

FairPoint Communications, Inc.
State of New Hampshire
Docket No. DT 07-011

Respondent: Walter E. Leach, Jr.
Title: Executive Vice President,
Corporate Development

REQUEST: NHPUC Staff
Group I, Set 1

DATED: April 6, 2007

ITEM: Staff 1-7 Please provide all reports of advisors to FairPoint or internal estimates addressing potential merger cost savings or synergies, including but not limited to the followings types:

- a) Labor savings (force reductions)
- b) Association dues
- c) Benefits
- d) Credit facilities
- e) Director's fees
- f) Facilities integration
- g) Insurance efficiencies
- h) Professional services efficiencies
- i) Shareholder services
- j) Supply chain – contract services
- k) Supply chain – materials and supplies

REPLY: **OBJECTION:** FairPoint objects to Data Request 1-7 to the extent it seeks information protected from production by the attorney-client privilege and/or attorney work product doctrine. Subject to and without waiving the foregoing, FairPoint will produce non-privileged responsive information in its custody, possession or control. [Objection served April 13, 2007.]

FairPoint does not anticipate any efficiencies for the direct costs of the business. As explained in the response to Staff 1-136, savings will result from the difference between FairPoint's incremental direct cost

to run the business and Verizon's cost allocations from other work centers throughout the country. To be clear, we do not anticipate any savings from force reductions or changes in benefits. In fact, our projections assume the opposite. For further detail related to synergies, please see the Financial Information produced under seal and pursuant to RSA 378:43 and the Protective Agreement in this Docket as CFPNH0018 – CFPNH0019.

FairPoint Communications, Inc.
State of New Hampshire
Docket No. DT 07-011

Respondent: Peter G. Nixon
Title: Chief Operating Officer

REQUEST: NHPUC Staff
Group I, Set 1

DATED: April 6, 2007

ITEM: Staff 1-21 Because the acquired Spinco operations (regulated and non-regulated) will operate as separate entities from FairPoint's existing operations, how is FairPoint addressing the issue of compliance with the affiliate rules and regulations?

REPLY: FairPoint will adopt Verizon's CAM at the time of closing, and will in all other ways comply with FCC Part 32 and 64.

FairPoint Communications, Inc.
State of New Hampshire
Docket No. DT 07-011

Respondent: Walter E. Leach, Jr.
Title: Executive Vice President,
Corporate Development

REQUEST: NHPUC Staff
Group I, Set 1

DATED: April 6, 2007

ITEM: Staff 1-97 Walter Leach's testimony (p. 43, lines 1-2) recognizes that "increasing scale and scope is important to continuing to provide efficient services..." and is part of what drives FairPoint's acquisition strategy. In light of this, please explain how the contemplated merger, which appears to be one of decreasing scale and scope for the Verizon businesses subject to the transaction, should result in operating efficiencies and benefits to customers

REPLY: Mr. Leach's comment referred to the increase in scale and scope of FairPoint pre-versus post-merger.

FairPoint Communications, Inc.
State of New Hampshire
Docket No. DT 07-011

Respondent: Walter E. Leach, Jr.
Title: Executive Vice President,
Corporate Development

REQUEST: NHPUC Staff
Group I, Set 1

DATED: April 6, 2007

ITEM: Staff 1-124 Please provide the projected impact (using the Walter Leach forecast) of the merger savings and costs on the rate base, depreciation and operating expenses of the Verizon properties on a going-forward basis.

REPLY: **OBJECTION:** FairPoint objects to Data Request 1-124 on the grounds that it is vague, overbroad and confusing. [Objection served April 13, 2007.]

With respect to Data Responses 1-72, 1-73, 1-95, 1-99, 1-100, 1-118, 1-119, 1-120, 1-121, 1-122, 1-123, 1-124 and 1-125, subject to and without waiving its objections, upon discussions with Staff during the week of April 18, 2007, FairPoint has agreed to provide the following information:

- a. outputs, supporting schedules, assumptions and work papers for the base case for FairPoint's management's recommendations to FairPoint' Board of Directors on January 14, 2007;
- b. any sensitivity analyses with supporting schedules, assumptions and work papers prepared in conjunction with (a) above;
- c. the financial forecast used by FairPoint management and Board of Directors to establish a value for the Spinco assets;
- d. FairPoint will prepare the sensitivity analyses requested in Staff 1-120 and 1-121; and
- e. FairPoint will provide any responsive materials in its

possession, custody and control responsive to Staff 1-124.

Please see attached produced under seal and pursuant to RSA
378:43 and the Protective Agreement in this Docket as
CFPNH0001 – CFPNH0019.

FairPoint Communications, Inc.
State of New Hampshire
Docket No. DT 07-011

Respondent: Walter E. Leach, Jr.
Title: Executive Vice President,
Corporate Development

REQUEST: NHPUC Staff
Group I, Set 1

DATED: April 6, 2007

ITEM: Staff 1-126 Refer to the testimony of Walter Leach, page 37, lines 16-23, and page 38, lines 1-4. Please provide a detailed break-out of the expected operating expense efficiencies \$60 - \$75 million due to reductions in allocated expenses. Include the categories of expenses reduced, the division or function affected, pre- and post-savings cost levels, and the timing for savings realization.

REPLY: In 2005, Verizon allocated approximately \$241 million in costs, excluding depreciation, to the Northern New England LEC properties. In 2006, this figure increased to \$262 million, and FairPoint forecasts the allocation amount to be approximately \$222 million in 2007. These allocations will cease upon closing of the transaction and will be replaced in part by the incremental direct costs that FairPoint expects to incur to run the properties. Synergies are essentially the difference between the allocated costs that go away upon close and the incremental direct cost that FairPoint must incur post-close. Using 2007 as the comparison, we anticipate eliminating approximately \$100 million of the \$222 million in allocated costs in areas such as Software Depreciation, Programming and Rents that are purely allocations to these properties from centralized workgroups and corporate facilities outside of the Verizon Northern New England footprint. Partially offsetting these savings are increased costs in areas such as Engineering & Operations and Finance & Accounting where we anticipate, among other things, additional personnel needs to replace the centralized functions that will no longer continue. These cost increases are expected to total approximately \$45 million. The net of the eliminated allocations and increased direct costs is expected to be approximately \$60 to \$75 million on a run-rate basis following the successful integration. For further detail related to expected synergies, please see the Financial Information produced under seal and pursuant

to RSA 378:43 and the Protective Agreement in this Docket as
CFPNH0001 – CFPNH0019.

FairPoint Communications, Inc.
State of New Hampshire
Docket No. DT 07-011

Respondent: Walter E. Leach, Jr.
Title: Executive Vice President,
Corporate Development

REQUEST: Public Utilities Commission Staff
Group V

DATED: May 4, 2007

ITEM: Staff 5-6 Please provide FairPoint's current by-laws, committee charters, and other established guidelines addressing corporate governance.

REPLY: For FairPoint's corporate governance guidelines, please refer to FPNH 0864 - FPNH 0874. For FairPoint's current by-laws, please refer to FPNH 0875 - FPNH 0901. For the committee charters, please refer to FPNH 0902 - FPNH 0914.

FairPoint Communications, Inc.
State of New Hampshire
Docket No. DT 07-011

Respondent: Peter G. Nixon
Title: Chief Operating Officer

REQUEST: Public Utilities Commission Staff
Group V

DATED: May 4, 2007

ITEM: Staff 5-10 Please identify, provide resumes for, and describe the New Hampshire duties of all FairPoint's officers and persons holding the first level below officer who are expected to have responsibility for New Hampshire operations and who will report directly or through intermediate levels to the COO.

- REPLY:**
- Steve Rush - Vice President, Customer Sales and Service – Mass Market: responsible for inbound, outbound, retail, operator services, directory assistance, collections and other channels to support the consumer and small business market segments;
 - Brian Lippold - Vice President, Business Services/Wholesale Services: responsible for the inbound, outbound, direct sales, indirect sales channels to support the medium and large business market segments; responsible for the carrier and CLEC market segments;
 - Gracie Coleman - Vice President, Human Resources: responsible for the recruiting, hiring, reviews, compensation and benefit plans to support the employees;
 - Ralph Wasner - Vice President, Information Technology: responsible for the selection, design, operations and development on the systems to support the company and the services it provides;
 - Position Open - Vice President, Operations and Engineering: responsible for the design, planning, installation and maintenance of the network infrastructure;
 - Position Open - Director of IT Operations: responsible for the system operations in the data center;
 - Position Open - Director of IT Development: responsible for the software development on the systems that support the

company;

- John Smee - Director of Operations: responsible for the field operations in the three states, including installation and repair technicians, central office technicians, construction and field engineering;
- Position Open - Director of Business Services – Direct Sales: responsible for the direct sales force for medium and large business accounts;
- Gil Lamarre - NOC Manager: responsible for the Tier II and Tier III network support technicians, network monitoring and service provisioning;
- Donald Romano - Network Provisioning Manager: responsible for circuit provisioning;
- Position Open - Facilities Manager responsible for the upkeep and maintenance of the facilities and space planning for new and existing work groups and employees.

Please refer to FPNH 0915 - FPNH 0935 for the resumes of the above referenced individuals.

FairPoint Communications, Inc.
State of New Hampshire
Docket No. DT 07-011

Respondent: Peter G. Nixon
Title: Chief Operating Officer

REQUEST: Public Utilities Commission Staff
Group V

DATED: May 4, 2007

ITEM: Staff 5-12 Peter Nixon's testimony beginning at page 11, line 12, addresses FairPoint's commitment to charitable organizations and community building; please define specifically what FairPoint considers to be the important characteristics and dimensions of each of those two commitments, and indicate what specific commitments FairPoint intends to make with respect to each of them.

REPLY: FairPoint is in the process of developing specific economic development plans. As a general matter, FairPoint intends to work collaboratively with the communities in which it serves to assist in their economic development initiatives. To that end, FairPoint intends to invest a significant amount of money in infrastructure to serve economic development. FairPoint also intends to have a significant number of personnel who will live in many of the communities FairPoint will serve. To the extent possible, FairPoint will attempt to ensure continuity of charitable relationships with those established by Verizon.

FairPoint Communications, Inc.
State of New Hampshire
Docket No. DT 07-011

Respondent: Walter E. Leach, Jr.
Title: Executive Vice President,
Corporate Development

REQUEST: Public Utilities Commission Staff
Group V

DATED: May 4, 2007

ITEM: Staff 5-25 Please provide all changes within the past three years to the methods, formulas, or other policies and practices affecting the assignment and allocation of costs for organizations or groups that provide any services in common on a company-wide basis to FairPoint operating business units.

REPLY: **OBJECTION:** FairPoint objects to Data Request 5-25 on the grounds that it is overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving these objections, FairPoint will provide information responsive to Data Request 5-25. [Objection served May 11, 2007.]

FairPoint complies with all applicable FCC and state commission rules regarding affiliate transactions and the allocation of costs. To the extent these rules have changed, FairPoint's procedures would have changed accordingly.

FairPoint Communications, Inc.
State of New Hampshire
Docket No. DT 07-011

Respondent: Walter E. Leach, Jr.
Title: Executive Vice-President,
Corporate Development

REQUEST: Public Utilities Commission Staff
Topic Group V

DATED: June 11, 2007

ITEM: Staff FDR V-4 Referring to the response to Staff 5-1, please explain when Verizon will identify its directors (the date that will occur), and when FairPoint will then identify its directors (the date that will occur). Please also supplement the response to this request as soon as each set of directors is named.

REPLY: Verizon will identify up to six director designees immediately prior to the effectiveness of the merger if it has not already done so; provided, however, that Verizon will designate only up to five directors if David L. Hauser is elected at the FairPoint annual meeting this summer and continues to serve as a director of FairPoint as of the effective date of the merger. Further, if FairPoint's shareholders vote in favor of the merger proposal at the annual meeting, following the annual meeting, FairPoint's Board of Directors will appoint Jane E. Newman, who has been designated by Verizon, to fill a vacancy that currently exists on the FairPoint Board of Directors. In addition, immediately prior to the effective time of the merger, certain members of FairPoint's then existing Board of Directors selected by FairPoint (other than Eugene B. Johnson, the current Chairman of the Board of Directors, assuming he is designated by FairPoint; David L. Hauser, assuming he is elected at the annual meeting and continues to serve as a director at the effective time of the merger; and Jane E. Newman, assuming the merger is approved, in which case she will be appointed to the Board of Directors following the annual meeting, and assuming she continues to serve as a director at the effective time of the merger) will resign and Verizon will designate up to four additional nominees for election to the Board of Directors so that FairPoint's Board of Directors at the effective time of the merger will consist of up to five directors initially designated by Verizon and the remainder initially designated by FairPoint. The nine directors will be distributed evenly among the three classes of directors. FairPoint expects that it will designate

Eugene B. Johnson, its current Chairman of the Board of Directors and Chief Executive Officer, as one of its designees to the Board of Directors of the combined company and that he will continue to serve as the Chairman of the combined company. FairPoint's remaining two director designees will be named within ten days after Verizon's director designations, expected to occur on or prior to November 1, 2007.

Biographical information on Ms. Newman is as follows:

Jane E. Newman. Ms. Newman, age 61, currently serves as the Interim President of the University of New Hampshire in Durham, New Hampshire. Prior to assuming this role in 2006, Ms. Newman served as the Executive Dean of the John F. Kennedy School of Government at Harvard University beginning in 2000. Ms. Newman was also previously employed in various capacities by Exeter Trust Company and Coastal Broadcasting Corporation. From 1991 to 1998, Ms. Newman served as a Senior Aide to the President of the United States. Ms. Newman is a director of the Citizen Advisors, the United States Naval Academy, the Lumina Foundation, the New Hampshire Charitable Foundation and the LPGA Commissioner's Advisory Council. She also serves on the Compensation Committee of Citizens Advisors and the compensation and program policy committees of the Lumina Foundation.

FairPoint Communications, Inc.
State of New Hampshire
Docket No. DT 07-011

SUPPLEMENTAL RESPONSE

Respondent: Peter G. Nixon
Title: President

REQUEST: NH Public Utilities Commission Staff
Group II

DATED: April 13, 2007

ITEM: Staff 2-61 Please describe FairPoint's plans for the management of the network operations staff that will be responsible for maintaining the New Hampshire network. Specifically, please provide the staffing plans, by level, of the management staff, the experience of the management personnel and the locations where the management team will work.

**SECOND
SUPPLEMENTAL
REPLY:** Please refer to CFPNH 2073 - CFPNH 2083, previously produced under seal and pursuant to RSA 378:43 and the Protective Agreement in this Docket.

This Organization Chart has now been updated and is current as of July 23, 2007. The updated Organization Chart is now being produced as FPNH 1097 - FPNH 1113.

FairPoint Communications, Inc.
State of New Hampshire
Docket No. DT 07-011

Respondent: Peter G. Nixon
Title: Chief Operating Officer

REQUEST: Public Utilities Commission Staff
Group V

DATED: May 4, 2007

ITEM: Staff 5-22 Please describe all benchmarks, metrics, or other measures expected to be used to measure the quality and economy of the expected corporate and administrative services provided specifically to support the New Hampshire operations after the merger.

REPLY: **OBJECTION:** FairPoint objects to Data Request 5-22 on the grounds that it is vague. Subject to and without waiving this objection, FairPoint will provide information responsive to Data Request 5-22. [Objection served May 11, 2007.]

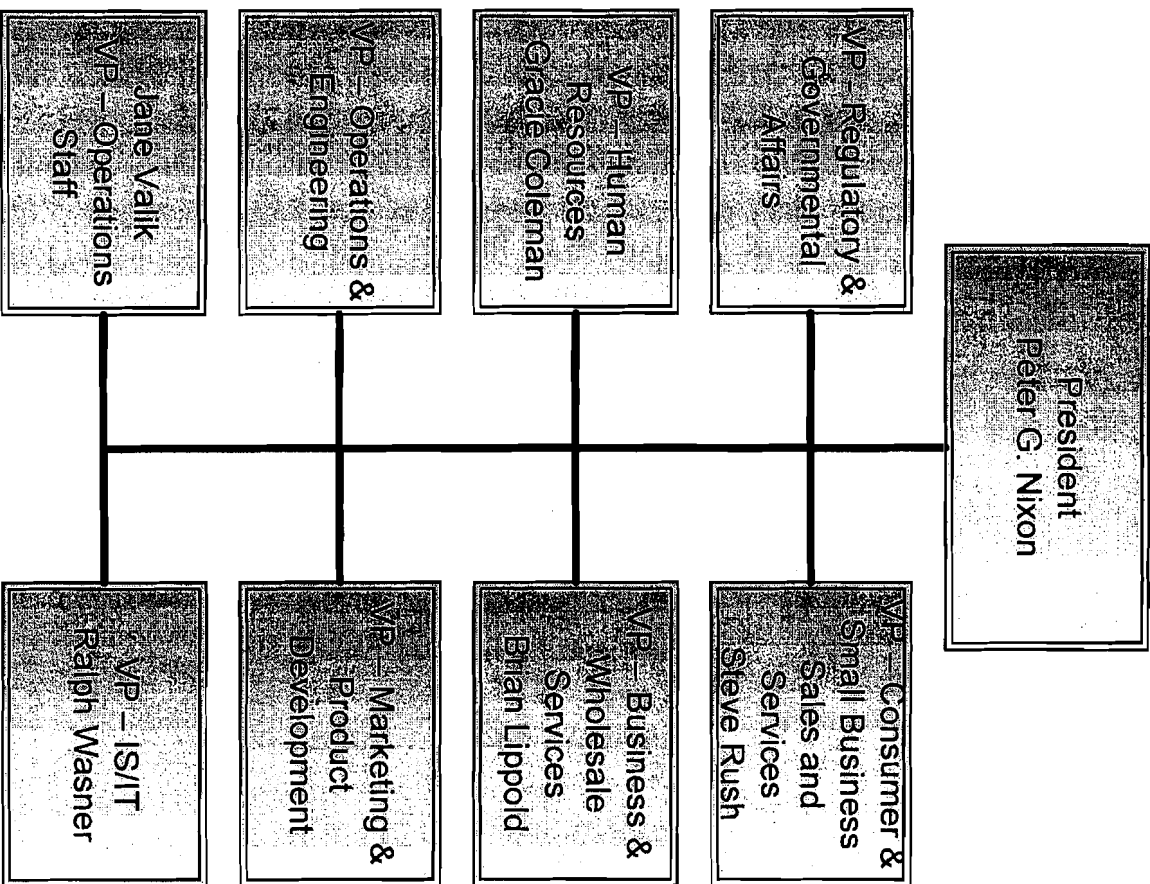
FairPoint will use a combination of service level objectives required by customer contracts and, as may be applicable, by regulatory agencies, along with key performance indicators and customer surveys now being developed to measure customer satisfaction.

FairPoint Leadership Team

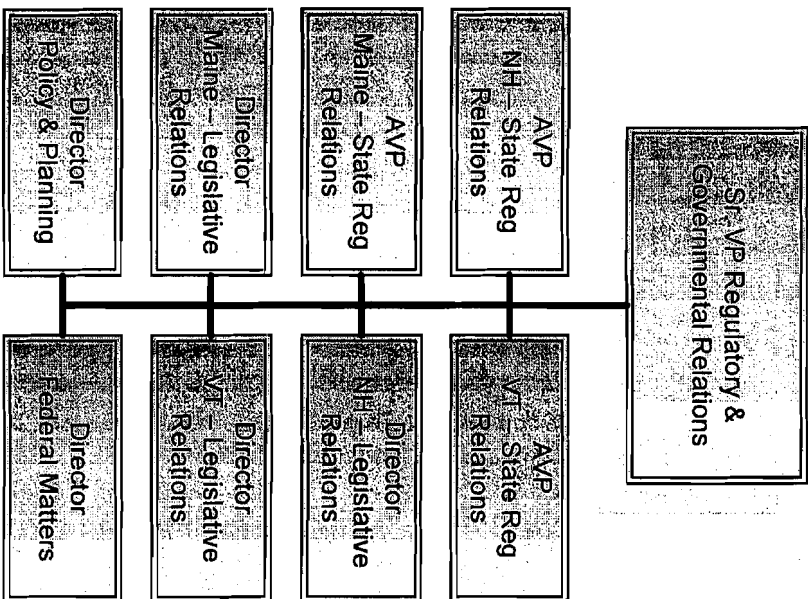
As of July 23, 2007

FPNH 1097

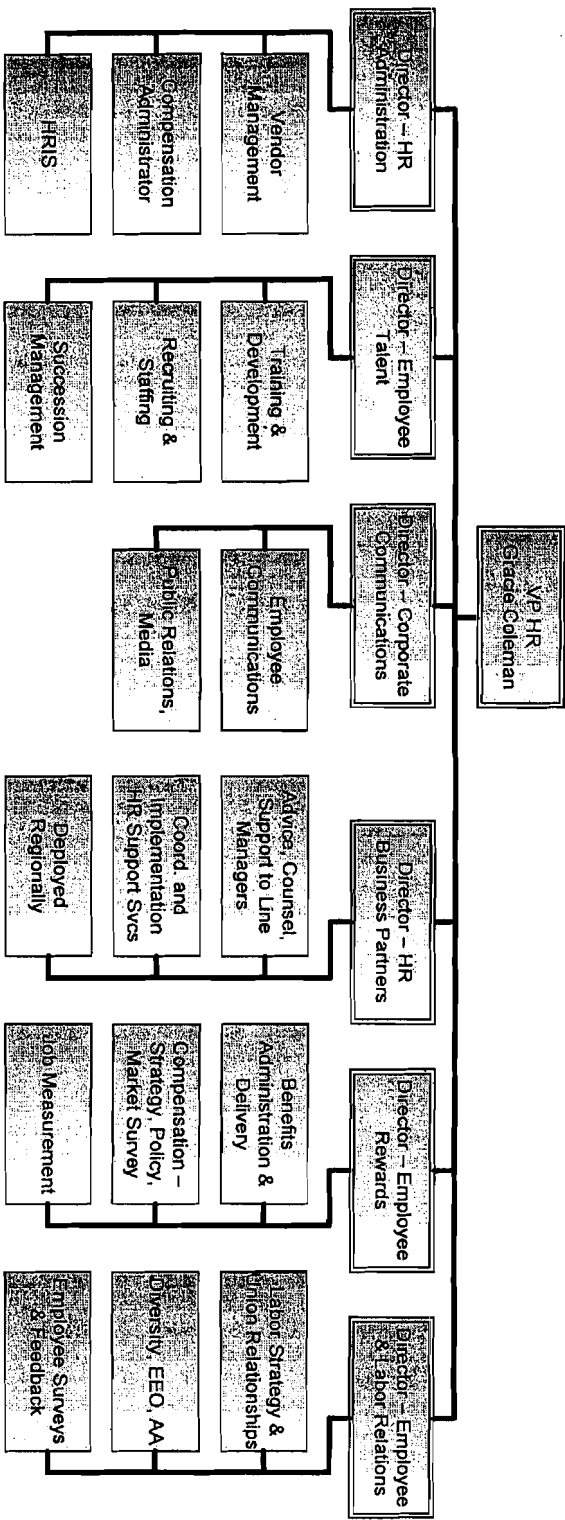
President



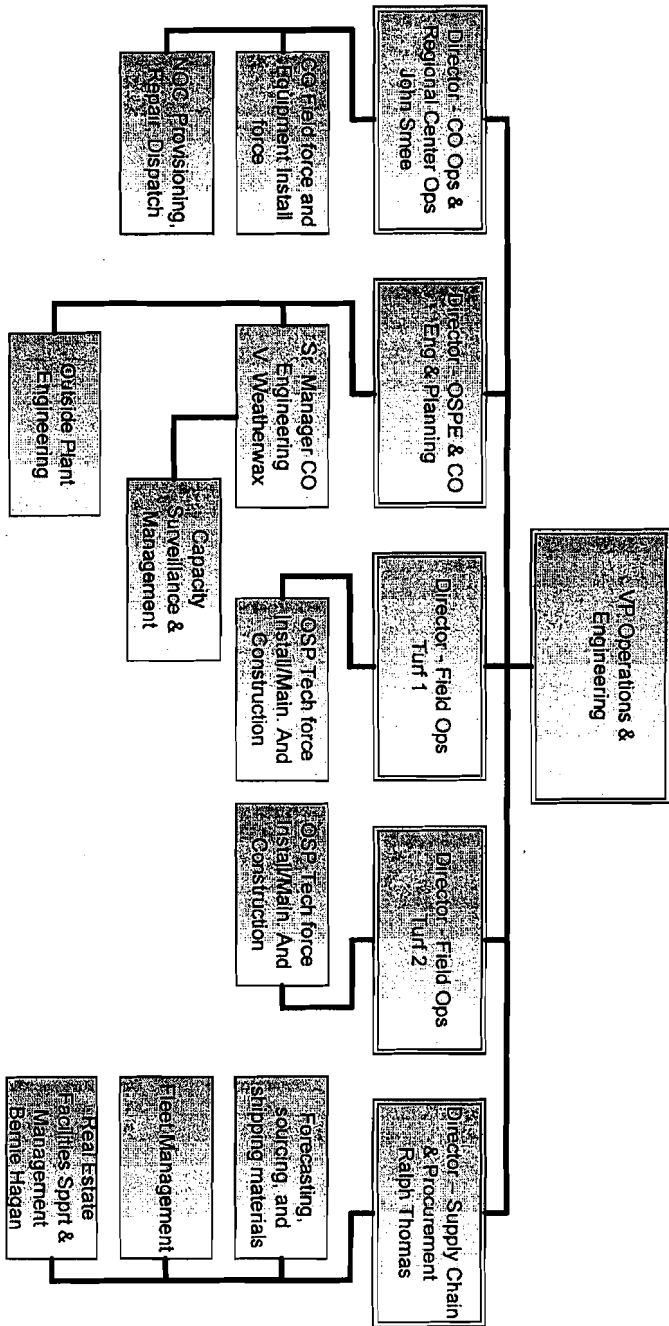
Regulatory & Governmental Affairs



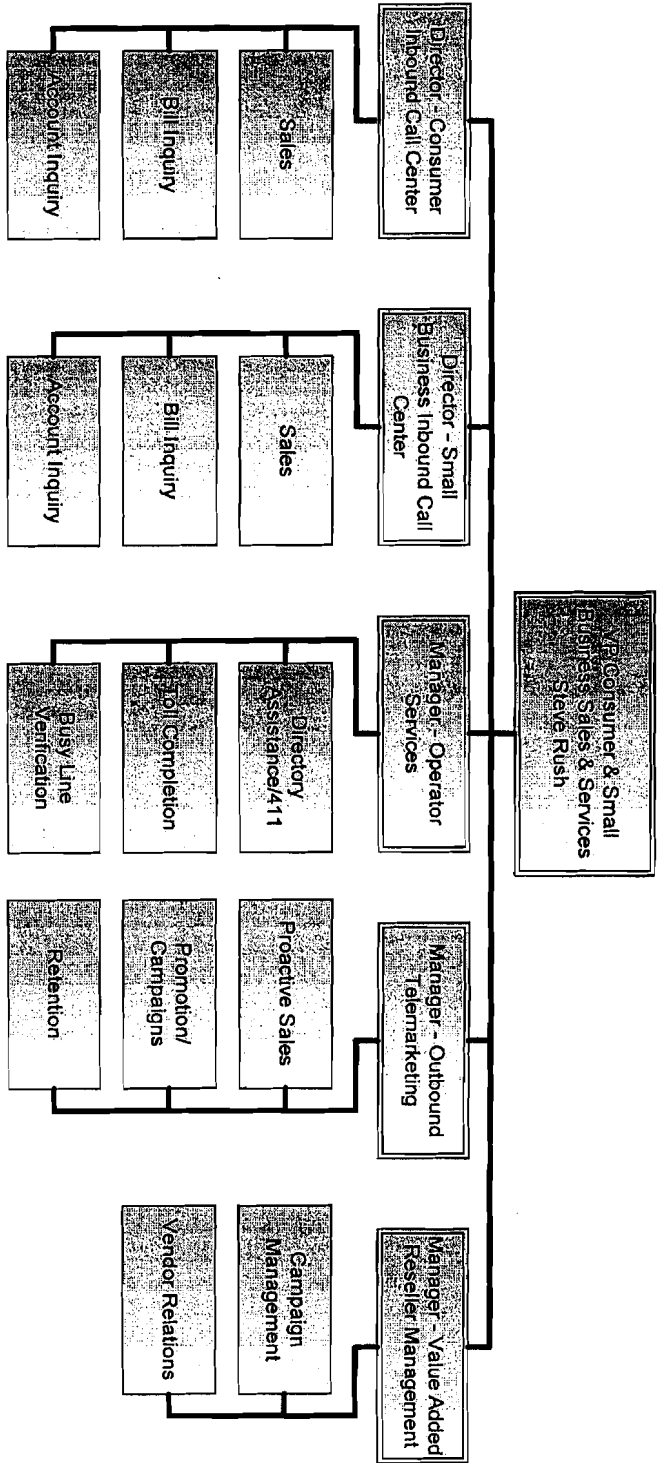
HUMAN RESOURCES



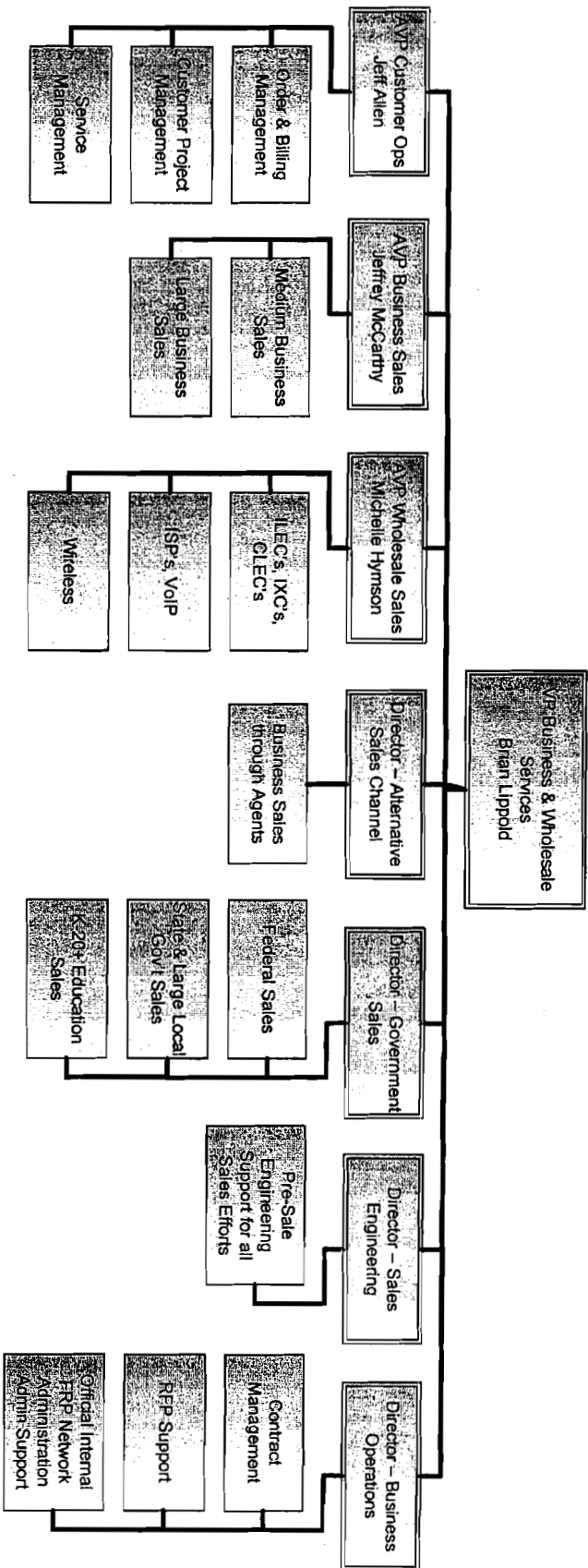
Operations & Engineering



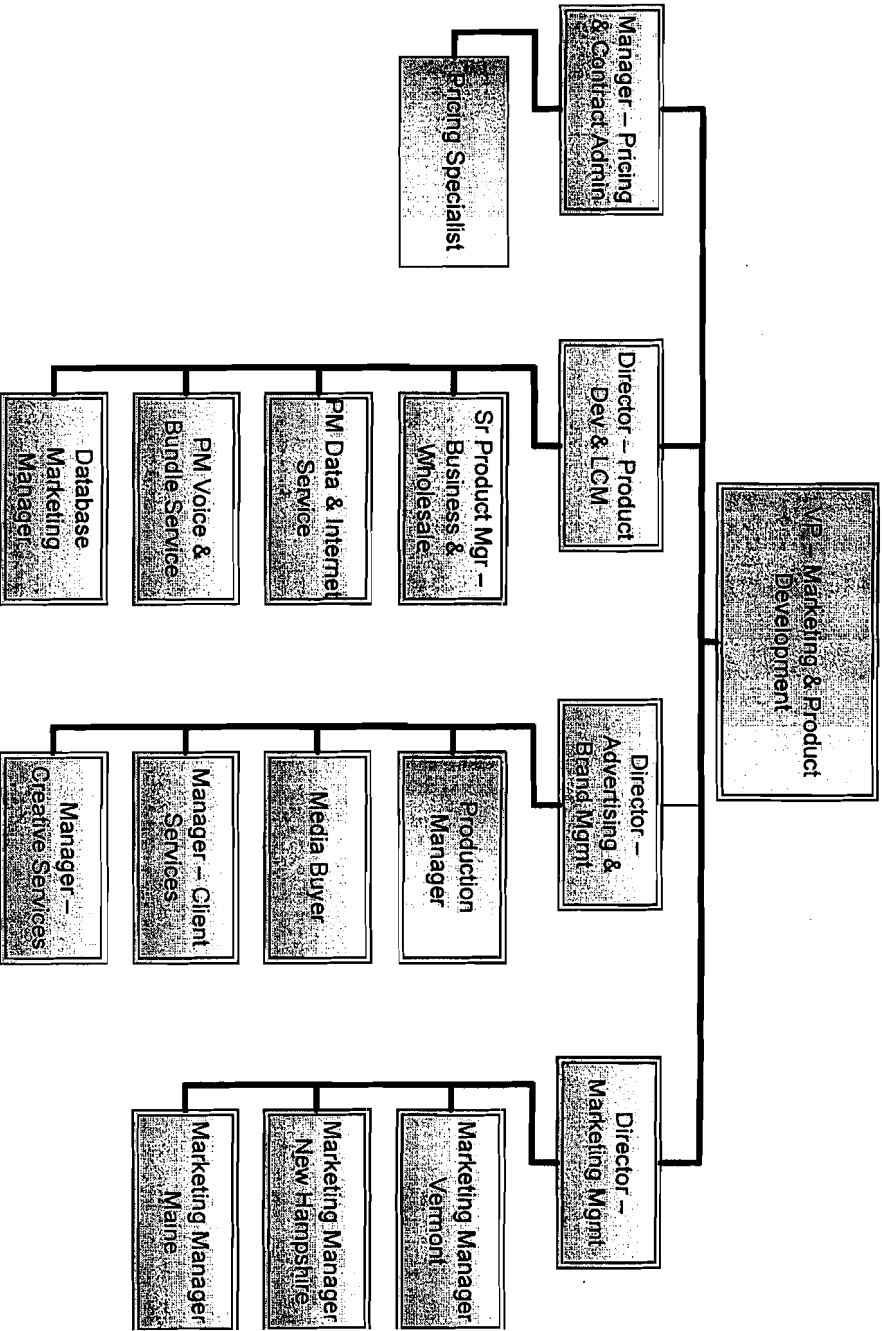
Consumer & Small Business Sales & Service

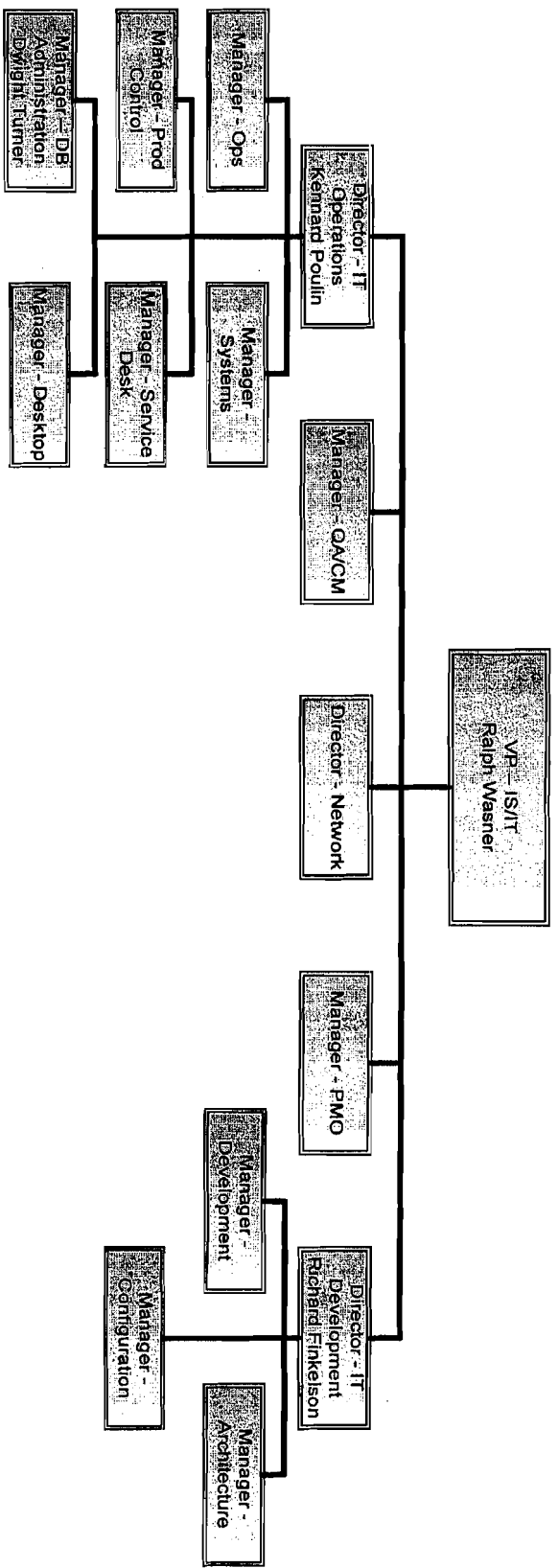


Business & Wholesale Services

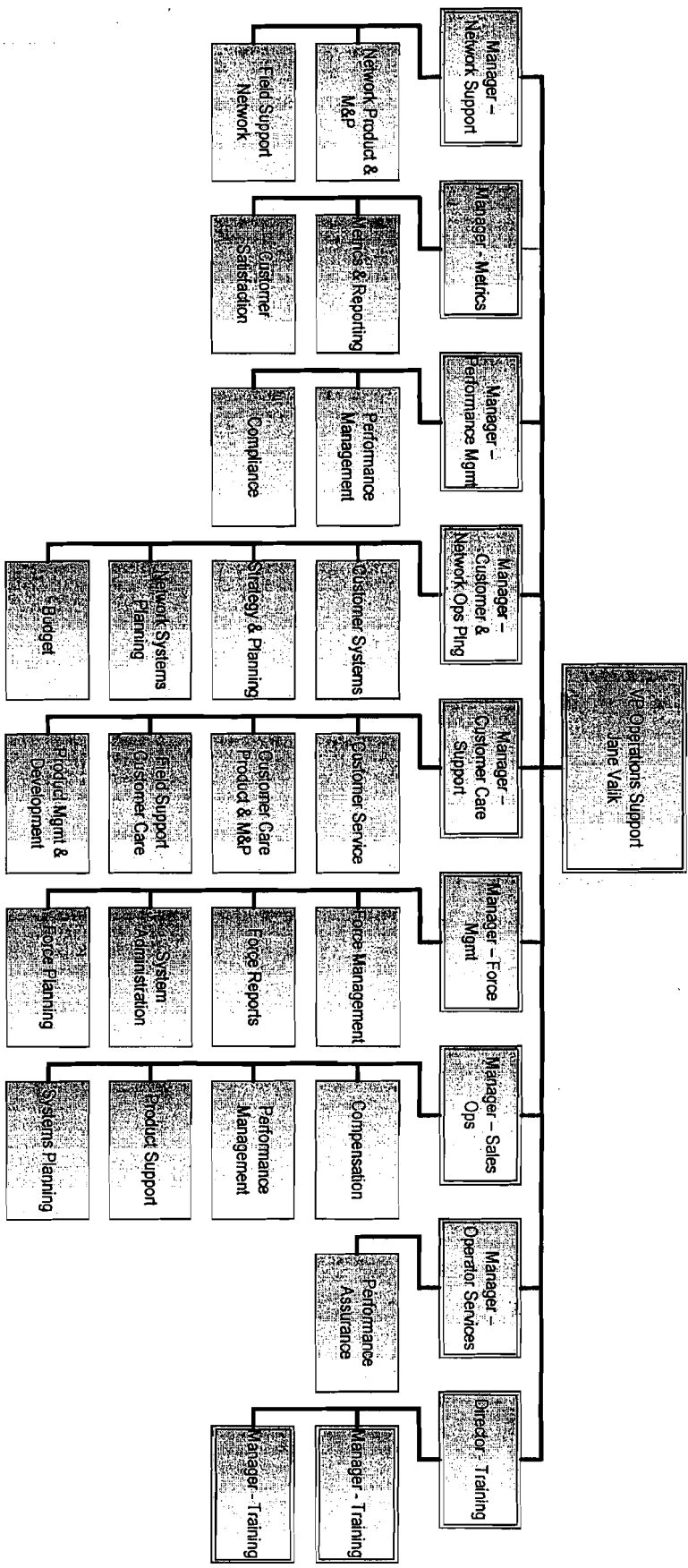


Marketing & Product Development

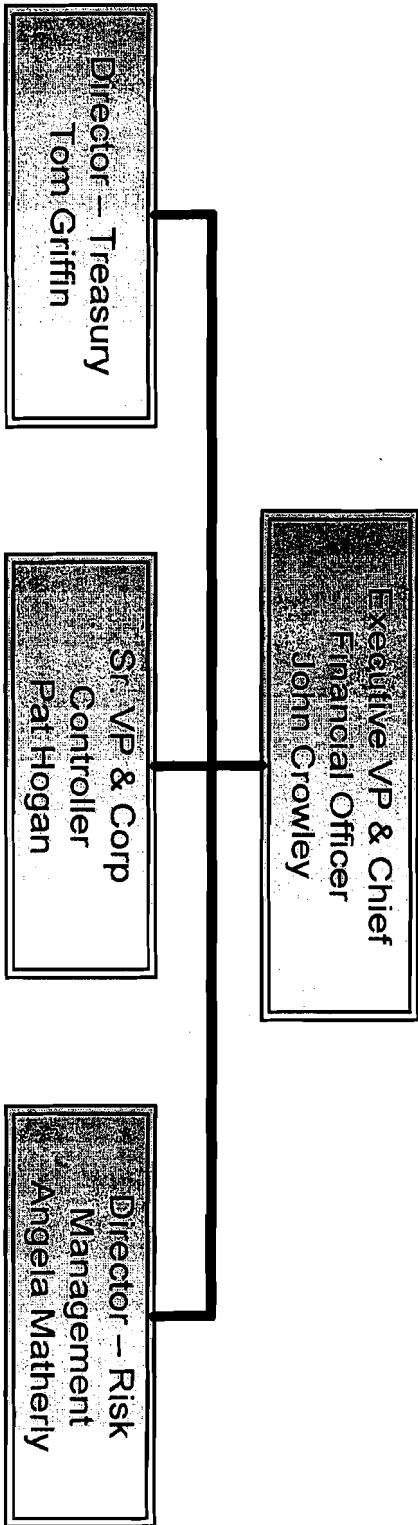




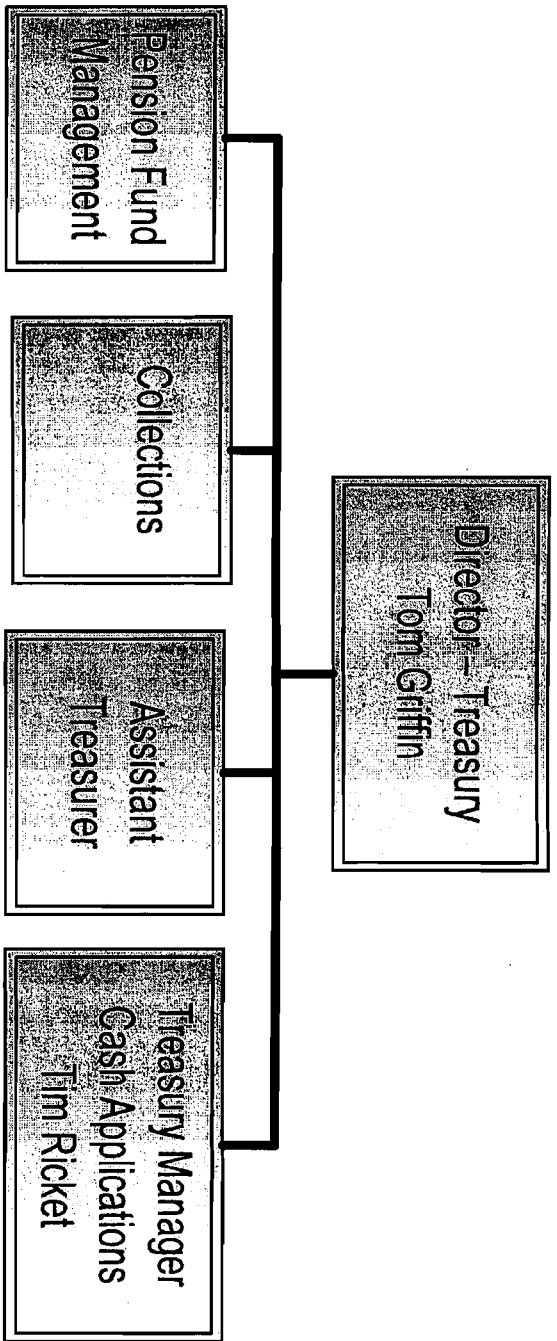
Operations Support



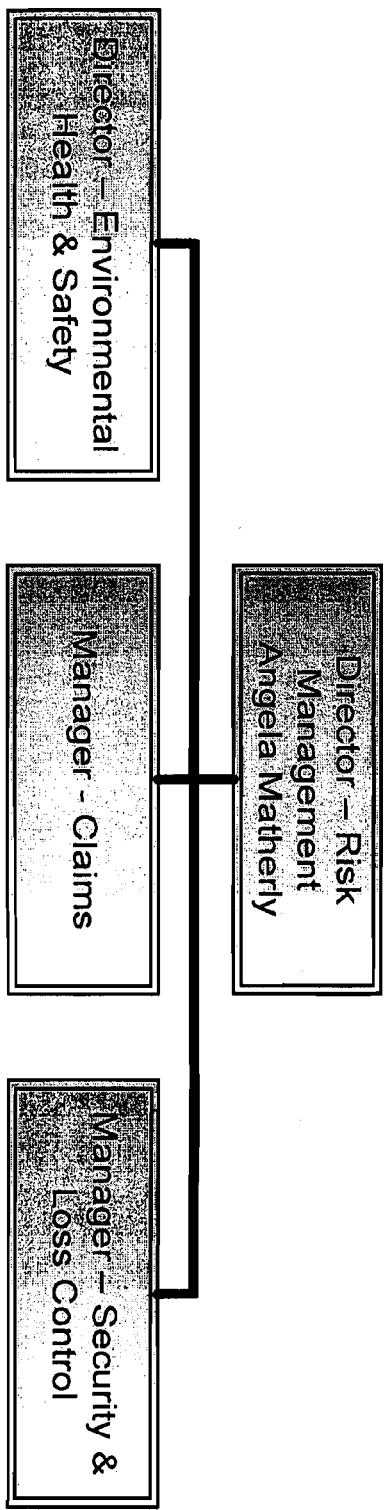
Chief Financial Officer



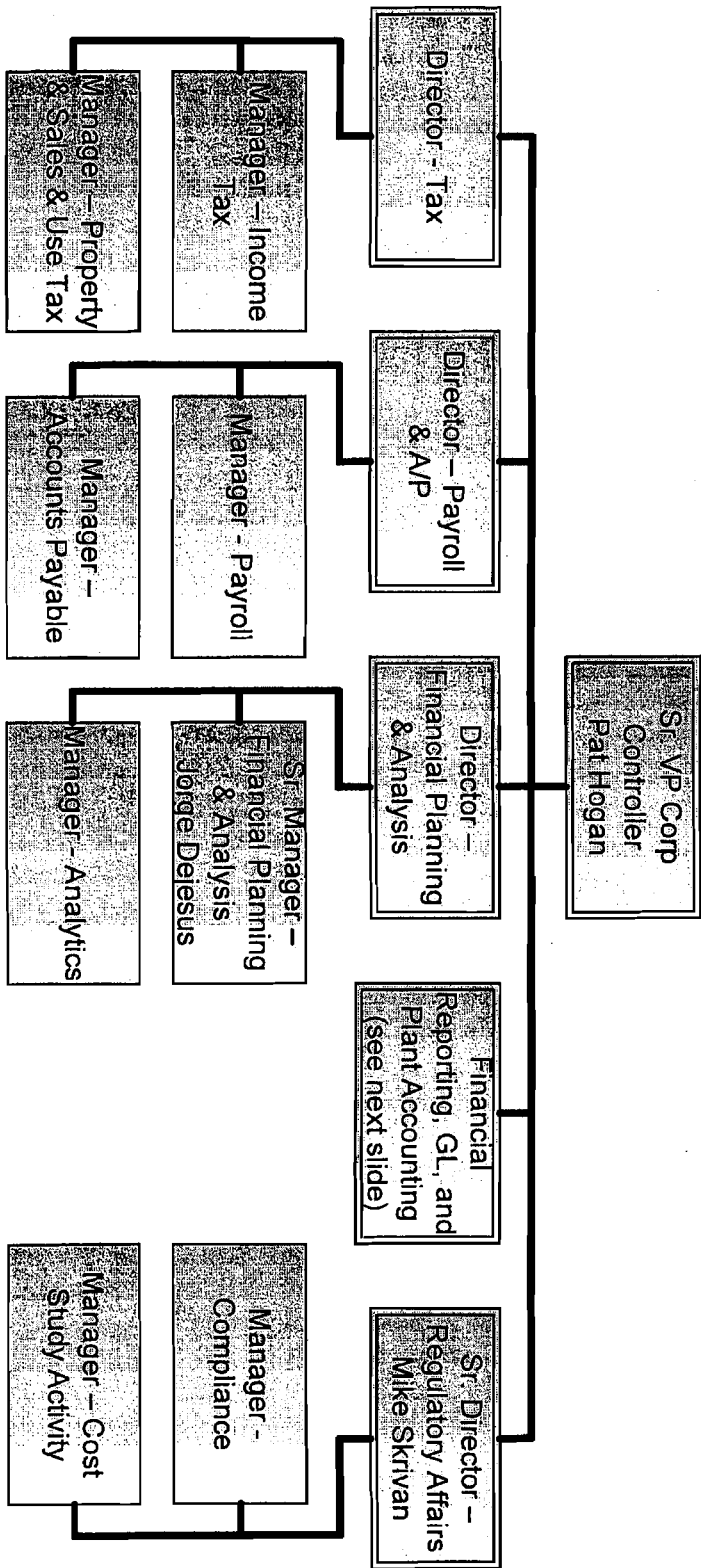
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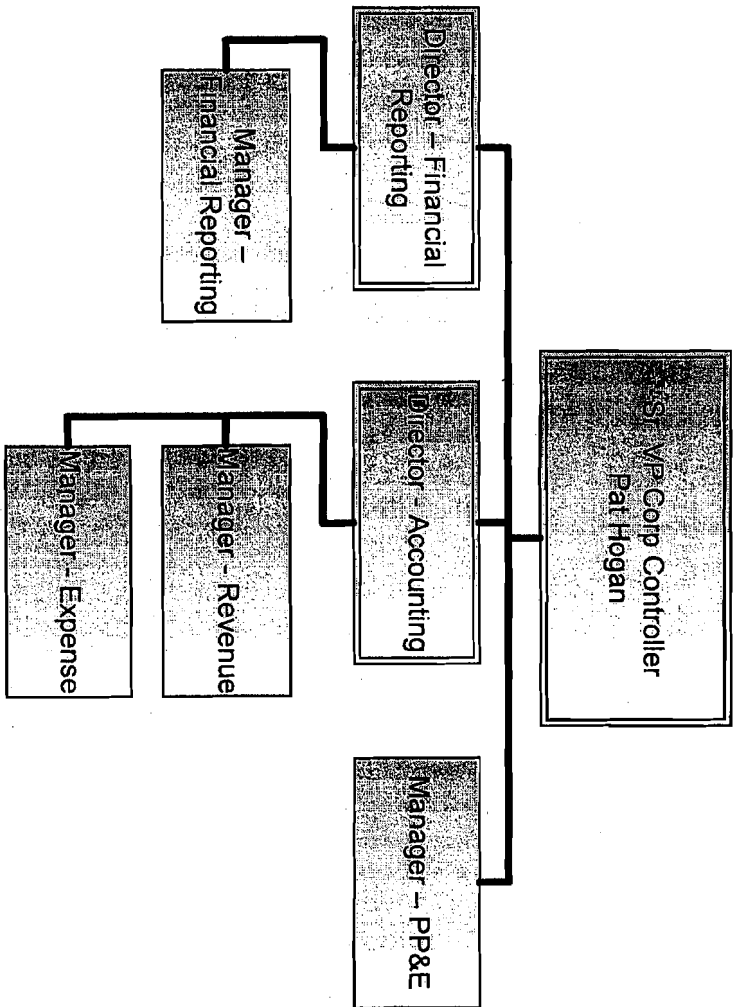
Risk Management



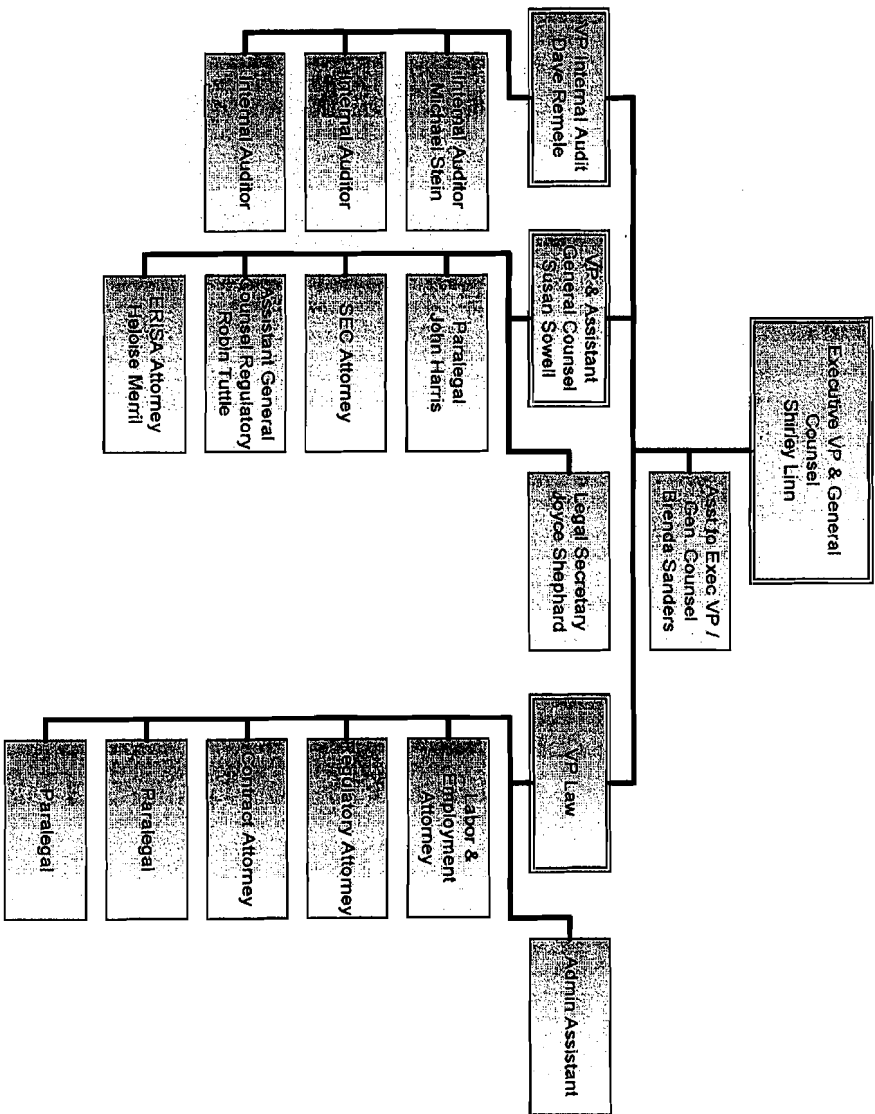
Corporate Controller



Financial Reporting



Legal



FairPoint Communications, Inc.
Corporate Governance Guidelines

The Board of Directors (the "Board") of FairPoint Communications, Inc. (the "Company") has adopted the following Corporate Governance Guidelines (the "Guidelines") to advance the functioning of the Board and its committees and set forth the Board's expectations as to how it should perform its functions. These Guidelines are subject to modification from time to time by the Board as the Board may deem appropriate in the best interests of the Company or as required by applicable laws. The Guidelines should be interpreted in the context of all applicable laws and the Company's charter, bylaws and other corporate governance documents.

Board Responsibility

1. Role of the Board

The Company's business shall be conducted by its officers, managers and employees, under the direction of the Chief Executive Officer and the oversight of the Board. The directors are elected by the shareholders to oversee management and to exercise their business judgment in the best interests of the Company.

All directors are expected to attend Board meetings and meetings of committees on which they serve, prepare for meetings, review relevant materials, ask questions and engage in discussion, and spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Participation by telephone is appropriate in the event of scheduling conflicts.

Directors should be familiar with the Company's business, its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the Board and committee meetings he or she attends. Directors are expected to maintain an attitude of constructive involvement and oversight; they are expected to ask incisive, probing questions and require accurate, honest answers; they are

fill vacancies to serve until the next annual meeting. The Corporate Governance Committee selects and recommends to the Board the slate of director nominees for election at the annual meeting and the individual nominees to otherwise be appointed to fill vacancies between annual meetings, in accordance with the policies and principles contained in these Guidelines and the requirements of the Company's charter and bylaws. Shareholders may propose nominees for consideration by the Corporate Governance Committee by submitting the names and supporting information to the Company's Secretary in accordance with the Company's Shareholder Nominations and Communications Policy.

5. Board Membership Criteria; Other Directorships or Commitments

The Corporate Governance Committee is responsible for reviewing, on an annual basis, the requisite skills and characteristics of individual Board members, as well as the composition of the Board as a whole, in the context of the needs of the Company. The Corporate Governance Committee will review all nominees for director in accordance with the requirements and qualifications contained in these Guidelines and will recommend that the Board select those nominees whose attributes it believes would be most beneficial to the Company. This review will involve an assessment of the proposed nominees' personal qualities and characteristics, accomplishments and business reputation. The Corporate Governance Committee will assess candidates' qualifications based on the following minimum criteria which may be modified from time to time by the Corporate Governance Committee:

- Demonstrated personal integrity and moral character;
- Willingness to apply sound and independent business judgment for the long-term interests of shareholders;
- Relevant business or professional experience, technical expertise or specialized skills;

Corporate Governance Committee should be in a position to assess the effect of such a change in its evaluation of the appropriate mix of skills and experience necessary for the Board to perform its oversight function effectively.

7. Term Limits

The Board does not believe it is advisable to limit the number of terms for which an individual may serve as a director. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the Company's business based on their experience and understanding of the Company's history, policies and objectives. The Board believes that it can, as necessary, utilize the nominating process described above to elect or appoint new directors to obtain new ideas and viewpoints regarding the Company's business and affairs.

8. Retirement Policy

The Board has determined not to establish a mandatory retirement age. Alternatively, the Corporate Governance Committee and the Board will review each director's continuation on the Board upon reaching the age of 75 and every five years thereafter.

9. Director Independence

At least a majority of the Board and all of the members of the Audit Committee, the Compensation Committee and the Corporate Governance Committee will at all times be comprised of directors who qualify as independent directors in accordance with applicable rules of the Securities and Exchange Commission (the "SEC") and the listing standards of the New York Stock Exchange (the "NYSE"), subject to the phase-in rules for companies listing in connection with an initial public offering. No director qualifies as "independent" under the NYSE listing standards unless the Board affirmatively determines that the director has no "material relationship" with the Company. The focus of this inquiry is a director's independence from the management of the Company.

ability to retain outside professionals on behalf of the Board as the Board may determine is necessary or appropriate; and such other functions as the Board may direct.

13. Executive Session

The non-management directors of the Board will meet in executive session at least twice a year and will have an opportunity to meet in executive session at each regular meeting of the Board. Executive session discussions may include such topics as the non-management directors determine, but actions of the Board should be taken separately at a formal Board meeting. The Presiding Director, or if one shall not have been designated, the Chairman of the Corporate Governance Committee, shall serve as chairman for any executive session of the Board. If the non-management directors include any non-independent directors, independent directors will meet at least once a year in executive session.

Committees of the Board

14. Number of Committees

The Board will have at all times an Audit Committee, a Compensation Committee and a Corporate Governance Committee. All of the members of these committees will satisfy the applicable independence requirements of the NYSE and the SEC, as and when required. The Board may have additional committees as it determines from time to time are necessary or appropriate.

15. Committee Membership

Committee members will be appointed by the Board upon recommendation of the Corporate Governance Committee after taking into account the desires, experiences and expertise of individual directors. The Board believes that consideration should be given to rotating committee members periodically, but the Board does not believe that rotation should be mandated as a policy. Audit Committee members shall not serve simultaneously on the audit committee of more than two other companies, unless the

19. Shareholder Communications with the Board

The Board and the non-management directors welcome communications from shareholders and interested parties. Shareholders or interested parties may submit communications addressed to the Board or the non-management directors to the Company's Secretary in accordance with the Company's Shareholder Nominations and Communications Policy.

20. Director Access to Outside Advisors

The Board and each committee shall have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

21. Board's Role in Communications

The Board believes that executive management speaks for the Company, has the responsibility to communicate with investors, the press and other constituencies, and to establish policies for those communications under the direction of the Chief Executive Officer. At the request of management, individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company.

Director Remuneration

22. Director Compensation

The form and amount of director compensation will be determined by the Corporate Governance Committee in accordance with the policies and principles set forth in its charter and these Guidelines and then recommended to the full Board. Management shall report to the Corporate Governance Committee annually on an assessment of the Company's director compensation measured against comparable companies. Board compensation should be consistent with market practices, but should not be set at a level that would call into question the Board's objectivity. Independent directors serving on

performance of the Board and its committees annually to determine whether the Board and the committees are functioning effectively. The Corporate Governance Committee shall be responsible for overseeing the Board and committee evaluation process and reporting its assessments to the Board.

26. Director Orientation and Continuing Education

The Board and the Company's management will conduct a comprehensive orientation process for new directors to become familiar with the Company's vision, strategic direction, core values including ethics, financial matters, corporate governance practices and other key policies and practices through a review of background material and meetings with senior management. The Board also recognizes the importance of continuing education for its directors and is committed to provide such education in order to improve both Board and committee performance.

27. Review of Governance Guidelines

These guidelines have been developed based on the prior experiences of the Board. The Board expects to review these guidelines at least every two years as appropriate.

electronically to an electronic mail address at which the stockholder consented to receive such notice; (iv) if by posting on an electronic network (such as a website or chatroom) together with a separate notice to the stockholder of such specific posting, upon the later to occur of (A) such posting or (B) the giving of the separate notice of such posting; or (v) if by any other form of electronic communication, when directed to the stockholder in the manner consented to by the stockholder.

For notice given by electronic transmission to a stockholder to be effective, such stockholder must consent to the Corporation's giving notice by that particular form of electronic transmission. A stockholder may revoke consent to receive notice by electronic transmission by written notice to the Corporation. A stockholder's consent to notice by electronic transmission is automatically revoked if the Corporation is unable to deliver two consecutive electronic transmission notices and such inability becomes known to the Secretary, Assistant Secretary, the transfer agent or other person responsible for giving notice.

A written waiver of any notice of any annual or special meeting signed by the person entitled thereto, or a waiver by electronic transmission by the person entitled to notice, shall be deemed equivalent to notice, whether provided before or after the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in a waiver of notice. The attendance of any stockholder at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened.

SECTION 1.4 Organization; Procedure. The Chairman, or in the Chairman's absence or at the Chairman's direction, any officer of the Corporation shall call all meetings of the stockholders to order and shall act as chairman of such meeting. The Secretary of the Corporation or, in such officer's absence, an Assistant Secretary shall act as secretary of the meeting. If neither the Secretary nor an Assistant Secretary is present, the chairman of the meeting shall appoint a secretary of the meeting. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the person presiding over any meeting of stockholders shall have the right and authority to convene and to adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding person of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (d) restrictions on entry to

record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 1.7 Stockholder Lists. The officer who has charge of the stock ledger of the Corporation shall prepare and make at least ten (10) calendar days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) calendar days prior to the meeting, as required by applicable law. The list shall also be produced at the time and kept at the place of the meeting during the whole time of the meeting, and may be inspected by any stockholder who is present.

SECTION 1.8 Proxies. At all meetings of stockholders, any stockholder entitled to vote thereat shall be entitled to vote in person or by proxy, but no proxy shall be voted or acted upon after three years from its date, unless such proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy pursuant to the General Corporation Law of the State of Delaware (hereinafter the "DGCL"), the following shall constitute a valid means by which a stockholder may grant such authority: (a) a stockholder may execute a written instrument authorizing another person or persons to act for such stockholder as proxy, and execution of the written instrument may be accomplished by the stockholder or the stockholder's authorized officer, director, employee, trustee or agent signing such writing or causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature; or (b) a stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or electronic transmission was authorized by the stockholder. If it is determined that such telegrams, cablegrams or other electronic transmissions are valid, the inspectors, or if there are no inspectors, such other persons making that determination shall specify the information upon which they relied.

Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to the preceding paragraph of this Section 1.8 may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Proxies shall be filed with the Secretary of the meeting prior to or at the commencement of the meeting to which they relate. A proxy shall be irrevocable if it states that

When determining the shares of capital stock represented and the validity of proxies and ballots, the inspector shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in accordance with Section 1.8 of these By-Laws, ballots and the regular books and records of the Corporation. The inspector may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers or their nominees or a similar person which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspector considers other reliable information as outlined in this section, the inspector, at the time of his or her certification pursuant to provision (f) of this section shall specify the precise information considered, the person or persons from whom the information was obtained, when this information was obtained, the means by which the information was obtained, and the basis for the inspector's belief that such information is accurate and reliable.

SECTION 1.12 Notice of Stockholder Business and Nominations.

(a) Annual Meetings of Stockholders.

(i) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders at an annual meeting of stockholders may be made only (A) by or at the direction of the Board of Directors or the Chief Executive Officer; (B) by any stockholder of the Corporation who is entitled to vote at the meeting, who complies with the applicable requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder, and the notice procedures set forth in clause (ii) of this Section 1.12(a) and who was a stockholder of record at the time such notice is delivered to the Secretary of the Corporation; or (C) pursuant to the Corporation's notice of meeting (or any supplement thereto).

(ii) For nominations or other business to be properly brought before an annual meeting by a stockholder, pursuant to clause (B) of paragraph (a)(i) of this Section 1.12, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and any such other business other than nominations of persons for election to the Board of Directors must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered or mailed to the Secretary at the principal executive offices of the Corporation and received not less than ninety (90) calendar days, nor more than one hundred twenty (120) calendar days prior to the first anniversary of the previous year's annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the date of the annual meeting was changed by more than thirty (30) calendar days from the anniversary date of the previous year's annual meeting, notice by the stockholder must be so received not less than ninety (90) calendar days nor more than one hundred twenty (120) calendar days prior to such annual meeting or ten (10) calendar days following the date on which public announcement of the date of the meeting is first made by the Corporation or notice of such meeting is given. In no event shall an adjournment or postponement of an annual meeting (or the public announcement thereof) commence a new time period (or extend any time period)

(iii) Notwithstanding anything in the second sentence of paragraph (a)(ii) of this Section 1.12 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation at an annual meeting is increased and there is no public announcement by the Corporation naming the nominees for the additional directorships at least one hundred (100) calendar days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 1.12 shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(b) Special Meetings of Stockholders.

(i) Only such business as shall have been brought before the special meeting of the stockholders pursuant to the Corporation's notice of meeting pursuant to Section 1.2 of these By-Laws shall be conducted at such meeting.

(ii) In the event that directors are to be elected at a special meeting of stockholders pursuant to the Corporation's notice of meeting, nominations of persons for election to the Board of Directors may be made at such special meeting of stockholders (A) by or at the direction of the Board of Directors; or (B) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is entitled to vote at the meeting, who complies with the notice procedures set forth in this Section 1.12 and who is a stockholder of record at the time such notice is delivered to the Secretary of the Corporation. Nominations by stockholders of persons for election to the Board of Directors may be made at such special meeting of stockholders if the stockholder's notice as required by paragraph (a)(ii) of this Section 1.12 shall be delivered to the Secretary at the principal executive offices of the Corporation not more than one hundred twenty (120) calendar days prior to such special meeting and not less than ninety (90) calendar days prior to such special meeting or ten (10) calendar days following the date on which a public announcement of the date of the special meeting and of the nominees to be elected at such meeting is first made or notice of such meeting is given. In no event shall the adjournment or postponement of a special meeting (or the public announcement thereof) commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) General.

(i) Only persons who are nominated in accordance with the procedures set forth in this Section 1.12 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.12. Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, the presiding officer of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed in accordance with the procedures set forth in this Section 1.12 (including

stockholder's vote; or (iv) the Corporation concludes in good faith that a bona fide dispute exists as to the authenticity of one or more proxies, ballots or votes, or as to the accuracy of any tabulation of such proxies, ballots or votes.

(b) The inspectors of election and any authorized agents or other persons engaged in the receipt, count and tabulation of proxies and ballots shall be advised of this Section 1.14 and instructed to comply herewith.

(c) The inspectors of election shall certify, to the best of their knowledge based on due inquiry, that proxies and ballots have been kept in confidence as required by this Section 1.14.

SECTION 1.15 No Stockholder Action by Written Consent. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of the stockholders of the Corporation, and the ability of the stockholders to consent in writing to the taking of any action is specifically denied.

ARTICLE II

BOARD OF DIRECTORS

SECTION 2.1 General Powers; Membership Policies. Except as may otherwise be provided by law, by the Certificate of Incorporation or by these By-Laws, the property, affairs and business of the Corporation shall be managed by or under the direction of the Board of Directors. The Board of Directors may exercise all the powers of the Corporation and do all such lawful acts and things as are not by law or by the Certificate of Incorporation directed or required to be exercised or done by the stockholders.

SECTION 2.2 Number of Directors. The Board of Directors of the Corporation shall consist of such number of directors as shall from time to time be fixed exclusively by resolution of the Board of Directors adopted by a majority of the entire Board of Directors. The Board of Directors shall at no time consist of fewer than five (5) directors nor more than eleven (11) directors. Directors shall be elected by stockholders by a plurality of the votes cast by holders of shares of the Corporation's capital stock present in person or represented by proxy and entitled to vote thereon.

SECTION 2.3 Classified Board; Election of Directors. The Board of Directors of the Corporation shall be divided into three classes, designated Classes I, II and III, which shall be as nearly equal in number as possible. Directors of Class I shall hold office for an initial term expiring at the first annual meeting of stockholders to be held after the date hereof. Directors of Class II shall hold office for an initial term expiring at the second annual meeting of stockholders to be held after the date hereof. Directors of Class III shall hold office for an initial term of office expiring at the third annual meeting of stockholders to be held after the date hereof. Except as otherwise provided in Section 2.4 of these By-Laws and subject to the rights of the holders of

personally or by telephone, including a voice messaging system, or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail or other electronic means, or on five (5) calendar days' notice, if notice is mailed to each director, addressed or transmitted to him or her at such director's usual place of business or other designated location. Notice of any special meeting shall be deemed to have been waived by any director who attends such meeting without protesting the lack of notice to him or her, prior to or at the commencement of such meeting, or to any director who submits a signed waiver of notice, whether before or after such meeting, and any business may be transacted thereat.

SECTION 2.7 Quorum; Voting. At all meetings of the Board of Directors, the presence of a majority of the directors shall constitute a quorum for the transaction of business. Except as otherwise required by law, the vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 2.8 Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting of the Board of Directors to another time or place. No notice need be given of any adjourned meeting unless the time and place of the adjourned meeting are not announced at the time of adjournment, in which case notice conforming to the requirements of Section 2.6 of these By-Laws shall be given to each director.

SECTION 2.9 Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors consent thereto in writing or by electronic transmission, and such writing or writings or electronic transmissions are filed with the minutes of proceedings of the Board of Directors.

SECTION 2.10 Regulations; Manner of Acting. To the extent consistent with applicable law, the Certificate of Incorporation and these By-Laws, the Board of Directors may adopt such rules and regulations for the conduct of meetings of the Board of Directors and for the management of the property, affairs and business of the Corporation as the Board of Directors may deem appropriate. The directors shall act only as a Board, and the individual directors shall have no power as such.

SECTION 2.11 Action by Telephonic Communications. Members of the Board of Directors may participate in a meeting of the Board of Directors by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

SECTION 2.12 Resignations. Any director may resign at any time by submitting an electronic transmission or by delivering a written notice of resignation, signed by such director, to the Chairman or the Secretary. Unless otherwise specified therein, such resignation shall take effect upon delivery.

SECTION 2.13 Removal of Directors. Any director may be removed at any time, but only for cause, upon the affirmative vote of the holders of a majority of the combined voting

(i) have direct responsibility for the selection, compensation, retention and oversight of the work of the Corporation's independent auditors;

(ii) set clear hiring policies for employees or former employees of the independent auditors;

(iii) review the results and scope of the audit and other services provided by the Corporation's independent auditors and discuss any audit problems or difficulties and management's response;

(iv) review reports by the Corporation's independent auditors pertaining to the independent auditors' internal quality-control procedures;

(v) review the Corporation's annual audited financial statement and quarterly financial statements and discuss the statements with management and the independent auditors;

(vi) review and evaluate the Corporation's internal control functions;

(vii) review the Corporation's compliance with legal and regulatory independence;

(viii) review and discuss the Corporation's earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies;

(ix) review and discuss the Corporation's risk assessment and risk management policies;

(x) prepare an audit committee report required by the Securities and Exchange Commission to be included in the Corporation's annual proxy statement; and

(xi) establish procedures regarding complaints received by the Corporation or its employees regarding accounting, accounting controls or accounting matters.

(c) Compensation Committee. The Compensation Committee, except as otherwise may be provided in any resolution of the Board of Directors or as may be required by applicable law or by the rules of any stock exchange upon which the securities of the Corporation may be listed or traded, shall have and may exercise all the authority of the Board of Directors with respect to compensation, benefits and personnel administration of the employees of the Corporation to:

(i) review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer and the other executive officers of the Corporation and its subsidiaries;

(ii) evaluate the performance of the Chief Executive Officer and the other executive officers in light of the corporate goals and objectives;

(viii) review and make recommendations to the Board of Directors with respect to compensation arrangements for non-employee members of the Board of Directors; and

(ix) oversee the evaluation of the Board of Directors and management.

(e) Other Committees. Each other Committee, except as otherwise provided in this section, shall have and may exercise such powers of the Board of Directors as may be provided by resolution or resolutions of the Board of Directors.

SECTION 3.3 Proceedings. Each Committee may, subject to approval of the Board of Directors, adopt a charter specifying its scope of responsibility and may fix its own rules of procedure and may meet at such place (within or without the State of Delaware), at such time and upon such notice, if any, as it shall determine from time to time. Each Committee shall keep minutes of its proceedings and shall report such proceedings to the Board of Directors at the meeting of the Board of Directors next following any such proceedings.

SECTION 3.4 Quorum and Manner of Acting. Except as may be otherwise provided in the resolution creating such Committee, at all meetings of any Committee the presence of members (or alternate members) constituting a majority of the total membership of such Committee shall constitute a quorum for the transaction of business. The act of the majority of the members present at any meeting at which a quorum is present shall be the act of such Committee. Any action required or permitted to be taken at any meeting of any such Committee may be taken without a meeting, if all members of such Committee shall consent to such action in writing or by electronic transmission, and such writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of the Committee. The members of any such Committee shall act only as a Committee, and the individual members of such Committee shall have no power as such.

SECTION 3.5 Action by Telephonic Communications. Members of any Committee designated by the Board of Directors may participate in a meeting of such Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

SECTION 3.6 Resignations. Any member of any Committee may resign at any time by delivering a written notice of resignation, signed by such member, to the Chairman or the Chief Executive Officer. Unless otherwise specified therein, such resignation shall take effect upon delivery.

SECTION 3.7 Removal. Any member (and any alternate member) of any Committee may be removed from his or her position as a member of such Committee at any time, either for or without cause, by resolution adopted by a majority of the whole Board of Directors.

SECTION 3.8 Vacancies. If any vacancy shall occur in any Committee, by reason of death, resignation, removal or otherwise, the remaining members (and alternate members) shall continue to act, and any such vacancy may be filled by the Board of Directors.

in these By-Laws, except that in any event each officer shall exercise such powers and perform such duties as may be required by law.

SECTION 4.7 The Chairman. The directors shall elect from among the members of the Board of Directors a Chairman, who shall be a U.S. citizen. The Chairman shall have such duties and powers as set forth in these By-Laws or as shall otherwise be conferred upon the Chairman from time to time by the Board of Directors. The Chairman shall preside over all meetings of the stockholders and the Board of Directors.

SECTION 4.8 The Chief Executive Officer. The Chief Executive Officer shall have general control and supervision of the policies and operations of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The Chief Executive Officer shall be a U.S. citizen. He or she shall manage and administer the Corporation's business and affairs and shall also perform all duties and exercise all powers usually pertaining to the office of a chief executive officer of a corporation. He or she shall have the authority to sign, in the name and on behalf of the Corporation, checks, orders, contracts, leases, notes, drafts and other documents and instruments in connection with the business of the Corporation and together with the Secretary, or any Assistant Secretary, conveyances of real estate and other documents and instruments to which the seal of the Corporation is affixed. He or she shall have the authority to cause the employment or appointment of such employees and agents of the Corporation as the conduct of the business of the Corporation may require, to fix their compensation, and to remove or suspend any employee or agent elected or appointed by the Chief Executive Officer or the Board of Directors. The Chief Executive Officer shall perform such other duties and have such other powers as the Board of Directors or the Chairman may from time to time prescribe.

SECTION 4.9 The Chief Operating Officer. The Chief Operating Officer, subject to the authority of the Chief Executive Officer, shall have primary responsibility for, and authority with respect to, the management of the day-to-day business and affairs of the Corporation, to the extent prescribed by the Chief Executive Officer. The Chief Operating Officer shall have the authority to sign, in the name and on behalf of the Corporation, checks, orders, contracts, leases, notes, drafts and other documents and instruments and perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe.

SECTION 4.10 The President. The President shall perform such duties and have such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe.

SECTION 4.11 Absence or Disability of the Chief Executive Officer. In the event of the absence of the Chief Executive Officer or in the event of the Chief Executive Officer's inability to act, the officer, if any, designated by resolution of the Board of Directors (or in the event there is more than one such designated officer, then in the order of designation) shall perform the duties of the Chief Executive Officer, and when so acting, shall have all the powers and be subject to all the restrictions of the Chief Executive Officer. Any such officer or officers acting in the absence or inability to act of the Chief Executive Officer shall be U.S. citizens.

agent's or employee's duties, in such amount and of such character as may be determined from time to time by the Board of Directors.

ARTICLE V

CAPITAL STOCK

SECTION 5.1 Certificates of Stock, Uncertificated Shares. The shares of capital stock of the Corporation may be either represented by certificates or uncertificated shares; provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the capital stock of the Corporation shall be uncertificated shares. Any resolution of the Board of Directors providing for uncertificated shares shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Subject to Section 5.3 below, notwithstanding the adoption of such resolution by the Board of Directors, every holder of capital stock represented by certificates and, upon request, every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of, the Corporation, (a) by the Chairman, the Chief Executive Officer, the Chief Operating Officer, the President or a Vice President; and (b) by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, representing the number of shares registered in certificate form. Such certificate shall be in such form as the Board of Directors may determine, to the extent consistent with applicable law, the Certificate of Incorporation and these By-Laws.

SECTION 5.2 Signatures; Facsimile. All signatures on the certificate referred to in Section 5.1 of these By-Laws may be in facsimile, engraved or printed form, to the extent permitted by law. In case any officer, transfer agent or registrar who has signed, or whose facsimile, engraved or printed signature has been placed upon a certificate representing shares of capital stock of the Corporation shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

SECTION 5.3 Lost, Stolen or Destroyed Certificates. The Board of Directors may direct that a new certificate be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon delivery to the Board of Directors of an affidavit of the owner or owners of such certificate, setting forth such allegation. The Board of Directors may require the owner of such lost, stolen or destroyed certificate, or his or her legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

SECTION 5.4 Transfer of Stock. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares of stock, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Within a reasonable time after the transfer of uncertificated stock, the Corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on the certificates pursuant to Sections 151, 156, 202(a) or

connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. Furthermore, the Corporation may only indemnify such person if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding had no reasonable cause to believe that his or her conduct was unlawful; except that in the case of an action or suit by or in the name of the Corporation to procure a judgment in its favor (a) such indemnification shall be limited to expenses (including attorneys' fees) actually and reasonably incurred by such person in the defense or settlement of such action or suit; and (b) no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

SECTION 6.2 Advance Payment of Expenses. In addition to the right to indemnification conferred in this Article VI, an indemnitee shall also have the right to be paid by the Corporation the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the DGCL requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Article VI or otherwise. Such expenses (including attorneys' fees) incurred by former directors and officers shall be so paid upon such terms and conditions, if any, as the Corporation deems appropriate. The Board of Directors may authorize the Corporation's counsel to represent such director or officer in any action, suit or proceeding, whether or not the Corporation is a party to such action, suit or proceeding.

SECTION 6.3 Procedure for Indemnification. If, following final disposition of a proceeding, a claim for indemnification under this Article VI is not paid in full by the Corporation within sixty (60) calendar days after a written claim has been received by the Corporation, or if, whether before or after final disposition of a proceeding, a claim for an advancement of expenses under this Article VI is not paid in full by the Corporation within

administrators. Any amendment, alteration or repeal of this Article VI that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment, alteration or repeal.

ARTICLE VII

OFFICES

SECTION 7.1 Registered Office. The registered office of the Corporation in the State of Delaware shall be located at The Corporation Trust Company, 1209 Orange Street, in the City of Wilmington, New Castle County, Delaware 19801. The name and address of the Corporation's registered agent at such address is The Corporation Trust Company.

SECTION 7.2 Other Offices. The Corporation may maintain offices or places of business at such other locations within or without the State of Delaware as the Board of Directors may from time to time determine or as the business of the Corporation may require.

ARTICLE VIII

GENERAL PROVISIONS

SECTION 8.1 Dividends. Subject to any applicable provisions of law and the Certificate of Incorporation or any resolution or resolutions adopted by the Board of Directors pursuant to authority expressly vested in it by the Certificate of Incorporation and Section 151 of the DGCL, the Board of Directors may, at any regular or special meeting of the Board of Directors, out of funds legally available therefore, declare dividends upon the capital stock of the Corporation, and any such dividend may be paid in cash, property, or shares of the Corporation's stock.

A member of the Board of Directors, or a member of any committee designated by the Board of Directors shall be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors, or by any other person as to matters the director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

SECTION 8.2 Reserves. There may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, thinks proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall think conducive to the interests of the Corporation, and the Board of Directors may similarly modify or abolish any such reserve.

the Chief Financial Officer, any Vice President, the Secretary or the Treasurer or any other officers designated by the Board of Directors or the Chief Executive Officer may sell, transfer, endorse, and assign any shares of stock, bonds or other securities owned by or held in the name of the Corporation, and may make, execute and deliver in the name of the Corporation, under its corporate seal (if required), any instruments that may be appropriate to effect any such sale, transfer, endorsement or assignment.

SECTION 8.10 Voting as Stockholder. Unless otherwise determined by resolution of the Board of Directors, the Chief Executive Officer, the Chief Operating Officer, the President or any Vice President shall have full power and authority on behalf of the Corporation to attend any meeting of stockholders of any corporation in which the Corporation may hold stock, and to act, vote (or execute proxies to vote) and exercise in person or by proxy all other rights, powers and privileges incident to the ownership of such stock. Such officers acting on behalf of the Corporation shall have full power and authority to execute any instrument expressing consent to or dissent from any action of any such corporation without a meeting. The Board of Directors may by resolution from time to time confer such power and authority upon any other person or persons.

SECTION 8.11 Fiscal Year. The fiscal year of the Corporation shall be fixed by the Board of Directors.

SECTION 8.12 Seal. The seal of the Corporation shall contain the name of the Corporation, the year of its incorporation and the words "Corporate Seal" and "Delaware." The form of such seal shall be subject to alteration by the Board of Directors. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or reproduced, or may be used in any other lawful manner.

ARTICLE IX

AMENDMENT OF BY-LAWS

SECTION 9.1 Amendment. Subject to the provisions of this Section 9.1 and the Certificate of Incorporation and any Preferred Stock Certificate of Designations, these By-Laws (including this Article IX) may be amended, altered or repealed:

(a) by resolution adopted by a majority of the Board of Directors without a stockholder vote at any special or regular meeting of the Board of Directors if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting; provided, however, that the amendment, alteration or repeal of the provisions of Sections 1.2, 1.15, 2.2, 2.3, or 2.13 hereof or this Section 9.1 shall require the affirmative vote of the holders of two-thirds (2/3) or more of the combined voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors; or

(b) at any regular or special meeting of the stockholders upon the affirmative vote of the holders of two-thirds (2/3) or more of the combined voting power of the outstanding shares

FAIRPOINT COMMUNICATIONS, INC.

Charter of the Compensation Committee of the Board of Directors

PURPOSE

The purpose of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") is to oversee the compensation of executive officers and senior management, including plans and programs relating to cash compensation, incentive compensation, equity-based awards and other benefits and perquisites and to administer any such plans or programs as required by the terms thereof.

MEMBERSHIP

The Committee shall be comprised of not less than three members of the Board. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. All members of the Committee shall be independent under the rules of the New York Stock Exchange. The Board shall designate a chairperson of the Committee.

DUTIES AND RESPONSIBILITIES

The Committee shall have the following authority, duties and responsibilities:

- *Chief Executive Officer Compensation.* The Committee shall review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer (the "CEO"), evaluate the CEO's performance in light of those goals and objectives, and either as a committee or together with the other independent directors (as directed by the Board) exercise sole authority to determine and approve the CEO's compensation level based on this evaluation. In determining the long-term incentive component of the CEO's compensation, the Committee shall consider, among other factors selected by the Committee, the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the CEO in past years.
- *Senior Management Compensation.* The Committee shall review and approve corporate goals and objectives relative to the compensation of all senior management and shall determine and approve (after consideration of the recommendations of the CEO) all senior management's compensation. For purposes of this Charter, senior management ("Senior Management") shall include any and all Executive Vice Presidents, the Chief Operating Officer(s), the Chief Financial Officer, the Controller and the Treasurer.
- *Incentive and Equity-Based Compensation Plans.* The Committee shall review and make recommendations to the Board with respect to incentive compensation plans and equity-based compensation plans or material changes to any such

Periodically review, as and when determined appropriate, executive compensation programs and total compensation levels, including:

- Determining whether program elements are properly coordinated and achieve intended objectives;
 - Conducting comparative analyses of total compensation relative to market;
 - Quantifying maximum payouts to executives under performance-based incentive plans and total payments under a variety of termination conditions, including upon a Change in Control (“CIC”);
 - The impact of the tax and accounting treatment of the various forms of compensation.
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- *Termination Payments.* The Committee shall review and approve any severance, change in control, or similar termination payments proposed to be made to any current or former executive officer of the Company.
 - *Stock Ownership Guidelines.* Review and approve, after consultation with the Corporate Governance Committee, Board compensation programs and stock ownership guidelines.
 - *Approve Benefits.* Approve or recommend to the Board for approval, any plan, program, policy or grant which confers a benefit on any member of Senior Management.
 - *Other Duties.* The Committee shall perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company’s compensation programs.

DELEGATION TO SUBCOMMITTEE

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee. In particular, the Committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the Committee who are (i) “Non-Employee Directors” for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as in effect from time to time, and (ii) “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code, as in effect from time to time.

RESOURCES AND AUTHORITY OF THE COMMITTEE

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to retain counsel and other experts or consultants as it deems appropriate, without obtaining the approval of the Board or management. The Committee shall have the sole authority to select and retain a compensation consultant to assist in the evaluation of CEO compensation.

FAIRPOINT COMMUNICATIONS, INC.

Charter of the Audit Committee of the Board of Directors

PURPOSE

The Audit Committee (the "Committee") is appointed by the Board of Directors (the "Board") to assist the Board in fulfilling its responsibility to oversee the quality and integrity of the Company's financial reporting and the audits of the financial statements of the Company. The Committee's purpose is to:

- Assist the Board's oversight of:
 - The integrity of the Company's financial statements and internal controls;
 - The Company's compliance with legal and regulatory requirements;
 - The Company's overall risk management profile;
 - The independent auditors' qualifications and independence; and
 - The performance of the Company's internal audit function and independent auditors.
- Prepare the report of the Committee required by the rules of the Securities and Exchange Commission (the "SEC") to be included in the Company's annual meeting proxy statement.

MEMBERSHIP

The Committee shall be comprised of not less than three members of the Board. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The Board shall designate a chairperson of the Committee. All members of the Committee shall meet the independence criteria and have the qualifications set forth in the listing standards of the New York Stock Exchange (the "NYSE") and Rule 10A-3 under the Securities Exchange Act of 1934 (the "Exchange Act"), subject to the phase-in rules for companies listing in connection with an initial public offering.

Accordingly, all of the members of the Committee shall be directors:

- Who do not accept any direct or indirect consulting, advisory or compensatory fee from the Company other than for board service or in respect of retirement or deferred compensation for prior service, who are not "affiliated persons" within the meaning of Rule 10A-3 under the Exchange Act and who otherwise satisfy the independence criteria set forth in the NYSE listing standards; and

- any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditing firm, or by an inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm; and
- any steps taken to deal with any such issues.
- The Committee shall review any report of the independent auditors under Section 10A(k) of the Exchange Act relating to:
 - Critical accounting policies and practices to be used;
 - Alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosure and treatments and the treatment preferred by the independent auditors; and
 - Other material written communications between the independent auditors and management, such as a management letter or schedule of unadjusted differences.
- The Committee shall:
 - Request from the independent auditors annually a formal written statement delineating all relationships between the auditors and the Company consistent with Independence Standards Board Standard Number 1;
 - Discuss with the independent auditors any such disclosed relationships and their impact on the independent auditors' independence;
 - Pre-approve all audit services and permissible non-audit services to be provided by the independent auditors in accordance with policies adopted by the Committee;
 - Ensure that the independent auditors do not perform any non-audit services that are prohibited by law or regulation;
 - Establish clear hiring policies for employees or former employees of the independent auditors; and
 - Ensure the rotation of the independent auditors lead and concurring audit partner every five years and other audit partners every seven years.

Financial Statements

- The Committee shall discuss with management and the independent auditors the annual audited financial statements to be included in the Annual Report on Form 10-K (or the Annual Report to Shareholders if distributed prior to the filing of Form 10-K) and the

- The Committee shall obtain reports from management, internal auditors and the independent auditors concerning the Company's compliance with applicable laws and regulations and compliance by directors, officers and employees with the Company's Code of Business Conduct and Ethics and Code of Ethics for Financial Professionals, and the Committee shall advise the Board with respect to policies and procedures relating to such compliance matters. The Committee shall evaluate all requests for waivers of such Codes.
- The Committee shall have the responsibility to establish procedures as required by Section 10A(m)(4) of the Exchange Act for:
 - the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- The Committee shall review all related party transactions.

The Committee shall report regularly to the Board and shall review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors and the performance of the internal auditors.

MEETINGS

The Committee shall meet as often as deemed necessary or appropriate in its judgment, generally at least four times each year, either in person or by phone. Any member of the Committee may call meetings of the Committee. The Committee shall meet with the independent auditors at least quarterly. The Committee shall meet on occasion with the independent auditors and internal audit staff outside the presence of senior management. The Committee shall report its recommendations to the Board after each Committee meeting.

PROCEDURES

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company. The Committee shall have the authority and sufficient funding to retain outside legal counsel, accountants or other experts as it determines necessary and appropriate to assist the Committee in carrying out its functions, without obtaining the approval of the Board or management.

PERFORMANCE EVALUATION

The Committee shall prepare and provide to the Board an annual performance evaluation of the Committee, including an assessment of the performance of the Committee based on the duties and responsibilities set forth in this charter and such other matters as the Committee may

FAIRPOINT COMMUNICATIONS, INC.

Charter of the Corporate Governance Committee of the Board of Directors

PURPOSE

The primary purpose of the Corporate Governance Committee (the "Committee") of the Board of Directors (the "Board") is to:

- identify qualified individuals to become Board members;
- recommend to the Board individuals to be designated as nominees for election as directors at the next annual meeting of shareholders;
- determine the composition of the Board and its committees;
- monitor Board and committee effectiveness; and
- develop and recommend to the Board the corporate governance guidelines of the Company (the "Guidelines").

MEMBERSHIP

The Committee shall be comprised of not less than three members of the Board. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. All members of the Committee shall meet the independence criteria of the New York Stock Exchange, subject to the phase-in rules for companies listing in connection with an initial public offering. The Board shall designate a chairperson of the Committee.

DUTIES AND RESPONSIBILITIES

The Committee will discharge the duties of the Board, to the extent delegated to the Committee, and will approve or make recommendations to the Board, with respect to the following duties and responsibilities:

- The Committee will review the structure of the Board, its committee structure, overall size, and the number of independent directors.
- The Committee will actively seek candidates qualified to become Board members, including evaluating candidates suggested by shareholders or others, and conduct appropriate inquiries into the backgrounds and qualifications of possible nominees for election or appointment to the Board.

MEETINGS

The Committee will meet at least twice annually and as often as necessary to carry out its responsibilities. A majority of the total number of members shall constitute a quorum at any meeting of the Committee, and the act of a majority of the members at any meeting shall be the act of the Committee. Reports of meetings of the Committee shall be made to the Board at its next regularly scheduled meeting following the Committee meeting accompanied by any recommendations to the Board approved by the Committee.

PERFORMANCE EVALUATION

The Committee shall prepare and provide to the Board an annual performance evaluation of the Committee, including an assessment of the performance of the Committee based on the duties and responsibilities set forth in this charter and such other matters as the Committee may determine. The evaluation to the Board may take the form of an oral report by the Committee chairman or any other member of the Committee designated by the Committee to make the report, and shall be undertaken under the supervision of the Committee in accordance with the Guidelines adopted by the Board. The Committee shall review and assess the adequacy of the Committee charter annually and propose any necessary changes for approval to the Board.