

ESCROW AGREEMENT

between

*NORTHERN NEW ENGLAND TELEPHONE OPERATIONS LLC,
OFFICE OF THE NEW HAMPSHIRE ATTORNEY GENERAL ON
BEHALF OF THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION*

and

TD BANK, N.A.

Dated as of

_____, 2012

ACCOUNT NUMBER(S) -

SHORT TITLE OF ACCOUNT:

NH BROADBAND EXPANSION FUND

ESCROW AGENCY AGREEMENT made as of this ____ day of _____ 2012 by and between **TD Bank, N.A.** ("Agent"), the **NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**, by and through the **Office of Attorney General** ("State") and **NORTHERN NEW ENGLAND TELEPHONE OPERATIONS LLC** ("Customer").

The Customer, the State and the Agent hereby agree that, in consideration of the mutual promises and covenants contained herein, the Agent shall hold in escrow and shall distribute Escrow Property (herein after defined) in accordance with and subject to the following Instructions, Terms and Conditions (each as hereinafter defined):

I. INSTRUCTIONS:

1. **Escrow Property**

The funds deposited or to be deposited with the Agent by the Customer shall be as follows:

\$3,323,751

The foregoing funds, plus all interest, dividends and other distributions and payments thereon (collectively the "Distributions") received by Agent, less any funds distributed or paid in accordance with this Agreement, are collectively referred to herein as "Escrow Property".

2. **Investment of Escrow Property**

The Agent shall invest or reinvest Escrow Property without distinction between principal and income at the written direction of the Customer. Agent shall have no liability for any loss arising from or related to any such investment other than in accordance with paragraph 4 of the Terms and Conditions. The Agent may conclusively rely upon the Customer's written instructions as to both the suitability and legality of the directed investments. Ratings of investments shall be determined at the time of purchase of such investments and without regard to ratings subcategories. The Agent shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments. The Agent may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. In the absence of written investment instructions from the obligor, the Agent shall not be responsible or liable for keeping the moneys held by it hereunder fully invested in investments.

3. **Distribution of Escrow Property**

Agent is directed to hold and distribute the Escrow Property as outlined in Exhibit B.

4. **Addresses**

All orders, notices, requests, instructions and demands which any party is required or may desire to give to any other party under any provision of this Agreement must be in writing (unless otherwise specifically provided) and delivered to each party at the addresses set forth below, or to such other addresses as any party may designate by written notice to all other parties. Each such order, notice, request, instruction or demand shall be effective on receipt.

Notices, instructions and other communications shall be sent to the Agent at the following address: TD Bank, N.A. and Attn: _____, Relationship Manager, 1006 Astoria Blvd., Cherry Hill, N.J. 08034 | **[Insert E-Mail Address]**, and to the Customer as follows:

Timothy Ricket - Treasury Manager

FairPoint Communications | 521 E. Morehead St., Suite 500, Charlotte, NC 28202 | tricket@fairpoint.com

With a copy to:

Patrick C. McHugh – State President - NH

FairPoint Communications | 770 Elm Street, Manchester, NH 03101 | pmchugh@fairpoint.com

For the State:

Peter Roth, Esq. – Assistant Attorney General

Office of the Attorney General | 33 Capitol Street, Concord, NH 03301 | Peter.Roth@doj.nh.gov

With a copy to:

F. Anne Ross, Esq. General Counsel
New Hampshire Public Utilities Commission 21 South Fruit Street, Concord, NH 03301 | f.anne.ross@puc.nh.gov

The Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by the Customer by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Customer shall provide to the Agent an incumbency certificate (which may be the same incumbency certificate under Section 7 below) listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Customer elects to give the Agent e-mail or facsimile instructions (or instructions by a similar

electronic method) and the Agent in its discretion elects to act upon such instructions, the Agent's understanding of such instructions shall be deemed controlling. The Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Customer agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Agent, including without limitation the risk of the Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

5. Distribution of Escrow Property Upon Termination

Upon termination of this Agreement, Escrow Property then held hereunder shall be distributed as directed in writing by the Customer.

6. Compensation

- (a) At the time of execution of this Agency Agreement, Customer shall pay Escrow Agent annual fee of \$2,500.00, payable upon execution of this Agreement and thereafter on each anniversary date of this Agreement. The annual fee shall not be pro-rated for any portion of a year.
- (b) Customer shall pay all activity charges as per Agent's current fee schedule, attached hereto as Appendix 1.
- (c) Customer shall be responsible for and shall promptly reimburse Agent upon demand for all expenses, disbursements and advances incurred or made by Agent in connection with this Agreement.

7. Incumbency Certificate

The Customer shall provide the Agent with an Incumbency Certificate substantially in the form as attached in Exhibit A herein, thereby designating the Customer's representatives who are authorized to provide instructions pursuant to this Agreement. The Agent shall be entitled to conclusively rely upon such designation until a replacement Incumbency Certificate is provided to the Agent.

II. TERMS AND CONDITIONS:

- 1. The duties, responsibilities and obligations of Agent shall be limited to those expressly set forth herein and no duties, responsibilities or obligations shall be inferred or implied. Agent shall not be subject to, nor required to comply with, any other agreement between or among Customer or to which Customer is a party, even though reference thereto may be made herein, or to comply with any direction or instruction (other than those

contained herein or delivered in accordance with this Agreement) from the Customer or any entity acting on its behalf. Agent shall not be required to, and shall not, expend or risk any of its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder.

2. This Agreement is for the exclusive benefit of the parties hereto and their respective successors hereunder, and shall not be deemed to give, either express or implied, any legal or equitable right, remedy, or claim to any other entity or person whatsoever.
3. If at any time the Agent is served with any judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process which in any way affects Escrow Property (including but not limited to orders of attachment or garnishment or other forms of levies or injunctions or stays relating to the transfer of Escrow Property, then the Agent is authorized to comply therewith in any manner as it or its legal counsel of its own choosing deems appropriate; and if Agent complies with any such judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process, the Agent shall not be liable to any of the parties hereto or to any other person or entity even though such order, judgment, decree, writ or process may be subsequently modified or vacated or otherwise determined to have been without legal force or effect. The Agent will promptly notify Customer of its receipt of any legal process described above, and in no event will such notification be made more than two (2) business days after the legal process is first received by the Agent.
4. (a) The Agent shall not be liable for any action taken or omitted or for any loss or injury resulting from its actions or its performance or lack of performance of its duties hereunder in the absence of gross negligence or willful misconduct on its part. In no event shall the Agent be liable (i) for acting in accordance with or relying upon any instruction, notice, demand, certificate or document from the Customer, (ii) for any consequential, punitive or special damages, (iii) for the acts or omissions of its nominees, correspondents, designees, subagents or subcustodians, or (iv) for an amount in excess of the value of the Escrow Property, valued as of the date of the Agent's gross negligence or willful misconduct leading to said loss or injury.

(b) If any fees, expenses or costs incurred by, or any obligations owed to, the Agent hereunder are not promptly paid when due, then the Agent may reimburse itself therefore from the Escrow Property and may sell, convey or otherwise dispose of any Escrow Property for such purpose.

(c) With prior written notice to the Customer, the Agent may consult with legal counsel regarding matters relating to this Agreement, and charge the Customer for reasonable legal fees related to such consultation. The Agent shall not incur any liability in acting in good faith in accordance with any advice from such counsel.

(d) The Agent shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of the Agent (including but not limited to any act or provision of any present or future law or regulation or governmental authority, any act of God or war, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility).

5. Unless otherwise specifically set forth herein, the Agent shall proceed as soon as practicable to collect any checks or other collection items at any time deposited hereunder. All such collections shall be subject to the Agent's usual collection practices or terms regarding items received by the Agent for deposit or collection. The Agent shall not be required, or have any duty, to notify anyone of any payment or maturity under the terms of any instrument deposited hereunder, nor to take any legal action to enforce payment of any check, note or security deposited hereunder or to exercise any right or privilege which may be afforded to the holder of any such security.
6. The Agent shall provide to the Customer monthly statements identifying transactions, transfers or holdings of Escrow Property and each such statement shall be deemed to be correct and final upon receipt thereof by the Customer unless the Agent is notified in writing to the contrary within thirty (30) business days of the date of such statement.

The Agent agrees to e-mail to Customer a report daily showing the balance in the account, until the Customer obtains access to the TD Bank, N.A., on-line communications system and can obtain the daily balance and daily activity reporting through that system. This report should be e-mailed to the address: tricket@fairpoint.com or such other email account specified by the Customer in a written notice submitted to Agent in accordance with this Agreement.

7. The Agent shall not be responsible in any respect for the form, execution, validity, value or genuineness of documents or securities deposited hereunder, or for any description therein, or for the identity, authority or rights of persons executing or delivering or purporting to execute or deliver any such document, security or endorsement.
8. Notices, instructions or other communications shall be in writing and shall be given to the address set forth in the "Addresses" provision herein (or to such other address as may be substituted therefore by written notification to the Agent or the Customer). Notices to the parties shall be deemed to be given when actually received by the receiving party in accordance with Section 4 of this Agreement. Agent is authorized to comply with and conclusively rely upon any notices, instructions or other communications believed by it to have been sent or given by Customer or by a person or persons authorized by Customer. Whenever under the terms hereof the time for giving a notice or performing an act falls

upon a Saturday, Sunday, or banking holiday, such time shall be extended to the next day on which the parties are open for business.

9. The Customer shall be liable for and shall reimburse and indemnify the Agent and hold the Agent harmless from and against any and all claims, losses, liabilities, costs, damages or expenses (including reasonable attorneys' fees, costs and expenses) (collectively, "Losses") arising from or in connection with or related to this Escrow Agreement or being the Agent hereunder (including but not limited to Losses incurred by the Agent in connection with its successful defense, in whole or in part, of any claim of negligence or willful misconduct on its part), provided, however, that nothing contained herein shall require the Agent to be indemnified for Losses caused by its gross negligence or willful misconduct.
10. (a) The Customer may remove the Agent at any time by giving to the Agent thirty (30) calendar days' prior notice in writing signed by the Customer. The Agent may resign at any time by giving to the Customer thirty (30) calendar days' prior written notice thereof.

(b) Within thirty (30) calendar days after giving the foregoing notice of removal to the Agent or receiving the foregoing notice of resignation from the Agent, the Customer shall appoint a successor Agent. If a successor Agent has not accepted such appointment by the end of such 30-day period, the Agent shall deliver the Escrow Property less the Agent's fees, costs and expenses (or other obligations owed to the Agent) to the Customer at the address provided herein and this Agreement shall terminate.

(c) Upon receipt of the identity of the successor Agent, the Agent shall either deliver Escrow Property then held hereunder to the successor Agent, less Agent's fees, costs and expenses or other obligations owed to the Agent, or hold such Escrow Property (or any portion thereof), pending distribution, until all such fees, costs and expenses or other obligations are paid.

(d) Upon delivery of the Escrow Property to successor Agent, the Agent shall have no further duties, responsibilities or obligations hereunder.
11. (a) In the event of any ambiguity or uncertainty hereunder or in any notice, instruction or other communication received by the Agent hereunder, then the Agent may, in its sole discretion, refrain from taking any action other than retain possession of the Escrow Property, unless the Agent receives written instructions, signed by the Customer, which eliminates such ambiguity or uncertainty.

(b) In the event of any dispute between or conflicting claims by or among the Customer and/or any other person or entity with respect to any Escrow Property, then the Agent shall be entitled, in its sole discretion, to refuse to comply with any and all claims, demands or instructions with respect to such Escrow Property so

long as such dispute or conflict shall continue, and the Agent shall not be or become liable in any way to the Customer for failure or refusal to comply with such conflicting claims, demands or instructions. The Agent shall be entitled to refuse to act until, in its sole discretion, either (i) such conflicting or adverse claims or demands shall have been determined by a final order, judgment or decree of a court of competent jurisdiction, which order, judgment or decree is not subject to appeal, or settled by agreement between the conflicting parties as evidenced in a writing satisfactory to the Agent or (ii) the Agent shall have received security or an indemnity satisfactory to it sufficient to hold it harmless from and against any and all Losses which it may incur by reason of so acting. The Agent may, in addition, elect, in its sole discretion, to commence an interpleader action or seek other judicial relief or orders as it may deem, in its sole discretion, necessary. The costs and expenses (including reasonable attorneys' fees, costs and expenses) incurred in connection with such proceeding shall be paid by, and shall be deemed an obligation of, the Customer.

12. This Agreement shall be interpreted, construed, enforced and administered in accordance with the internal substantive laws (and not the choice of law rules) of the State of New Hampshire. The Customer hereby submits to the personal jurisdiction of and each agrees that all proceedings relating hereto shall be brought in courts located within the State of New Hampshire. **The Agent, the State and the Customer hereby waive the right to trial by jury.** To the extent that in any jurisdiction the Customer may be entitled to claim, for itself or its assets, immunity from suit, execution, attachment (whether before or after judgment) or other legal process, each hereby irrevocably agrees not to claim, and hereby waives, such immunity. Both the Agent and Customer waive personal service of process and consent to service of process by certified or registered mail, return receipt requested, directed to it at the address last specified for notices hereunder, and such service shall be deemed completed ten (10) calendar days after the same is so mailed.
13. Except as otherwise permitted herein, this Agreement may be modified or amended only by a written amendment signed by all the parties hereto, and no waiver of any provision hereof shall be effective unless expressed in a writing signed by the party to be charged.
14. The rights and remedies conferred upon the parties hereto shall be cumulative, and the exercise or waiver of any such right or remedy shall not preclude or inhibit the exercise of any additional rights or remedies. The waiver of any right or remedy hereunder shall not preclude the subsequent exercise of such right or remedy.
15. (a) The Customer hereby represents and warrants (a) that this Agreement has been duly authorized, executed and delivered on its behalf and constitutes its legal, valid and binding obligation and (b) that the execution, delivery and performance of this Agreement by the Customer do not and will not violate any applicable law or regulation.

(b) The Agent hereby represents and warrants (a) that this Agreement has been duly authorized, executed and delivered on its behalf and constitutes its legal, valid and binding obligation and (b) that the execution, delivery and performance of this Agreement by the Agent do not and will not violate any applicable law or regulation

16. The invalidity, illegality or unenforceability of any provision of this Agreement shall in no way affect the validity, legality or enforceability of any other provision; and if any provision is held to be unenforceable as a matter of law, the other provisions shall not be affected thereby and shall remain in full force and effect.
17. This Agreement shall constitute the entire agreement of the parties with respect to the subject matter and supersedes all prior oral or written agreements in regard thereto.
18. This Agreement shall terminate upon thirty (30) days prior written notice from the Customer, subject to the notice requirements contained in Section I.4 of this Agreement. The provisions of these Terms and Conditions shall survive termination of this Agreement and/or the sooner resignation or removal of the Agent. The Agent hereby acknowledges that this Account may from time-to-time have a zero balance, and such zero balance shall not result in termination of the Agreement.
19. No printed or other material in any language, including prospectuses, notices, reports, and promotional material which mentions "TD Bank, N.A." by name or the rights, powers, or duties of the Agent under this Agreement shall be issued by any other parties hereto, or on such party's behalf, without the prior written consent of the Agent. Notwithstanding anything in this Section II.19 to the contrary, such prohibition does not apply to any regulatory reporting requirement that may be imposed upon the Customer by applicable federal, state or local law, rule or ordinance.
20. The headings contained in this Agreement are for convenience of reference only and shall have no effect on the interpretation or operation hereof.
21. This Agreement may be executed by each of the parties hereto in any number of counterparts, each of which counterpart, when so executed and delivered, shall be deemed to be an original and all such counterparts shall together constitute one and the same agreement.
22. Any corporation into which the Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Agent shall be a party, or any corporation to which substantially all the corporate trust business of the Agent may be transferred, shall,

subject to the terms of the Agreement, be the Agent under this Agreement without further act.

23. The Agent does not have any interest in the Escrowed Property deposited hereunder but is serving as escrow holder only and having only possession thereof. The Customer shall pay or reimburse the Agent upon request for any transfer taxes or other taxes relating to Escrowed Property incurred in connection herewith and shall indemnify and hold harmless the Agent any amounts that it is obligated to pay in the way of such taxes. Any payments of income from this Account shall be subject to withholding regulations then in force with respect to United States taxes. The Customer will timely provide the Agent with appropriate W-9 forms for tax I.D., number certifications, or W-8 forms for non-resident alien certifications. It is understood that the Agent shall be responsible for income reporting only with respect to income earned on investment of funds which are a part of Escrowed Property and is not responsible for any other reporting. This Section II.23 and Section II.9 shall survive notwithstanding any termination of this Agreement or the resignation of the Agent.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed by a duly authorized officer as of the day and year first written above.

**NORTHERN NEW ENGLAND
TELEPHONE OPERATIONS LLC**

By: _____

Name:

Title:

**TD BANK, N.A.,
as Agent**

By: _____

Name:

Title:

**THE NEW HAMPSHIRE PUBLIC
UTILITIES COMMISSION,
THROUGH THE OFFICE OF THE
ATTORNEY GENERAL**

By: _____

Name:

Title:

INCUMBENCY AND SIGNATURE CERTIFICATE

The undersigned hereby certifies to **TD BANK, N.A** that I am the _____ of **NORTHERN NEW ENGLAND TELEPHONE OPERATIONS LLC** (the "Customer"), a Delaware limited liability company, and that, as such, I am duly authorized to execute this Certificate on behalf of the Customer, and further certifies that each of the following persons, as of the date hereof, has been duly elected or appointed to the position set forth opposite his/her name and that the signature of each such person appearing opposite such person's name below is such person's own true signature:

<u>Name</u>	<u>Position & Phone Number</u>
Ajay Sabherwal	Chief Financial Officer Phone No. (704) 227-3620
John Hogshire	Vice President and Controller Phone No. (704) 602-7316
John R. Whitener	Vice President and Treasurer Phone No. (704) 227-3616

WITNESS the seal of the Customer and the signature of the undersigned this ___ of _____ 2011.

Standing Settlement Instructions:

For Interest Income, the Agent shall automatically deposit these funds to account established by the Customer to hold the Escrow Property on the third business day of the month following the month of accrual.

For Return of Principal or Income, the Agent shall, upon receipt of written request signed by an Authorized Signer, wire the amount specified using the following wire instructions:

FairPoint Logistics, Inc.
BB&T
Winston-Salem, NC
0005104353144
053101121

Provided nonetheless, the Customer shall utilize the Principal and Income, and shall only request the Return of Principal or Income for reimbursement of costs/expenses incurred in connection with broadband expansion efforts in New Hampshire subject to and pursuant to that certain Broadband Expansion Agreement, by and between the Customer, the New Hampshire Public Utilities Commission and the New Hampshire Department of Resources and Economic Development, dated as of _____, 2012 (the "Broadband Agreement"). The Customer shall provide reasonable written documentation to support the request for the Return of Principal as specified in the Broadband Agreement..

The Authorized Signers along with their telephone numbers and signature specimens are designated on the Incumbency and Signature Certificate.

Requests by the Customer to the Agent to transfer funds to a bank account other than the two bank accounts designated above must be in writing and signed by an Authorized Signer. In addition, the Agent must confirm the request and wire instructions with an Authorized Signer other than the Authorized Signer making the original written request.