of active defects being addressed
Retail	<1%	$40,000	<20
Wholesale (Resale)	<0.5%	$300	<1
Wholesale (all other)	<1%	$0	<1%
Access bills	<1%	$0	<1%

June 15, 2009 Billing	Percent of bills known to be in error (excluding format errors)	Daily $ amount of billing adjustments	Number of active defects being addressed
Retail	<1%	$35,000	<15
Wholesale (Resale)	<0.5%	$300	<1
Wholesale (all other)	<1%	$0	<1%
Access bills	<1%	$0	<1%

June 30, 2009 Billing	Percent of bills known to be in error (excluding format errors)	Daily $ amount of billing adjustments	Number of active defects being addressed
Retail	<0.5%	$30,000	<10 Severity 1 or 2
Wholesale (Resale)	<0.5%	$250	<1 Severity 1 or 2
Wholesale (all other)	<1%	$0	<1%
Access bills	<1%	$0	<1%

Metric Reporting: In addition to providing our internal non-financial reporting, our metrics team produces many of the reports that are filed with the state commissions. Our first month of reporting was challenging based on several issues. Some of the issues involved the data itself. Although the data was correct and reported accurately, the results were very poor or incomplete based on the order flow issues that have been discussed. This issue has already improved with more orders completing in March vs. February.

The other issue is the correctness in the methodology of selecting and reporting data elements. With all of the systems being new, February was the first month that we had access to data that was the result of real time operations by the users as well as the systems operating in a production environment. Some data measurements that were designed while operating in our test environments proved to be erroneous or incomplete and new methodologies of identifying statistics for the metrics had to be reengineered. This will be an ongoing experience as more data is captured in the systems and we continue to evaluate whether we have met the definition of each of the required measurements.

In addition to the metrics that we attain from the systems in a mechanized manner, we supplement that information with manual metrics. These metrics were also impacted by issues with the operation of the source systems and implementation of new processes.

Our ability to deliver reports that accurately and completely monitor and measure our performance is dependent upon the stabilization of the organization's business environment. As the operations and its processes continue to become more stable, so too will the reporting on the service quality and performance indices of the company.

Escalation and Appeals Process: We currently escalate orders for many reasons. This includes escalation that come in directly from our Retail and Wholesale customers to meet a specific business need, executive escalation where a customer was not able to gain satisfaction through normal channels, and appeals that come from an official government channel such as the PUC. All of these escalations are prioritized with medical emergencies and public safety getting the highest priority, then official appeals, executive escalations and customer requests in that order. All escalations are then centralized to be worked, tracked and reported. With the high number of escalations we have received, this department was not able to meet the standards times set up to contact the customer, resolve the issue and report back the results. We have made several recent changes to this group to rectify this problem. We have added staff of both FairPoint employees and Capgemini employees to both contact the impacted customers and work outstanding issues. We are also in the process of bringing in a project management team that will allow the existing employees to contact customers and work the issues vs. managing the process. We have an accelerated program to bring this back to normal standard very quickly, especially as it relates to public safety, medical emergencies and official appeals.

As such, we will be measuring our progress on a weekly vs. biweekly basis with an expectation of returning to BAU very quickly.

	Customer Contacted			Open Escalation		
Escalation Type	<1 Day	1-2 Days	3+ Days	<1 Day	1-2 Days	3+ Days
Medical Emergency						
Public Safety						
Official Appeal						
Executive Escalation						
Other						