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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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: **Chapter 11**  
: **Case No. 09-16335 (BRL)**  
: **(Jointly Administered)**  
: **Debtors.**  
: **Debtor.**  
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**FAIRPOINT'S MOTION FOR ORDER (I) APPROVING FORM AND MANNER OF  
NOTICE OF (A) CONTINUED HEARING ON CONFIRMATION OF PLAN; AND (B)  
SUPPLEMENTAL DISCLOSURE TO CREDITORS; AND  
(II) FIXING DATE AND TIME FOR CONTINUED CONFIRMATION HEARING**

TO THE HONORABLE BURTON R. LIFLAND,  
UNITED STATES BANKRUPTCY JUDGE:

FairPoint Communications, Inc. ("FairPoint Communications") and its affiliated debtors,  
as debtors in possession (collectively, "FairPoint"), respectfully represent:

**INTRODUCTION**

1. At this juncture, FairPoint is poised to successfully emerge from chapter 11. FairPoint has formulated and successfully solicited overwhelming creditor acceptance of its plan of reorganization. In addition, the Court has held the Phase I Confirmation Hearing (as defined herein), following which it closed the record regarding FairPoint's plan of reorganization other

than with respect to certain regulatory settlements that are integral to the chapter 11 plan and certain issues raised by Verizon Communications Inc. (“Verizon”).

2. As a condition precedent to the effectiveness of the chapter 11 plan, FairPoint needed to obtain regulatory settlement approvals from the Public Utility Commissions in Maine (the “MPUC”) and New Hampshire (the “NHPUC”), as well as the Vermont Public Service Board (the “Vermont Board”).<sup>1</sup> Following the conclusion of the Phase I Confirmation Hearing, FairPoint undertook the process of obtaining such regulatory approvals. The MPUC provided its approval of the regulatory settlement for the State of Maine on June 24, 2010, the NHPUC approved the regulatory settlement for the State of New Hampshire on July 7, 2010, and the Vermont Board approved the regulatory settlement for the State of Vermont on December 23, 2010.

3. The Vermont Board initially rejected the regulatory settlement for the State of Vermont and raised certain concerns regarding the ability of FairPoint to achieve its financial projections and its corresponding ability to meet its obligations under the New Credit Agreement that FairPoint will enter into upon its emergence from the chapter 11 cases. To address the Vermont Board’s concerns, FairPoint embarked on a comprehensive, “bottom-up” review of its financial forecast for the years 2011 through 2013. Moreover, as a consequence of this comprehensive review of its financial forecast, FairPoint concluded that certain modifications to the financial covenants in the New Credit Agreement were warranted. Accordingly, over an extended period of time FairPoint and certain Prepetition Credit Agreement Lenders holding approximately 48% of the outstanding debt under the Prepetition Credit Agreement (the “Lender”

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<sup>1</sup> Capitalized terms that are used but not defined in this Motion have the meanings ascribed to them in Debtors’ Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated March 10, 2010 [Docket No. 811] (as modified, amended or supplemented, the “Plan”), which Plan was subsequently modified on May 10, 2010 [Docket No. 1319] and which is to be further amended by

Steering Committee”) engaged in a collaborative effort to evaluate the New Credit Agreement for potential modifications and improvements that would give FairPoint greater financial flexibility in light of its new financial forecast. FairPoint and the Lender Steering Committee also reviewed the Plan and related documents for provisions that have become obsolete or inaccurate due to changed circumstances since the Phase I Confirmation Hearing, including provisions and documents affected by recent changes in FairPoint’s senior management.<sup>2</sup>

4. Ultimately, these efforts culminated in FairPoint’s submission of a renewed request for the Vermont Board’s approval of the regulatory settlement for the State of Vermont. Following extensive consideration of the evidence and legal argument, on December 23, 2010, the Vermont Board entered an order approving the regulatory settlement for the State of Vermont. Having obtained the approval of critical applicable state regulatory authorities, FairPoint is now prepared to seek this Court’s final approval of the regulatory settlements embodied in the Plan and entry of the order confirming the Plan.

5. FairPoint proposes to reconvene the confirmation hearing (the “Phase II Confirmation Hearing”) on **January 13, 2011 at 10:00 a.m. (ET)**, with objections to confirmation of the Plan due on **January 11, 2011 at 4:00 p.m. (ET)**. In order to facilitate this Court’s further consideration of confirmation of FairPoint’s Plan and advise parties in interest of the date and time of the Phase II Confirmation Hearing, FairPoint proposes to serve the form of notice attached hereto as Exhibit A (the “Long Form Notice”) on its master service list and on creditors who previously cast ballots to accept or reject the plan. In addition, FairPoint will post the Long Form Notice to the Website maintained in their chapter 11 cases

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Debtors’ Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code.

<sup>2</sup> On August 24, 2010, the Court entered an order approving the employment of Paul H. Sunu as FairPoint’s new Chief Executive Officer and approving the transition of former Chief Executive Officer David L. Hauser to a consulting role. [Docket No. 1736].

([www.bmcgroup.com/fairpoint](http://www.bmcgroup.com/fairpoint)) and to the Intralinks site maintained by the Prepetition Credit Agreement Agent for FairPoint's prepetition secured lenders. FairPoint also proposes to publish the form of notice attached hereto as Exhibit B (the "Short Form Notice" and together with the Long Form Notice, the "Notices") in the national edition of *The Wall Street Journal*. The Short Form Notice, among other things, directs parties in interest to the case Website where parties can retrieve the Long Form Notice for additional information.

6. Moreover, in light of the fact that it has now been approximately seven months since the Phase I Confirmation Hearing, FairPoint believes that it is appropriate to provide parties in interest with supplemental disclosures about key events that have transpired during that time, including FairPoint's pursuit of the regulatory approvals described above in Maine, New Hampshire and Vermont, and recent modifications to the Plan that were effectuated in connection with obtaining the Vermont Board's approval.

7. FairPoint does not believe that any further solicitation of creditor acceptances should be required as a result of these recent Plan modifications. Although FairPoint has made certain modifications to its Plan since the Phase I Confirmation Hearing to address, among other things, the Vermont Board's concerns, these modifications have not materially and adversely impacted any of the parties who previously voted for the Plan.<sup>3</sup> The Plan's basic structure is unchanged: (1) allowed unsecured claims against all debtors other than FairPoint Communications are still to be paid in full in cash; (2) allowed unsecured claims against FairPoint Communications are receiving the same ratable share of New Common Stock, Litigation Trust Interests, and Warrants as was previously disclosed; and (3) the holders of Allowed Prepetition Credit Agreement Claims are receiving the same ratable share of New

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<sup>3</sup> FairPoint and the Prepetition Credit Agreement Agent have apprised the Prepetition Credit Agreement Lenders of the various modifications to the Plan and such lenders either support the Plan or have raised no

Common Stock, the New Term Loan, Cash Payment and Litigation Trust Interests as was previously disclosed. As such, the ratable recoveries of all creditors remain unchanged since the Court held the Phase I Confirmation Hearing.

8. FairPoint has prepared the Notices so that all parties in interest will be advised of the date and time of the Phase II Confirmation Hearing, should they wish to appear, and so that any party in interest will have an opportunity to be heard regarding concerns or objections that they may have regarding the Plan. *Furthermore, both the Prepetition Credit Agreement Agent and the Creditors' Committee consent to the relief requested in this Motion.* FairPoint submits that the proposed Notices are good and sufficient under these circumstances and should, therefore, be approved.

### **BACKGROUND** **General**

9. On October 26, 2009 (the "Petition Date"), FairPoint commenced voluntary cases under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in this Court. FairPoint is authorized to continue to operate its business and manage its properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

10. FairPoint's chapter 11 cases have been consolidated for procedural purposes only and are jointly administered pursuant to Bankruptcy Rule 1015(b). On November 10, 2009, the Office of the United States Trustee appointed an official committee of unsecured creditors in these chapter 11 cases (the "Creditors' Committee").

### **FairPoint Commences the Confirmation Process**

11. Consistent with the agreement between FairPoint and the regulatory authorities in Maine, New Hampshire and Vermont, FairPoint incorporated the Regulatory Settlements for

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objections to the proposed modifications.

those states into the Plan. In accordance with the terms of the Regulatory Settlements, the Plan constitutes a motion under Bankruptcy Rule 9019 for approval of such settlements.

12. At the initial hearing to consider confirmation of the Plan held before the Court on May 11, 2010 (the “Phase I Confirmation Hearing”), FairPoint proposed that confirmation of the Plan be conducted in a two-phase process. In the first phase, the Court would rule on all objections to the Plan other than with respect to the (i) Regulatory Settlements, and (ii) certain issues raised by Verizon (collectively, the “Phase II Confirmation Issues”). At the Phase I Confirmation Hearing, the evidence revealed that, although the going-concern value of FairPoint, as determined by Rothschild Inc., FairPoint’s financial advisor, was insufficient to provide any recovery to unsecured creditors of FairPoint Communications, the Prepetition Credit Agreement Lenders agreed to contribute a portion of FairPoint’s going-concern value to unsecured creditors of FairPoint Communications pursuant to the Plan.<sup>4</sup> Following the conclusion of the Phase I Confirmation Hearing, the Court deferred entry of an order confirming the Plan until the second phase, at which time the Court would consider approval of the Regulatory Settlements.

13. On May 14, 2010, the Court entered its Order Under Bankruptcy Code Sections 105(a) and 1129 and Bankruptcy Rules 3019(a) and 9014 Regarding Plan Confirmation Process [Docket No. 1373] (the “Phase I Order”) that, among other things, (i) approved certain modifications to the Plan, (ii) overruled all objections to confirmation of the Plan except for those objections in connection with the Phase II Confirmation Issues, (iii) closed the record with respect to all issues except for those relating to the Phase II Confirmation Issues, and (iv) reserved the resolution of the Phase II Confirmation Issues for a later date.

14. Following entry of the Phase I Order, FairPoint continued the process of obtaining

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<sup>4</sup> See, e.g., Exhibit D (Valuation Analysis) to the Disclosure Statement to the Plan, dated March 10, 2010 [Docket No. 915] (the “Disclosure Statement”).

required approvals of the Regulatory Settlements from the MPUC, the NHPUC, and the Vermont Board. On June 24, 2010, the MPUC approved the Regulatory Settlement for the State of Maine. On July 7, 2010, the NHPUC approved the Regulatory Settlement for the State of New Hampshire. On December 23, 2010, the Vermont Board approved the Regulatory Settlement for the State of Vermont.

15. However, the Vermont Board initially rejected the Regulatory Settlement for the State of Vermont and raised certain concerns regarding the ability of FairPoint to achieve its financial projections and its corresponding ability to meet its obligations under the New Credit Agreement. The Vermont Board's initial rejection of its Regulatory Settlement led FairPoint to undertake a comprehensive review of both its forecasted financial results and the Plan, as described more fully below.

#### **FairPoint Revises its Forecasted Financial Results and Modifies the Plan**

16. In response to the Vermont Board's concerns, FairPoint embarked on a comprehensive review and restatement of its financial forecast for the years 2011 through 2013. As a result of its review of the financial forecast, FairPoint currently anticipates that certain of its forecasted financial results will change as follows:

	<b>2011E - 2013E</b>	
	<b>Original Forecast in Disclosure Statement</b>	<b>New Forecast</b>
Revenue	\$3,680.4	\$3,268.4
Operating EBITDA	1,287.0	702.3
EBITDAR <sup>(1)</sup>	1,380.7	833.7
Capex	506.1	526.0

(1) EBITDAR reflects Operating EBITDA plus certain adjustments, including debt restructuring, non-cash pension / other post-employment benefits, severance, non-cash stock based compensation and success bonus

17. In light of these changes in the financial forecast, and in an effort to improve FairPoint's ability to meet its obligations to stakeholders, FairPoint and the Lender Steering Committee entered into negotiations regarding potential modifications to the Plan and certain

documents contained in the Plan Supplement, including the New Credit Agreement. In addition, FairPoint and the Lender Steering Committee reviewed the Plan and related documents for provisions that have become obsolete or inaccurate due to changed circumstances since the filing of the Plan, including provisions and documents affected by recent changes in FairPoint's senior management – namely, the appointment of Mr. Paul H. Sunu as Chief Executive Officer and the corresponding resignation of Mr. David L. Hauser as Chief Executive Officer on August 24, 2010. Ultimately, the Lender Steering Committee and FairPoint reached agreement on the modifications to the Plan and Plan Supplement.

18. After submitting additional information and modifying FairPoint's financial forecast as described above, on December 23, 2010, the Vermont Board approved the Regulatory Settlement for the State of Vermont.

19. Prior to service of the Notices, FairPoint will file its *Third Amended Joint Plan Of Reorganization Under Chapter 11 Of The Bankruptcy Code* (the "Third Amended Plan"), as well as a Plan Supplement including, among other things, amendments to FairPoint's long term incentive plan, success bonus plan, and New Credit Agreement.

### **JURISDICTION**

20. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

### **RELIEF REQUESTED**

21. By this Motion, FairPoint seeks entry of an order, substantially in the form attached hereto, (I) approving the form and manner of notice of (a) the continued confirmation hearing; (b) supplemental disclosure to creditors regarding events that have transpired since the



Phase I Confirmation Hearing, as set forth in the Long Form Notice; and (II) fixing **January 13, 2011 at 10:00 a.m. (ET)** as the date and time for the Phase II Confirmation Hearing, with objections to confirmation of the Plan due on **January 11, 2011 at 4:00 p.m. (ET)**.

**BASIS FOR RELIEF REQUESTED**

22. In the Court's Order approving the disclosure statement (the "Disclosure Statement Order"), the Court approved the form of notice of the Phase I Confirmation Hearing (the "Phase I Notice") [Docket No. 825]. Paragraph 28 of the Disclosure Statement Order and paragraph 2 of the Phase I Notice specifically provided that the hearing on confirmation of FairPoint's Plan may be continued from time to time without any further notice other than an announcement in open court or in a hearing agenda. In addition, the inherent uncertainty of FairPoint's financial projections was highlighted in the Disclosure Statement.<sup>5</sup> As noted therein, variations between actual financial results and FairPoint's projected financial results could be material and may adversely affect, among other things, the value of the New Common Stock. Although, as set forth on page 96 of the Disclosure Statement, FairPoint did not undertake a duty to update the information contained in the Disclosure Statement, including the financial projections annexed to the Disclosure Statement as Exhibit B, FairPoint seeks to supplement its prior disclosures by way of an order approving this Motion

23. By the relief requested in this Motion, FairPoint is seeking to provide creditors with more notice than is arguably required by the Disclosure Statement Order and the Phase I Notice. Moreover, Bankruptcy Rule 9007 expressly provides the Court with general authority to regulate the manner in which notice is to be given, stating in pertinent part as follows:

When notice is to be given under these rules, the court shall designate, if not otherwise specified herein, the time within which,

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<sup>5</sup> See Section VII-D of the Disclosure Statement entitled "Inherent Uncertainty of the Reorganized Company's Financial Projections."

the entities to whom, and the form and manner in which the notice shall be given.

In addition, consistent with section 1125 of the Bankruptcy Code, paragraph 9 of the Disclosure Statement Order expressly authorized FairPoint to seek modifications of the matters governed by the Disclosure Statement Order. Furthermore, section 105(a) of the Bankruptcy Code empowers the Court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” In combination, Bankruptcy Rule 9007 and sections 105(a) and 1125 of the Bankruptcy Code authorize the Court under the circumstances to which this Motion relates to direct an effective mechanism for notifying parties in interest of the matters discussed herein.

**The Proposed Form and Manner of Notice Is Reasonable Under the Circumstances**

24. As discussed above, prior to the commencement of the Phase II Confirmation Hearing, FairPoint proposes to serve the Long Form Notice – by electronic mail, facsimile and/or overnight courier service – on its master service list and on creditors who previously cast ballots to accept or reject the Plan. FairPoint will also post the Long Form Notice to the Website maintained in their chapter 11 cases ([www.bmcgroup.com/fairpoint](http://www.bmcgroup.com/fairpoint)) and to the Intralinks site maintained by the Prepetition Credit Agreement Agent. FairPoint also proposes to publish the Short Form Notice in the national edition of *The Wall Street Journal*. The Short Form Notice, among other things, directs parties in interest to the case Website where they can view the Long Form Notice for the additional information contained therein.

25. The Long Form Notice, the form of which is annexed here as Exhibit A, describes, among other things, the modifications to the Plan and the Plan Supplement, as well as the significant events that have transpired over the past seven months during FairPoint’s efforts to obtain approval from state regulatory authorities of the Regulatory Settlements. The Long

Form Notice also provides supplemental disclosures regarding FairPoint's restatement of the forecasted financial results. In sum, the disclosures contained in the Notices, as well as the manner in which the Notices will be served, are adequate, reasonable and sufficient under the circumstances to apprise parties in interest of modifications to the Plan, as well as the necessity of such modifications.

**No Further Solicitation of Creditor Acceptances is Required**

26. Although FairPoint's revised financial forecast reveals that the value of New Common Stock and New Warrants to be issued under the Plan are expected to be significantly lower than was originally expected at the time the Disclosure Statement was filed, FairPoint does not believe that this development should have any effect on FairPoint's prior solicitation of creditor acceptances of the Plan. FairPoint's previous financial projections revealed that the going-concern value of FairPoint, as determined by Rothschild Inc., FairPoint's financial advisor, was insufficient to provide any recovery to the holders of Class 7 FairPoint Communications Unsecured Claims.<sup>6</sup> Pursuant to the Plan, however, Prepetition Credit Agreement Lenders agreed to contribute a portion of the value they would otherwise receive to the unsecured creditors of FairPoint Communications. Despite FairPoint's lowered financial forecast, the Prepetition Credit Agreement Lenders have not requested a change in the Plan distributions to unsecured creditors. ***Indeed, the ratable recoveries of all creditors under the Plan remain unchanged.*** In addition, as of the date hereof, the Prepetition Credit Agreement Agent has informed FairPoint that the Prepetition Credit Agreement Lenders either support the Plan or have raised no objections to the proposed modifications.

27. Generally, a creditor who voted for a plan is deemed to have accepted any

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<sup>6</sup> See Exhibit D (Valuation Analysis) to the Disclosure Statement to the Plan, dated March 10, 2010 [Docket No. 915] (the "Disclosure Statement").

proposed modification and will not be given an opportunity to change their vote unless the modification materially and adversely affects their interests.<sup>7</sup> Bankruptcy Rule 3019 implements the plan modification codifications of section 1127 and provides:

In a . . . chapter 11 case, after a plan has been accepted and before its confirmation, the proponent may file a modification of the plan. If the court finds after hearing on notice to the trustee, any committee appointed under the Code, and any other entity designated by the court that the proposed modification does not adversely change the treatment of the claim of any creditor or the interest of any equity security holder who has not accepted in writing the modification, it shall be deemed accepted by all creditors and equity security holders who have previously accepted the plan.

In other words, a court may deem a claim holder's vote for or against a plan as a corresponding vote with respect to a modified plan.<sup>8</sup> However, when a "modification materially and adversely affects any of [the voting parties'] interests, they must be afforded an opportunity to change their vote[.]"<sup>9</sup>

28. Moreover, a new disclosure statement is not required in every instance where a modification is made; if the modification is minor, the existing disclosure statement will suffice.<sup>10</sup> The Bankruptcy Code is designed to encourage consensual resolution of claims and disputes through the plan negotiation process, which includes pre-confirmation modifications.<sup>11</sup> The rules applicable to such modifications should be read and interpreted consistent with that

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<sup>7</sup> See S.REP. NO. 95-989, at 124 (1978), reprinted in 1978 U.S.C.C.A.N. 5910.

<sup>8</sup> *Enron Corp. v. New Power Co. (In re New Power Co.)*, 438 F.3d 1113, 1117-18 (11th Cir. 2006); see also 11 U.S.C. § 1127(d).

<sup>9</sup> *In re Am. Solar King. Corp.*, 90 B.R. 808, 825 (Bankr. W.D. Tex. 1988) (internal quotation omitted); cf. *In re Frontier Airlines, Inc.*, 93 B.R. 1014, 1023-24 (Bankr. D. Co. 1988) (holding that resolicitation is not required unless plan modifications constitute a material adverse change to treatment of creditors).

<sup>10</sup> *In re Concrete Designers, Inc.*, 173 B.R. 354, 356 (Bankr. S.D. Ohio 1994).

<sup>11</sup> *In re Rhead*, 179 B.R. 169, 176 (Bankr. D.Ariz. 1995).

end.<sup>12</sup>

29. The analysis found in *American Solar King* echoes this sentiment. In *American Solar King*, the court held that Bankruptcy Rules 3018 and 3019 are “not to be enforced with blind routine [but] must instead be applied with an eye toward the fundamental principles of Chapter 11.”<sup>13</sup> Indeed, it is well established that a mechanical reading of Rules 3018 and 3019 would inhibit the give-and-take that occurs literally, on the courthouse steps, and “frustrate a fundamental objective of Chapter 11 to promote fully negotiated consensual plans.”<sup>14</sup>

30. Here, the modifications to the Plan do not result in any material or adverse effect on the treatment of any Class of Claims. In fact, the opposite is true. Significantly, the Third Amended Plan improves FairPoint’s ability to meet all of its obligations following emergence from chapter 11, including distributions to creditors. Although there have been changes to FairPoint’s financial forecast, those do not alter the ratable distributions to unsecured creditors even though the value of the New Common Stock and Warrants have declined. Further, the modifications to certain Plan Supplements, including the New Credit Agreement, provide FairPoint with greater financial flexibility in light of the new financial forecast. Lastly, certain modifications are merely technical in nature, such as removal of obsolete or inaccurate information. Since the modifications do not have any material or adverse effect, no further solicitation of creditor acceptances is required.<sup>15</sup>

31. Nevertheless, FairPoint does not ask the Court to determine, at this time, the issue of whether a re-solicitation of creditor acceptances is required. Any creditor who disagrees with

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<sup>12</sup> See *In re Jartran, Inc.*, 44 B.R. 331, 363 (Bankr. N.D. Ill. 1984).

<sup>13</sup> *Am. Solar King*, 90 B.R. at 827.

<sup>14</sup> *Id.* at 825 n.33.

<sup>15</sup> See *In re Mount Vernon Plaza Cmty. Urban Redevelopment Corp. I*, 79B.R. 305 (Bankr. S.D. Ohio 1987) (holding that where creditors voting in favor of plan were not negatively affected, resolicitation not required).

FairPoint's position on this issue may be heard on that issue at the Phase II Confirmation Hearing and the Court's approval of the forms of Notices annexed hereto will not foreclose argument on that issue.

32. Accordingly, FairPoint believes that the foregoing procedures provide good and sufficient notice of the date and time of the Phase II Confirmation Hearing and of key events that have transpired in these chapter 11 cases. Accordingly, FairPoint requests that the Court approve the form and manner of service of the Notices and fix **January 13, 2011 at 10:00 a.m. (ET)** as the date and time of the Phase II Confirmation Hearing, with objections to confirmation of the Plan due on **January 11, 2011 at 4:00 p.m. (ET)**.

### **NOTICE**

33. No trustee or examiner has been appointed in these chapter 11 cases. Notice of this Motion has been provided pursuant to this Court's Order, dated November 18, 2009, establishing notice and case management procedures in these chapter 11 cases [Docket No. 162]. In light of the nature of the relief requested herein, FairPoint submits that no other or further notice need be provided.

34. No previous request for the relief sought herein has been made by FairPoint to this or any other court.

*[remainder of page left intentionally blank]*

**WHEREFORE**, FairPoint respectfully requests that the Court enter the attached order (I) approving the form and manner of notice of (a) the Long Form Notice and the Short Form Notice; (b) the supplemental disclosures to creditors regarding events that have transpired since the Phase I Confirmation Hearing, as set forth in the Long Form Notice; (II) fixing the date and time of the Phase II Confirmation Hearing; and (III) granting such other and further relief as is warranted and just.

Dated: December 27, 2010  
New York, New York

/s/ James T. Grogan  
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*Counsel to the Debtors  
and Debtors in Possession*

**Exhibit A**

**Long Form Notice**



**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

**In re:**

**Chapter 11**

**FAIRPOINT COMMUNICATIONS, INC., *et al.*,**

**Case No. 09-16335 (BRL)**

**Debtors.**

**(Jointly Administered)**

**NOTICE OF (I) CONTINUED HEARING ON CONFIRMATION OF PLAN; AND (II)  
SUPPLEMENTAL DISCLOSURE TO CREDITORS**

TO PARTIES IN INTEREST IN THE FOLLOWING CHAPTER 11 CASES:

**Name of Debtor Entities and Case Numbers**

DEBTOR NAME	CASE NUMBER
C & E COMMUNICATIONS, LTD.	09-16333-BRL
BERKSHIRE NEW YORK ACCESS, INC.	09-16334-BRL
FAIRPOINT COMMUNICATIONS, INC.	09-16335-BRL
BE MOBILE COMMUNICATIONS, INCORPORATED	09-16336-BRL
BENTLEYVILLE COMMUNICATIONS CORPORATION	09-16337-BRL
BERKSHIRE CABLE CORP.	09-16338-BRL
BERKSHIRE CELLULAR, INC.	09-16339-BRL
BERKSHIRE NET, INC.	09-16340-BRL
BERKSHIRE TELEPHONE CORPORATION	09-16341-BRL
BIG SANDY TELECOM, INC.	09-16342-BRL
BLUESTEM TELEPHONE COMPANY	09-16343-BRL
COLUMBINE TELECOM COMPANY	09-16344-BRL
COMERCO, INC.	09-16345-BRL
COMMTEL COMMUNICATIONS INC.	09-16346-BRL
COMMUNITY SERVICE TELEPHONE CO.	09-16347-BRL
EL PASO LONG DISTANCE COMPANY	09-16348-BRL
ENHANCED COMMUNICATIONS OF NORTHERN NEW ENGLAND INC.	09-16349-BRL
EXOP OF MISSOURI, INC.	09-16350-BRL
FAIRPOINT BROADBAND, INC.	09-16351-BRL
FAIRPOINT CARRIER SERVICES, INC.	09-16352-BRL
FAIRPOINT COMMUNICATIONS MISSOURI, INC.	09-16353-BRL
FAIRPOINT COMMUNICATIONS SOLUTIONS CORP. – NEW YORK	09-16354-BRL
FAIRPOINT COMMUNICATIONS SOLUTIONS CORP. – VIRGINIA	09-16355-BRL
FAIRPOINT LOGISTICS, INC.	09-16356-BRL
FAIRPOINT VERMONT, INC.	09-16357-BRL
FREMONT BROADBAND, LLC	09-16358-BRL
FREMONT TELCOM CO.	09-16359-BRL
GTC COMMUNICATIONS, INC.	09-16360-BRL
YCOM NETWORKS, INC.	09-16361-BRL
UNITE COMMUNICATIONS SYSTEMS, INC.	09-16362-BRL
THE EL PASO TELEPHONE COMPANY	09-16363-BRL
ODIN TELEPHONE EXCHANGE, INC.	09-16364-BRL
NORTHERN NEW ENGLAND TELEPHONE OPERATIONS LLC	09-16365-BRL
MJD SERVICES CORP.	09-16366-BRL
GTC FINANCE CORPORATION	09-16367-BRL

DEBTOR NAME	CASE NUMBER
GTC, INC.	09-16368-BRL
PEOPLES MUTUAL LONG DISTANCE COMPANY	09-16369-BRL
PEOPLES MUTUAL SERVICES COMPANY	09-16370-BRL
PEOPLES MUTUAL TELEPHONE COMPANY	09-16371-BRL
RAVENSWOOD COMMUNICATIONS, INC.	09-16372-BRL
YATES CITY TELEPHONE COMPANY	09-16373-BRL
CHOUTEAU TELEPHONE COMPANY	09-16374-BRL
CHAUTAUQUA AND ERIE TELEPHONE CORPORATION	09-16375-BRL
CHINA TELEPHONE COMPANY	09-16376-BRL
GITCO SALES, INC.	09-16377-BRL
GIT-CELL, INC.	09-16378-BRL
GERMANTOWN LONG DISTANCE COMPANY	09-16379-BRL
FRETEL COMMUNICATIONS, LLC	09-16380-BRL
ELLTEL LONG DISTANCE CORP.	09-16381-BRL
ELLENSBURG TELEPHONE COMPANY	09-16382-BRL
C-R TELEPHONE COMPANY	09-16384-BRL
C-R LONG DISTANCE, INC.	09-16386-BRL
C-R COMMUNICATIONS, INC.	09-16387-BRL
MAINE TELEPHONE COMPANY	09-16388-BRL
SUNFLOWER TELEPHONE COMPANY, INC.	09-16389-BRL
MARIANNA AND SCENERY HILL TELEPHONE COMPANY	09-16391-BRL
MARIANNA TEL, INC.	09-16392-BRL
STANDISH TELEPHONE COMPANY	09-16394-BRL
ST LONG DISTANCE, INC.	09-16395-BRL
ST ENTERPRISES, LTD.	09-16397-BRL
ST COMPUTER RESOURCES, INC.	09-16398-BRL
SIDNEY TELEPHONE COMPANY	09-16399-BRL
UTILITIES, INC.	09-16400-BRL
TELEPHONE SERVICE COMPANY	09-16401-BRL
MJD VENTURES, INC.	09-16402-BRL
NORTHLAND TELEPHONE COMPANY OF MAINE, INC.	09-16404-BRL
THE ORWELL TELEPHONE COMPANY	09-16405-BRL
QUALITY ONE TECHNOLOGIES, INC.	09-16406-BRL
TACONIC TECHNOLOGY CORP.	09-16407-BRL
TACONIC TELCOM CORP.	09-16408-BRL
TACONIC TELEPHONE CORP.	09-16409-BRL
TELEPHONE OPERATING COMPANY OF VERMONT LLC	09-16410-BRL
ORWELL COMMUNICATIONS, INC.	09-16411-BRL
THE COLUMBUS GROVE TELEPHONE COMPANY	09-16412-BRL
THE GERMANTOWN INDEPENDENT TELEPHONE COMPANY	09-16413-BRL
UI COMMUNICATIONS, INC.	09-16414-BRL
UI LONG DISTANCE, INC.	09-16415-BRL
UI TELECOM, INC.	09-16416-BRL
ST. JOE COMMUNICATIONS, INC.	09-16423-BRL
CHAUTAUQUA & ERIE COMMUNICATIONS, INC.	09-16424-BRL

## **PLEASE TAKE NOTICE THAT:**

**1. Background Regarding FairPoint's Plan.** On October 26, 2009 (the "Petition Date"), FairPoint Communications, Inc. and substantially all of its direct and indirect subsidiaries (collectively, "FairPoint") filed voluntary petitions for relief under Chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). These cases are being jointly administered under the caption In re FairPoint Communications, Inc., Case No. 09-16335 (the "Chapter 11 Cases").

On March 11, 2010, FairPoint filed the *Debtors' Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* (as modified, amended or supplemented, the "Plan"), which Plan was subsequently modified on May 10, 2010 [Docket No. 1319] and subsequently further amended by *Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code*, filed with the Bankruptcy Court

on [December \_\_], 2010 [Docket No. \_\_\_\_].<sup>1</sup> The Plan incorporates and implements various settlements reached by FairPoint with various parties-in-interest in order to facilitate FairPoint's successful reorganization.

Following overwhelming acceptance of the Plan by parties entitled to vote to accept or reject the Plan, on May 11, 2010, the Bankruptcy Court commenced the hearing (the "Phase I Confirmation Hearing") to consider confirmation of the Plan. At the Phase I Confirmation Hearing, FairPoint proposed that confirmation of the Plan be conducted in a two-phase process. In the first phase, the Bankruptcy Court would rule on all objections to and matters concerning the Plan other than with respect to (i) certain regulatory settlements, and (ii) certain issues raised by Verizon Communications Inc. (collectively, the "Phase II Confirmation Issues"). On May 14, 2010, the Bankruptcy Court entered its Order Under Bankruptcy Code Sections 105(a) and 1129 and Bankruptcy Rules 3019(a) and 9014 Regarding Plan Confirmation Process [Docket No. 1373] that, among other things, (i) approved certain modifications to the Plan, (ii) overruled all objections to confirmation of the Plan except for those objections in connection with the Phase II Confirmation Issues, (iii) closed the record with respect to all issues except for those relating to the Phase II Confirmation Issues, and (iv) reserved the resolution of the Phase II Confirmation Issues for a later date.

2. **Regulatory Settlements.** As a condition precedent to the effectiveness of the Plan, FairPoint has sought approvals of the settlements reached with representatives of the public utility commissions in Maine (the "MPUC") and New Hampshire (the "NHPUC"), the Vermont Department of Public Service, the Maine Office of the Public Advocate, and the New Hampshire Office of the Consumer Advocate. On June 24, 2010, the MPUC approved the Regulatory Settlement for the State of Maine. On July 7, 2010, the NHPUC approved the Regulatory Settlement for the State of New Hampshire. On December 23, 2010, the Vermont Public Service Board (the "Vermont Board") approved the Regulatory Settlement for the State of Vermont.

3. **Modified Financial Forecast and Plan.** The Vermont Board initially rejected the Regulatory Settlement for the State of Vermont. Among other things, the Vermont Board ruled that FairPoint had not demonstrated the financial capability to meet its obligations under Vermont law and questioned certain assumptions made by FairPoint with respect to its financial capability after the effectiveness of the Plan. In order to address the Vermont Board's concerns with the Vermont Regulatory Settlement, FairPoint embarked on a comprehensive, "bottom-up" review of its financial forecast. As a result of its review of the financial forecast, FairPoint currently anticipates that certain of its forecasted financial results will change as follows:

	<b>2011E - 2013E</b>	
	<u>Original Forecast in Disclosure Statement</u>	<u>New Forecast</u>
Revenue	\$3,680.4	\$3,268.4
Operating EBITDA	1,287.0	702.3
EBITDAR <sup>(1)</sup>	1,380.7	833.7
Capex	506.1	526.0

(1) EBITDAR reflects Operating EBITDA plus certain adjustments, including debt restructuring, non-cash pension / other post-employment benefits, severance, non-cash stock based compensation and success bonus

Pursuant to the Bankruptcy Court's Order dated [January \_\_, 2011], FairPoint hereby supplements its prior disclosures regarding FairPoint's financial forecasts. As a result, the recoveries to holders of Class 4 Allowed Prepetition Credit Agreement Claims and Class 7 FairPoint Communications Unsecured Claims are currently expected to be less than the estimated recoveries that were previously set forth on pages x and xi of the Disclosure Statement, which recoveries were based on the valuation analysis that was attached as Exhibit D to the Disclosure Statement.

<sup>1</sup> Capitalized terms that are used but not defined herein have the meanings ascribed to them in the Plan, the exhibits thereto, and the Plan Supplement, as applicable.

In addition, and in an effort to improve FairPoint's ability to meet its obligations to stakeholders, FairPoint and the Lender Steering Committee entered into negotiations regarding potential modifications to the Plan and certain documents contained in the Plan Supplement, including the New Credit Agreement. FairPoint and the Lender Steering Committee also reviewed the Plan and related documents for provisions that have become obsolete or inaccurate due to changed circumstances since the filing of the Plan, including provisions and documents affected by recent changes in FairPoint's senior management – namely, the appointment of Mr. Paul H. Sunu as Chief Executive Officer and the corresponding resignation of Mr. David L. Hauser as Chief Executive Officer on August 24, 2010. Ultimately, the Lender Steering Committee and FairPoint reached agreement on the modifications to the Plan and the documents contained in the Plan Supplement, which are summarized below.<sup>2</sup>

#### New Credit Agreement

The New Credit Agreement, the revised form of which was filed with the Bankruptcy Court on [December \_\_], 2010, has been modified to include the following terms and provisions, among others:

- first lien priority and payment waterfall priority for the New Revolver and second lien priority for the New Term Loan;
  - payment of a commitment fee equal to 2.0% of the aggregate New Revolver commitment amount on the Effective Date;
  - on or prior to the third anniversary of the Effective Date, FairPoint may elect in its sole discretion, but subject to the absence of Events of Default under and as defined in the New Credit Agreement, to extend the maturity of the New Revolver for one additional year upon payment of a continuation fee equal to 1.0% of the New Revolver commitment amount (as it exists on the Effective Date) on the third anniversary of the Effective Date;
  - on or prior to the fourth anniversary of the Effective Date, FairPoint may elect in its sole discretion, but subject to the absence of Events of Default under and as defined in the New Credit Agreement, to extend the maturity of the New Revolver for one additional year upon payment of a continuation fee equal to 1.0% of the New Revolver commitment amount (as it exists on the Effective Date) on the fourth anniversary of the Effective Date;
  - modified Consolidated Total Leverage Ratio and Consolidated Interest Coverage Ratio (each as defined in the New Credit Agreement) maintenance tests and corresponding changes to the Consolidated Senior Leverage Ratio incurrence test;
  - modified definitions of Consolidated EBITDAR and Excess Cash Flow;
  - modified annual limits on FairPoint's Capital Expenditures (as defined in the New Credit Agreement);
- and
- a modified amortization schedule.

#### Long Term Incentive Plan

The FairPoint Communications, Inc. 2010 Long Term Incentive Plan (the "Long Term Incentive Plan"), the revised form of which was filed with the Bankruptcy Court on [December \_\_], 2010, has been modified to include the following terms and provisions, among others:

- a strike price floor for options to purchase shares of New Common Stock awarded on the Effective Date of the Plan, which will be calculated using a \$1.5 billion enterprise value for FairPoint rather than a \$1.9 billion

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<sup>2</sup> This summary of the changes to the Plan is for informational purposes only and is not a complete description of each change. Accordingly, this summary is qualified in its entirety by reference to the full text of *Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code*, filed with the Bankruptcy Court on [December \_\_], 2010, the exhibits thereto, and the Plan Supplement.

enterprise value;

- the award of 461,055 shares of restricted stock to management-level employees of FairPoint on the Effective Date (which amount is reduced from 509,373 as calculated after giving effect to the 50% reduction in the aggregate number of shares of New Common Stock as discussed below), including 66,794 shares of restricted stock to be issued to Mr. David L. Hauser, FairPoint's former Chairman and Chief Executive Officer;

- up to 15,493 shares may, in the discretion of FairPoint's Chief Executive Officer, be accelerated and distributed on the Effective Date to new senior executives hired from outside FairPoint;

- 87,500 shares of restricted stock will be separately reserved for awards that the New Board may make, on or after the Effective Date, in its sole discretion;

- modification of the terms for vesting of awards under the Long Term Incentive Plan upon a termination without cause; and

- elimination of the prohibition against granting new awards before December 31, 2012 to persons who receive awards on or in connection with the Effective Date.

#### Success Bonus Plan.

The FairPoint Communications, Inc. 2010 Success Bonus Plan (the "Success Bonus Plan"), the revised form of which was filed with the Bankruptcy Court on [December \_\_], 2010, has been modified to include the following terms and provisions, among others:

- total payouts under the Success Bonus Plan will be capped at \$1.8 million;
- bonuses will be scaled at 80% of the target amount regardless of the timing of the Effective Date, with no increases to the bonus pool to accrue after December 31, 2010;
- no earned bonuses that were previously promised will be reduced; and
- any additional bonus amounts may be awarded by the Chief Executive Officer in his discretion (subject to the approval of FairPoint's pre-Effective Date board of directors) to new and existing employees of FairPoint, other than to the Chief Executive Officer (who will receive 25% of the awards previously promised to Mr. David L. Hauser, who will be ineligible to receive any payments pursuant to the Success Bonus Plan).

#### Litigation Trust Agreement.

The FairPoint Litigation Trust Agreement (the "Litigation Trust Agreement"), the revised form of which was filed with the Bankruptcy Court on [December \_\_], 2010, has been modified as follows: (i) the Litigation Trust Agreement originally contemplated that the Litigation Trust would be administered by both a Litigation Trustee and a Litigation Trust Board, but now the Litigation Trust will only be administered by a Litigation Trustee; (ii) new governance provisions have been added with respect to the Litigation Trustee in light of the elimination of the Litigation Trust Board; (iii) the term of the Litigation Trust Agreement has been extended from three to five years; and (iv) a provision has been included permitting the Litigation Trustee to request additional funding for the Litigation Trust from Reorganized FairPoint following the Effective Date; *provided, that* (a) any such additional funding will be subject to the approval of the New Board of Reorganized FairPoint in its sole discretion, (b) after giving effect to such additional funding, Reorganized FairPoint's cash on hand may not be less than \$20,000,000 (after taking into account the cash distributions to be made pursuant to the Plan as modified) and (c) no proceeds of any borrowings under the New Revolver may be used to fund such additional funding.

#### New Board.

The Plan has been modified such that FairPoint's board of directors after the Effective Date will be an eight-member board, with Mr. Edward D. Horowitz serving as Chairman.

Reduction in Aggregate Number of Shares of New Common Stock.

The Plan has been modified to provide for a 50% reduction in the aggregate amount of New Common Stock and New Warrants to be issued pursuant to the Plan and shares of New Common Stock to be issued under the Long Term Incentive Plan. Although fewer shares will be issued under the Plan, this will have no adverse economic impact on creditors as a result of that change because the relative allocation of those shares among the respective classes receiving equity securities has not been modified.

4. **Distributions to Creditors Receiving New Common Stock and/or New Warrants Under the Plan.** Using FairPoint's previous financial projections reflected in the Disclosure Statement, the going-concern value of FairPoint, as determined by Rothschild Inc., FairPoint's financial advisor, was insufficient to provide any recovery to the holders of Class 7 FairPoint Communications Unsecured Claims. See Exhibit D to Disclosure Statement (Valuation Analysis). Pursuant to the Plan, however, the Prepetition Credit Agreement Lenders had agreed to contribute a portion of the value they would otherwise receive to the unsecured creditors of FairPoint Communications, Inc. by allowing such creditors to receive New Common Stock and New Warrants. Significantly, the Prepetition Credit Agreement Lenders have not requested a change in the Plan distributions to unsecured creditors, despite the fact that FairPoint has lowered its forecasted financial results. Accordingly, the modifications to the Plan described above do not alter the ratable distributions to unsecured creditors even though the value of such distributions has declined, as described below.

In light of FairPoint's revised financial forecast, the value of New Common Stock and New Warrants to be issued under the Plan is expected to be significantly lower than was originally expected at the time the Disclosure Statement was filed. Creditors should note, however, that the inherent uncertainty of FairPoint's financial projections was highlighted in the Disclosure Statement. See Section VII-D of the Disclosure Statement entitled "Inherent Uncertainty of the Reorganized Company's Financial Projections." As noted therein, variations between actual financial results and FairPoint's projected financial results may be material and may adversely affect, among other things, the value of the New Common Stock. The section "Certain Factors To Be Considered" contained in the Disclosure Statement, to the extent an event has not yet occurred or such information has not been superseded by information contained in FairPoint's filings with the SEC, is hereby incorporated by reference. Please take further notice that the foregoing projected amounts were not prepared with a view toward compliance with the guidelines established by American Institute of Certified Public Accountants or the rules and regulations of the SEC. They are based on a number of assumptions made by management with respect to the future performance of Reorganized FairPoint. Although management has prepared its financial forecast in good faith and believes such assumptions to be reasonable, it is important to note that FairPoint can provide no assurance that such assumptions will be realized. As described in the Disclosure Statement and FairPoint's filings with the SEC, a variety of risk factors could affect FairPoint after its reorganization. The projected amounts should be read in conjunction with the assumptions, qualifications and explanations set forth in the Disclosure Statement and the Plan in their entirety and with the historical consolidated financial statements (including the notes thereto) and other financial information set forth in FairPoint's filings with the SEC.

Even though the uncertainty of FairPoint's financial projections was highlighted in the Disclosure Statement, creditors entitled to vote on the Plan have overwhelmingly voted to accept the Plan. Given the fact that the relative recoveries of creditors under the Plan remain unchanged, FairPoint does not believe that any further solicitation of creditor acceptances will be required. FairPoint and the Prepetition Credit Agreement Agent have apprised the Prepetition Credit Agreement Lenders of the various modifications to the Plan and such lenders either support the Plan or have raised no objections to the proposed modifications.

5. **Resolution of Regulatory Issues.** After submitting additional information and modifying FairPoint's financial forecast as described above, on December 23, 2010, the Vermont Board approved the Regulatory Settlement for the State of Vermont, without conditions.

6. **Phase II Confirmation Hearing.** The hearing on the Phase II Confirmation Issues and the proposed modifications to the Plan and Plan Supplement (the "Phase II Confirmation Hearing") shall be held on **[January 13], 2011 at 10:00 a.m. (Eastern Time)**, before the Honorable Burton R. Lifland, United States Bankruptcy Judge, in Room 623 of the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004. The Phase II Confirmation Hearing may be continued from time to

time without further notice other than the announcement by FairPoint in open court of the adjourned date(s) at the Phase II Confirmation Hearing or any continued hearing. FairPoint may further modify the Plan and Plan Supplement, if necessary, prior to, during, or as a result of the Phase II Confirmation Hearing in accordance with the terms of the Plan without further notice.

7. **Objections.** Objections to confirmation of the modified Plan, if any, must (a) be in writing; (b) conform to the Bankruptcy Rules and the Local Rules for the United States Bankruptcy Court for the Southern District of New York; (c) set forth the name and address of the objecting party and the amount and nature of the claim or interest of such party; and (d) state the basis for the objection, and the specific grounds therefor. In accordance with General Order M-242, registered users of the Bankruptcy Court's case filing system must electronically file their objections and responses. All other parties in interest must file their objections and responses on a 3.5 inch floppy disk (preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format) and deliver a hard copy to the chambers of the Honorable Burton R. Lifland. All objections and responses must be served upon: (a) Paul, Hastings, Janofsky & Walker LLP, attorneys for FairPoint, 75 East 55th Street, New York, NY 10022, Attn: Luc A. Despina, Esq. and James T. Grogan, Esq.; (b) FairPoint, c/o FairPoint Communications, Inc., 521 East Morehead Street, Suite 500, Charlotte, NC 28202, Attn: Susan L. Sowell, Esq.; (c) the Office of the United States Trustee for Region 2, 33 Whitehall Street, 21st Floor, New York, NY 10004, Attn: Andrew D. Velez-Rivera, Esq. and Elisabetta Gasparini, Esq.; (d) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019-6099, Attn: Margot B. Schonholtz, Esq. and Ana M. Alfonso, Esq., attorneys to Bank of America, N.A. as administrative agent for FairPoint's prepetition secured lenders; (e) Andrews Kurth LLP, 450 Lexington Avenue, New York, NY 10017, Attn: Paul N. Silverstein, Esq. and Jonathan I. Levine, Esq., attorneys to the official committee of unsecured creditors; (f) Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, NY 10038, Attn: Kristopher M. Hansen, Esq., attorneys to the ad hoc committee of FairPoint's senior noteholders; and (g) Cohen, Weiss and Simon LLP, 330 West 42nd Street, 25th Floor, New York, NY 10036-6976, Attn: David R. Hock, so as to be received no later than **[January 11], 2011 at 4:00 p.m., Eastern Time**. Failure to file and serve an objection in conformity with the foregoing procedures may result in the objecting party not being heard at the Phase II Confirmation Hearing.

8. **Additional Information.**

**This notice is being provided to certain creditors solely for informational purposes.**

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS NOTICE AND THE PLAN IN THEIR ENTIRETY. THE INFORMATION CONTAINED HEREIN CONTAINS SUMMARIES OF PROPOSED MODIFICATIONS TO THE PLAN AND CERTAIN RELATED DOCUMENTS, WHICH SUMMARIES REFLECT THE PLAN AND SUCH DOCUMENTS ONLY AS OF THE DATE HEREOF. THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN SHALL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF. ALL CREDITORS SHOULD READ CAREFULLY AND CONSIDER FULLY THE "RISK FACTORS" SECTION CONTAINED IN THE SECOND AMENDED DISCLOSURE STATEMENT FOR DEBTORS' SECOND AMENDED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE (THE "DISCLOSURE STATEMENT"). *SEE SECTION VII ("CERTAIN FACTORS TO BE CONSIDERED") OF THE DISCLOSURE STATEMENT.*

IF YOU WISH TO OBTAIN A COPY OF THE DISCLOSURE STATEMENT, THE PLAN, ANY EXHIBITS TO THE PLAN, OR THE PLAN SUPPLEMENT, PLEASE CONTACT BMC GROUP, INC. BY REGULAR MAIL AT 444 NORTH NASH STREET, EL SEGUNDO, CA 90245, BY TELEPHONE AT 1-888-909-0100 OR BY ELECTRONIC MAIL AT FAIRPOINT@BMCGROUP.COM. COPIES OF THE DISCLOSURE STATEMENT, THE PLAN, EXHIBITS TO THE PLAN, AND THE PLAN SUPPLEMENT ARE ALSO AVAILABLE FREE OF CHARGE ON THE INTERNET AT WWW.FPRESTRUCTURING.COM UNDER THE "COURT FILINGS" LINK.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS NOTICE SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT, LIABILITY, STIPULATION OR WAIVER BUT RATHER SHALL CONSTITUTE OR BE CONSTRUED ONLY AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS PURSUANT TO FEDERAL RULE OF EVIDENCE 408. THIS NOTICE SHALL NOT BE ADMISSIBLE IN

ANY NON-BANKRUPTCY PROCEEDING INVOLVING FAIRPOINT OR ANY OTHER PARTY, NOR SHALL IT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE REORGANIZATION AS TO HOLDERS OF ANY CLAIMS AGAINST THE COMPANY.

THE DESCRIPTIONS SET FORTH HEREIN OF THE ACTIONS, CONCLUSIONS OR RECOMMENDATIONS OF FAIRPOINT OR ANY OTHER PARTY IN INTEREST HAVE BEEN SUBMITTED TO OR APPROVED BY SUCH PARTY, BUT NO SUCH PARTY MAKES ANY REPRESENTATION REGARDING SUCH DESCRIPTIONS.

Dated: \_\_\_\_\_, 2010  
New York, New York

\_\_\_\_\_  
PAUL HASTINGS JANOFSKY & WALKER LLP  
Park Avenue Tower  
75 E. 55th Street, First Floor  
New York, NY 10022  
Telephone: (212) 318-6000  
Facsimile: (212) 319-4090  
Luc A. Despins, Esq.  
James T. Grogan, Esq.

*Counsel to the Debtors  
and Debtors in Possession*



**Exhibit B**

**Short Form Notice**

## **PUBLICATION NOTICE**

### **UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK**

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:  
**In re:** : **Chapter 11**  
:  
**FAIRPOINT COMMUNICATIONS, INC., et al.,:** **Case No. 09-16335 (BRL)**  
:  
**Debtors.** : **(Jointly Administered)**  
:  
-----X

### **NOTICE OF ENTRY OF ORDER (A) FIXING DATE OF CONTINUED HEARING ON CONFIRMATION OF PLAN; AND (B) APPROVING SUPPLEMENTAL DISCLOSURE TO CREDITORS**

#### **PLEASE TAKE NOTICE THAT:**

1. On October 26, 2009 (the "Petition Date"), FairPoint Communications, Inc. and substantially all of its direct and indirect subsidiaries (collectively, "FairPoint") filed voluntary petitions for relief under Chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). These cases are being jointly administered under the caption In re FairPoint Communications, Inc., Case No. 09-16335 (the "Chapter 11 Cases").

2. On January [\_\_\_], 2011, the United States Bankruptcy Court entered its Order (I) Approving Form and Manner of Notice of (A) Continued Hearing on Confirmation of Plan; (B) Supplemental Disclosure to Creditors; and (II) Fixing Date and Time for Continued Confirmation Hearing (the "Notice Order") [Docket No. \_\_\_].

3. On [December \_\_, 2010], FairPoint filed its *Third Amended Joint Plan Of Reorganization Under Chapter 11 Of The Bankruptcy Code* (as it may be further modified, amended or supplemented, the "Plan") [Docket No. \_\_\_], as well as the exhibits and the Plan Supplement thereto.<sup>1</sup>

4. Pursuant to the Notice Order, the hearing to consider confirmation of FairPoint's Plan (the "Confirmation Hearing") will be reconvened on **January [13], 2011 at 10:00 a.m. (ET)** before the Honorable Burton R. Lifland, United States Bankruptcy Judge, in Room 623 of the United States Bankruptcy Court For The Southern District Of New York, One Bowling Green, New York, New York 10004. The Confirmation Hearing may be continued from time to time without further notice other than the announcement by FairPoint in open court of the adjourned date(s) at the Confirmation Hearing or any continued hearing. FairPoint may further modify the Plan and Plan Supplement, if necessary, prior to, during, or as a result of the Confirmation Hearing in accordance with the terms of the Plan without further notice.

5. Objections to confirmation of the modified Plan, if any, must (a) be in writing; (b) conform to the Bankruptcy Rules and the Local Rules for the United States Bankruptcy Court for the Southern District of New York; (c) set forth the name and address of the objecting party and the amount and nature of the claim or interest of such party; and (d) state the basis for the objection, and the specific grounds therefor. In accordance with General Order M-242, registered users of the Court's case filing system must electronically file

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<sup>1</sup> Capitalized terms that are used but not defined herein have the meanings ascribed to them in the Plan.

their objections and responses. All other parties in interest must file their objections and responses on a 3.5 inch floppy disk (preferably in Portable Disk Format (PDF), WordPerfect, or any other Windows-based word processing format) and deliver a hard copy to the chambers of the Honorable Burton R. Lifland. All objections and responses must be served upon: (a) Paul, Hastings, Janofsky & Walker LLP, attorneys for FairPoint, 75 East 55th Street, New York, NY 10022, Attn: Luc A. Despins, Esq. and James T. Grogan, Esq.; (b) FairPoint, c/o FairPoint Communications, Inc., 521 East Morehead Street, Suite 500, Charlotte, NC 28202, Attn: Susan L. Sowell, Esq.; (c) the Office of the United States Trustee for Region 2, 33 Whitehall Street, 21st Floor, New York, NY 10004, Attn: Andrew D. Velez-Rivera, Esq. and Elisabetta Gasparini, Esq.; (d) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019-6099, Attn: Margot B. Schonholtz, Esq. and Ana M. Alfonso, Esq., attorneys to Bank of America, N.A. as administrative agent for FairPoint's prepetition secured lenders; (e) Andrews Kurth LLP, 450 Lexington Avenue, New York, NY 10017, Attn: Paul N. Silverstein, Esq. and Jonathan I. Levine, Esq., attorneys to the official committee of unsecured creditors; (f) Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, NY 10038, Attn: Kristopher M. Hansen, Esq., attorneys to the ad hoc committee of FairPoint's senior noteholders; and (g) Cohen, Weiss and Simon LLP, 330 West 42nd Street, 25th Floor, New York, NY. 10036-6976, Attn: David R. Hock, so as to be received no later than **January [11], 2011 at 4:00 p.m., Eastern Time**. Failure to file and serve an objection in conformity with the foregoing procedures may result in the objecting party not being heard at the Confirmation Hearing.

6. Pursuant to the Notice Order, the Bankruptcy Court also approved supplemental disclosure (the "Supplemental Disclosure") to creditors. The Supplemental Disclosure contains information regarding (i) FairPoint's comprehensive review and restatement of its financial forecast for the years 2011 through 2013, (ii) certain key events that have transpired during the Chapter 11 Cases, including FairPoint's pursuit of certain regulatory approvals related to the Plan in Maine, New Hampshire and Vermont, and (iii) a description of certain recent modifications to the Plan, the exhibits thereto, and the Plan Supplement.

7. If you wish to obtain a copy of the Supplemental Disclosure, the Plan, any exhibits to the Plan, or the Plan Supplement, please contact BMC Group, Inc. by regular mail at 444 North Nash Street, El Segundo, CA 90245, by telephone at 1-888-909-0100 or by electronic mail at [fairpoint@bmcgroup.com](mailto:fairpoint@bmcgroup.com). Copies of the Supplemental Disclosure, the Plan, exhibits to the Plan, and the Plan Supplement are also available free of charge on the Internet at [www.fprestructuring.com](http://www.fprestructuring.com) under the "court filings" link.

Dated: \_\_\_\_\_, 2010  
New York, New York

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and Debtors in Possession*