SETTLEMENT AGREEMENT
BY AND BETWEEN
FAIRPOINT COMMUNICATIONS, INC. ("FAIRPOINT") AND
RURAL ECONOMIC DEVELOPMENT NETWORKS, INC., A NEW HAMPSHIRE COMPETITIVE LOCAL EXCHANGE CARRIER ("CLEC")
(FAIRPOINT AND CLEC EACH BEING A "PARTY" AND COLLECTIVELY THE "PARTIES")

WHEREAS FairPoint has agreed to acquire the incumbent local exchange operations of certain subsidiaries of Verizon Communications Inc. (individually or collectively, "Verizon") in the states of Maine, New Hampshire and Vermont (the "Acquired Properties"), which will be accomplished by Verizon's transfer of the Acquired Properties to an affiliate of Verizon ("Telco") directly or indirectly held by another Verizon affiliate ("Spinco") and the merger of Spinco with and into FairPoint (which transfer, merger, and all related transactions are collectively referred to herein as the "Merger");

WHEREAS pursuant to a Transition Services Agreement between Verizon and FairPoint (the "TSA"), FairPoint will use certain services and systems provided by Verizon during a period beginning on or about the Merger closing date and ending on the date of cutover from Verizon's to FairPoint's systems as contemplated by the TSA (the "Cutover");

WHEREAS FairPoint and Verizon are seeking all necessary approvals of the Merger from the Federal Communications Commission, the Maine Public Utilities Commission, the Vermont Public Service Board, and the New Hampshire Public Utilities Commission (Docket DT 07-011, hereinafter the "Docket") (collectively, the "Merger Review Proceedings");

WHEREAS CLEC is providing telecommunications services as a competitive local exchange carrier in New Hampshire, and has intervened in the Docket;

WHEREAS under the terms of the Merger, effective as of the Merger closing date, FairPoint or its affiliate will either assume from Verizon the inter-carrier agreements between Verizon and CLEC effective in the Acquired Properties' service areas as of the Merger closing date, and FairPoint will adopt or concur in Verizon's federal and state access tariffs effective in the Acquired Properties' service areas, that collectively govern the wholesale telecommunications services currently being provided by Verizon to CLEC in New Hampshire (the "Services");

WHEREAS CLEC has identified on Schedule 1 hereto each agreement and tariff in effect as of the effective date hereof under which CLEC takes any of the Services, and CLEC will provide FairPoint within 30 days of the effective date hereof a copy of CLEC's most recent bills and settlement statements from Verizon covering the Services, and **Schedule 1** identifies the definitive set of CLEC agreements being assumed or adopted by FairPoint or its affiliate as part of the Merger (including any amendments, modifications and extensions currently in effect) (the "Assumed Agreements"); and

WHEREAS the Parties want to provide for continuity in the provision of the Services following the merger, to minimize the expense and uncertainty of litigation in the Merger Review Proceedings and resolve any differences between them amicably, and to allow FairPoint and Verizon the opportunity to promptly secure approval in the Merger Review Proceedings and consummate the Merger.

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

1. **251 Obligations**

   a. FairPoint will not dispute that the affiliate that will own and operate the former Verizon properties in New Hampshire (hereinafter "Telco") will be an incumbent local exchange carrier (ILEC) subject to all of the obligations of Section 251 of the Communications Act of 1934, as amended (the "Communications Act" or the "Act"), including but not limited to the obligation to provide access to unbundled network elements (UNEs) wherever "impairment" exists pursuant to Sections 251(c)(3) and 251(d)(2)(B) of the Communications Act, and the requirement to abide by the negotiation/arbitration process prescribed in section 252 of the Communications Act.

   b. FairPoint will not now or in the future seek or assert "rural telephone company" classification for Telco for purposes of the Section 251(f)(1) rural exemption from Section 251(c) of the Act. This condition does not prevent FairPoint from seeking or accepting designation of Telco as "rural" solely for purposes of qualifying for universal service funding or similar support from federal or state programs.

   c. FairPoint will not now or in the future seek any suspension or modification of any of Telco's 251(b) or (c) obligations pursuant to Section 251(f)(2) of the Act. For avoidance of any doubt, this includes Telco's local number portability obligations under Section 251(b)(2).

   d. For three years following the closing date of the Merger, FairPoint will not reclassify as non-impaired any of Telco's wire centers in New Hampshire not currently classified as non-impaired. Furthermore, during such three-year period, Telco will not withdraw any DS1 transport unbundled network elements between the Nashua and Manchester wire centers. Thereafter, Telco will give separate notice if and when it decides to withdraw unbundled access to such transport in accordance with applicable tariff, contractual and regulatory notice requirements.

2. **Additional Items to be Provided by FairPoint.**

   a. Notwithstanding any determination by the Federal Communications Commission ("FCC") in WC Docket 07-22 as to whether or not Telco is a Bell Operating Company ("BOC"), FairPoint will cause Telco to provide as "Settlement Items" in New Hampshire all Section 271(c)(2)(B) "competitive checklist" network elements and services to the extent that the FCC rules or has ruled that BOCs in general are required to provide such elements and services, now or in the future, at rates, terms and conditions that are just and reasonable, and not unreasonably discriminatory, as if governed by Sections 201(b) and 202(a) of the

Communications Act as interpreted by the FCC, subject to the rights of negotiation and of review set forth in section 2(c) below. If the U.S. Supreme Court should reverse the decision of the U.S. Court of Appeals for the First Circuit in *Verizon New England, Inc. v. Maine Public Utilities Commission*, Case Nos. 06-2151, 06-2429 (slip op. Sept. 6, 2007), then Telco will provide as "Settlement Items" such Section 271(c)(2)(B) elements and services as BOCs generally may be required to provide under applicable law. In the event the FCC through a final order delegates to the State of New Hampshire the authority to determine what elements and services must be provided by BOCs under Section 271(c)(2)(B), then this agreement shall be modified accordingly. Nothing herein shall limit the right of Telco or any of the Parties hereto to seek reconsideration or review of any such FCC order.

b. Telco may cease providing any Settlement Item in the event that the FCC, a state utility regulatory commission or a court (in each case having competent jurisdiction and authority) (each a "Governmental Authority") determines that such item is not required to be provided pursuant to applicable law.

c. In the event CLEC requests in writing that Telco provide a Settlement Item required to be provided under section 2(a), and not the subject of a determination described in section 2(b), Telco and the CLEC will engage in good faith negotiations to reach agreement on the rates, terms and conditions pursuant to which Telco will provide such Settlement Item in New Hampshire. In the event that the Parties are unable to reach agreement within nine months from the date FairPoint receives such written request, the CLEC shall have the right to seek resolution of any disputed rates, terms or conditions from the New Hampshire Public Utilities Commission (the "Commission"). The Parties agree that the FCC's rules, regulations, orders and policies applicable to the definition of the corresponding item under Section 271(c)(2)(B) of the Communications Act and the rates, terms and conditions at which such item must be provided by BOCs shall govern the Commission's determinations in any such dispute resolution proceeding. Each Party to such dispute shall have the right to seek review in a court of competent jurisdiction of any Commission action relative to any Settlement Item, including any Commission order asserting that Telco is required to provide an element or service in New Hampshire pursuant to subsection (a) above, or setting rates, terms or conditions or asserting a pricing standard for any Settlement Item. None of the Parties will challenge the jurisdiction of the court of competent jurisdiction in which the dispute arises to apply FCC precedent to decide any such review proceeding that may be initiated hereunder. In addition, in any such review proceeding, none of the Parties will challenge the jurisdiction of the Commission to resolve disputes over Settlement Items as provided in this section 2(c) provided that the Parties have first engaged in good faith negotiations as required herein, and provided further that in any such dispute resolution process the state applies the FCC's rules, regulations, orders and policies applicable to the definition of the corresponding item under Section 271(c)(2)(B) of the Communications Act and the rates, terms and conditions at which such item must be provided by BOCs as agreed herein (or such alternative body of law, if any, as may be identified by the U.S. Supreme Court if that court should reverse the decision of the U.S. Court of Appeals for the First Circuit in *Verizon New England, Inc. v. Maine Public Utilities Commission*, Case Nos. 06-2151, 06-2429 (slip op. Sept. 6, 2007)).

d. Without limiting FairPoint's obligations under subsection (a), FairPoint additionally will provide wholesale DSL and line sharing where available in New Hampshire (provided that CLEC employs non-interfering technology) for a three-year period, under the terms set forth herein.

   i. Wholesale DSL will be provided solely for the purpose of CLEC's provision of end-user DSL service, for three years following the Merger closing date, at a rate not to exceed 82% of FairPoint's lowest-priced retail rate advertised for standalone residential DSL service in the service area of the acquired properties in the state of New Hampshire.

   ii. At the CLEC's option, line sharing will be provided either (A) at rates set in its existing agreement, for the duration of the agreement and for an extended term expiring on the date which is three years following its stated expiration date (or three years following the Merger closing date in the case of an agreement that remains in effect on a month-to-month basis as of the Merger closing date) at the price specified in the applicable agreement, or (B) for a period of three years following the Merger closing date (pursuant to a tariff provision providing that the offering shall expire by its own terms upon the expiration of such three-year period, unless FairPoint voluntarily extends the term) at a tariffed rate of $30.00 per line (non-recurring charge), plus a recurring charge of $6.00 per line per month (non-recurring charges will apply only to lines for which line sharing is not being provided by Verizon as of the Merger closing date).

   iii. The Parties agree that this offering is the product of settlement negotiations and does not constitute an admission by FairPoint or Telco that either wholesale DSL or line sharing is required to be offered by BOCs under Section 271(c)(2)(B) of the Communications Act or as a Settlement Item; if it should be determined that either offering is so required, the Parties agree that the rates provided herein shall constitute rates that are just and reasonable, and not unreasonably discriminatory, within the meaning of Section 201(b) and 202(a) of the Communications Act and Section 2(a) above, for the three-year term described herein.

   iv. Telco's obligations under this subsection 2(d) are independent of any obligation Telco has to provide network elements or services under applicable law and will survive any successful challenge to any obligations to provide network elements.

v. At the end of the three-year period referenced herein, Telco may, at its sole discretion, withdraw any offering of line sharing or wholesale DSL pursuant to this section that may then be in effect, including in any state tariff or SGAT. Telco will provide at least six months' advance notice of any withdrawal of line sharing or wholesale DSL, and CLEC agrees that such notice will constitute adequate and reasonable notice under applicable law.

e. Telco will be subject to the Performance Assurance Plan (PAP) in effect in New Hampshire as of the Merger closing date (see section 6 below) and will not challenge the jurisdiction of the Commission to enforce the PAP.

f. Nothing herein constitutes an admission by FairPoint that Telco is a BOC within the meaning of the Communications Act or applicable regulations or should be treated as a BOC for any purpose.

3. **OSS**

a. FairPoint has prepared a timeline for CLEC education and training, testing and cutover, a copy of which is attached hereto as **Schedule 2** and incorporated herein by reference. **Schedule 2** shall govern FairPoint's WOSS (hereinafter defined) testing, except as may otherwise be determined by the three state regulatory commissions in their approval of the Merger. As set forth in **Schedule 2**, FairPoint:

i. has provided wholesale customers with a Webex demonstration of the WISOR system;

ii. will provide wholesale customers with a preliminary wholesale operations support systems ("WOSS") interface test plan;

iii. will provide an opportunity for wholesale customers and the single regulatory staff consulting firm chosen by agreement of the three state utility regulatory commissions from among their respective consulting firms participating in the docket ("Liberty") to provide input into the WOSS acceptance criteria (the "Readiness Criteria"), which will consist of objective test defect severity level classification criteria that Liberty and FairPoint agree will establish objective measures for testing whether FairPoint's systems are ready for Cutover and whether FairPoint's new WOSS architecture functions as proposed, and thus will indicate whether FairPoint is ready to provide Verizon with a "Notice of Readiness to Cutover" under the terms of the TSA;

iv. will provide a final CLEC testing schedule;

v. will develop contingency plans for specified workaround situations and

vi. will provide a final Cutover schedule.

b. It is the Parties' intention that a single set of Readiness Criteria will be developed for all three states. CLEC hereby agrees to (i) abide by and accept the Readiness Criteria as may be agreed to by the Maine, New Hampshire and Vermont state utility regulatory commissions and (ii) refrain from advocating for Readiness Criteria testing other than as set forth herein. In the event the three states cannot agree on a common Readiness Criteria, then the Readiness Criteria established by the Commission shall control.

c. FairPoint will identify the account team or single point of contact assigned to CLEC.

d. FairPoint will be responsible for the performance of all of Telco's WOSS post-Cutover, in accordance with the terms of the PAP. CLEC, regardless of provisions in its interconnection agreements, will have the right to seek enforcement of the PAP by the Commission (see section 6 below).

e. Telco will not pass through to CLEC any acquisition expenses, fees and expenses under the Transition Services Agreement ("TSA") or training expenses incurred by FairPoint in connection with the Merger or the transition to new operating systems. FairPoint reserves the right to seek inclusion in future Telco rate cases and cost studies (including but not limited to a future UNE rate proceeding) those capitalized costs arising out of development of new systems which replace systems used as of the Merger closing date by Verizon or its affiliates (including those replacing systems Verizon obtains from third parties), subject to normal review and regulation by the Commission. Nothing herein constitutes an admission by CLEC that Telco is entitled to any inclusion of such costs in its future rates or costs.

f. FairPoint will provide, without charge, training in accordance with the training plan referenced in **Schedule 2**. FairPoint will continue to make available to CLEC the types of information that Verizon currently maintains and disseminates to CLEC regarding Verizon's systems and business rules and practices, including the CLEC Manual, industry letters and the change management process. If CLEC currently does not receive such materials (for example, because it takes service from the wholesale tariff without an interconnection agreement), it may receive such materials upon request. FairPoint will maintain the CLEC user forum process currently employed by Verizon.

g. FairPoint will arrange a meeting with wholesale customers approximately six months following cutover to discuss customer concerns and questions. CLEC will inform FairPoint of concerns and questions in advance of the meeting so as to enable FairPoint to respond at or before the meeting.

4. Existing Agreements, SGATs and Wholesale Tariffs

a. The applicable FairPoint affiliate will extend in writing all those Assumed Agreements in effect as of the Merger closing date for three years following their stated expiration date. Such extension shall not affect the right of CLEC to terminate an agreement pursuant to the agreement's provisions. Either Party may commence negotiation of a new agreement within nine months prior to the expiration of such extended term.

b. For Assumed Agreements that have expired or are renewed only on a month-to-month basis as of the Merger closing date, FairPoint will extend the then-current rates and other terms in writing for three years following the Merger closing date. Nothing herein shall affect the right of either Party to extend such agreements further on a month-to-month basis following the expiration of such three-year term, if the terms of the agreement permit such unilateral month-to-month extensions. Either Party may commence negotiation of a new agreement within nine months prior to the expiration of the three-year extension term.

c. FairPoint will cause all volume pricing provided for in the Assumed Agreements described above, or in tariff-based volume discount programs, to be pro-rated so such volume pricing terms will be deemed to exclude volume requirements from states outside of the three-state area served by Telco following the Merger closing date. FairPoint will work with CLEC and Verizon to provide them the same benefits in the aggregate as those provided by the existing Verizon volume discount arrangement; however, in the event that CLEC chooses to reduce its spending in the Telco service territory post-closing, the Parties acknowledge and agree that FairPoint and its affiliates will not be required to hold CLEC "harmless" in the amount of credit it receives under such volume discount arrangement.

d. FairPoint will offer CLEC a three-year agreement for tandem transit service, with rates capped at the tandem transit rates in effect as of the Merger closing date for wholesale customers that agree to a three-year minimum term commitment.

e. FairPoint will adopt and will cap existing rates under Tariff 84 in New Hampshire in effect as of the Merger closing date at then-current levels for a period of three years following the Merger closing date, and FairPoint will also freeze the wholesale discount offered under the total service resale ("TSR") tariff (Tariff 86) in New Hampshire in effect as of the Merger closing date at then-current levels for three years following the Merger closing date, in each case unless FairPoint is required by law to modify such rates (for example, due to a mandated revenue-neutral rate rebalancing). FairPoint may make filings to initiate a proceeding to increase wholesale rates or to decrease a wholesale discount prior to the expiration of such three-year period provided that the effective date of such rate increase or discount decrease will be on or after the expiration of such three-year period. Services available pursuant to said tariffs, as may be amended from time to time in accordance with applicable law (but subject to the terms of this agreement), shall be made available to CLEC in accordance with the terms thereof.

f. CLEC will not advocate any of the following to be effective within the three years following the Merger closing date: (i) any decrease in any of Telco's rates for tandem transit service, (ii) any decrease in Telco's rates for wholesale services under Tariff 84, or (iii) any increase in the wholesale discount offered under Tariff 86. This agreement shall not preclude a Party from advocating any position in a rulemaking of general applicability to the ILEC sector, such as the FCC's Docket 05-25. Further, nothing herein shall preclude a Party from challenging a new service offering in any state or federal tariff proceeding. Notwithstanding anything herein to the contrary, FairPoint shall have the same rights and obligations as Verizon in connection with and arising out of any final order which may be issued within NHPUC Docket 06-067.

5. Access Services Provided Under Tariff

a. Telco will not advocate any increase in any of its tariffed rates for interstate or intrastate (Tariff 85) special access circuits to be effective within the three years following the Merger closing date, unless required by law. Telco may commence a proceeding or proceedings seeking an increase in such rates prior to the expiration of such three-year period provided that the effective date of the new rates shall not be before the end of such three-year period.

b. Telco will not withdraw any of its currently tariffed interstate or intrastate offering of special access circuits offering for three years after the Merger closing date, unless required by law. This agreement shall not prevent Telco from withdrawing other services offered under the special access tariffs, including high-speed, packetized broadband services previously tariffed by Verizon but authorized by the FCC to be withdrawn from the interstate special access tariff.

c. CLEC will not advocate any decrease in any of Telco's interstate or intrastate tariffed special access rates to be effective within the three years following the Merger closing date. This agreement shall not preclude a Party from advocating any position in a rulemaking of general applicability to the ILEC sector, such as the FCC's Docket 05-25.

6. Service Quality & Performance Assurance Plan

a. Telco will adhere to the Verizon PAP and C2C Guidelines as implemented in New Hampshire, and be subject to the potential penalties and enforcement mechanisms set forth in those documents.

b. CLEC may seek enforcement of the PAP in New Hampshire, even if such right is not expressly incorporated in the interconnection agreement or tariff pursuant to which CLEC purchases service.

c. After the Merger closing date, FairPoint will work cooperatively with wholesale customers and state utility regulatory staff in good faith to develop and implement a simplified, uniform PAP applicable to Telco in

Maine, New Hampshire and Vermont. FairPoint agrees to begin this process by proposing a revised PAP that could be implemented in all three states.

d. Reporting obligations and penalties under the PAP or C2C Guidelines will be temporarily suspended on the day of the cutover (the last business Friday in the month in which cutover occurs), for the remainder of days in that month, and for the following full month. CLEC agrees not to oppose a request by FairPoint for a waiver of the PAP provisions as necessary to effectuate this temporary suspension. FairPoint shall take commercially reasonable steps to ensure that adequate personnel are available to process wholesale orders during the transition period and will structure the transition so as to be able to demonstrate that parity is maintained in the processing of retail and wholesale orders.

e. FairPoint will cause Telco to comply with number porting intervals and trunk ordering rules and intervals as may be set forth within existing tariffs, interconnection agreements or other agreements between CLEC and Verizon effective in New Hampshire as of the Merger closing date, as the case may be. Otherwise, FairPoint will cause Telco to comply with industry standard number porting intervals and trunk ordering rules and intervals.

7. Forbearance

a. FairPoint will not file any new forbearance petition seeking relief from any of Telco's Section 251 obligations or obligations to provide access to Settlement Items in any wire center in New Hampshire for three years after the Merger closing date. FairPoint shall not be prohibited from pursuing rights of review or clarification or from enforcing any forbearance grant arising from a prior Verizon petition, with the exception that if the pending petition by Verizon seeking forbearance for the Boston MSA (which includes Strafford and Rockingham Counties in New Hampshire) is granted in whole or in part as to any wire centers in the acquired territory, FairPoint will not give effect to such forbearance for three years following the Merger closing date. In such event, the Parties agree that the three-year period following the Merger closing date shall be deemed to constitute a reasonable transition period, and no Party shall seek any additional transition beyond such three-year period before FairPoint may give effect to any such forbearance authority.

b. FairPoint will not file any new forbearance petition seeking non-dominant treatment for Telco in the acquired territory in New Hampshire for three years after the Merger closing date. Nothing herein will restrict FairPoint from enforcing in New Hampshire any forbearance from dominant carrier regulation already granted to Verizon (by operation of law or otherwise).

8. Mutual Obligation to Support the Settlement Conditions

a. Each Party agrees to support in its written briefs the adoption of the settlement terms set forth in sections 1 through 7 above (the "CLEC Settlement Conditions") as conditions of the Commission's approval of the Merger, to advocate approval of the Merger by the Commission without additional wholesale conditions, and to urge the Commission to incorporate the CLEC Settlement Conditions into any final order approving the transaction. In response to any inquiry into such Party's position on wholesale issues in docket 07-011, each Party will express its support for approval of the Merger subject to the CLEC Settlement Conditions, and its belief that no other wholesale conditions are necessary or in the public interest.

b. The Parties agree that these terms are part of a partial settlement and agree to cooperate in advocating that these terms be adopted in their entirety and without material modification in New Hampshire, provided that nothing herein shall require any Party to agree to any modification of the schedule in any docket.

9. **Enforcement**

a. In the event that the CLEC Settlement Conditions are not adopted in all material respects, and without material modification, by the Commission in an order approving the Merger, they shall be null and void.

b. In the event that the Merger does not close, the CLEC Settlement Conditions shall be null and void.

c. To the extent the CLEC Settlement Conditions are enforceable within the terms hereof, the Commission shall have jurisdiction over all disputes arising hereunder, except that:

i. Disputes over a question whether Telco is required to provide a Settlement Item or on what terms, under section 2(a) above, will be resolved in accordance with section 2(c) above.

ii. It is the intent of the Parties that the Commission will resolve only those disputes arising out of services or facilities provided or requested to be provided in New Hampshire.

d. Any disputes arising with respect to any of the Services shall be subject to the dispute resolution provisions stated in the governing Assumed Agreement or tariff pursuant to which the Service is provided.

e. Except as otherwise provided herein, disputes arising under this Settlement Agreement shall be governed by New Hampshire law, without regard to that state's choice-of-law provisions. The rights, remedies, powers, and privileges of the Parties under this Settlement Agreement are cumulative, and are not exclusive of any rights or remedies that the Parties may otherwise have.

10. **No Admission.** Nothing herein constitutes an admission by any Party of any factual or legal issue or matter; and neither this document nor the settlement discussions that led to it shall be used as evidence in any proceeding unrelated to the enforcement of these CLEC Settlement Conditions.

11. **Assignment; Third Party Beneficiaries.** This Settlement Agreement may not be assigned by either Party without the written consent of the other Party, which shall not be unreasonably withheld. No modification of this Settlement Agreement shall be effective unless in writing and signed by each of the Parties. The terms and conditions contained in this Settlement Agreement are contractual and shall inure to the benefit of, and be binding upon, the Parties and their respective successors and assigns. CLEC hereby consents (if such consent is necessary) and waives any objection to the change of control of Spinco and Telco resulting from the Merger, and to Verizon's assignment and FairPoint's or its affiliate's assumption of the Services that Verizon provides to CLEC as of the closing of the Merger and the agreements listed on Schedule 1, without further notice from Verizon. CLEC further consents to Verizon providing copies of its agreements or bills or settlement statements to FairPoint and releases Verizon and its affiliates from any and all liability that may arise from providing such agreements, bills, or settlement statements or that arises directly or indirectly from this Settlement Agreement. Except as provided in this section 11, the terms and conditions of this Settlement Agreement are not intended for the benefit of any third parties.

12. **Headings.** Section headings used herein are for convenience only and shall have no legal effect

13. **Authority.** Each Party represents and warrants that: (a) it is duly organized, validly existing and in good standing under the laws of its state of formation; (b) it has formal power and actual authority to execute, deliver and perform the provisions of this Settlement Agreement and all such action has been duly and validly authorized by all necessary proceedings on its part; (c) the person signing the Settlement Agreement on behalf of the Party has the authority to bind the Party and this Settlement Agreement has been duly and validly executed by it and constitutes a legal, valid, and binding obligation of it, enforceable in accordance with the terms of this Settlement Agreement; and (d) it has not assigned or otherwise transferred any interest in any of the claims released hereunder

14. **Execution.** By signing below, each Party represents that: (a) it has carefully and thoroughly reviewed this Settlement Agreement in its entirety, and understands the terms used herein and their legal significance; (b) it has had the opportunity to be represented by counsel of its choice throughout the negotiations which preceded the execution of this Settlement Agreement, and in connection with the preparation and execution of this Settlement Agreement; and (c) this Settlement Agreement is fair and is executed voluntarily by such Party with full knowledge of the consequences and implications of the obligations contained herein.

Executed and effective as of this 20th day of November 2007 by duly authorized representatives of the Parties.

FAIRPOINT COMMUNICATIONS, INC.

By: ______________________

Title: President
Address: 521 E. Morehead St.
Suite 250
Charlotte, NC 28202

RURAL ECONOMIC DEVELOPMENT NETWORKS, INC.,

By: Francis M Stocker

Title: Vice President, Finance
Address: 354 River ST.
Springfield, VT 05156

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SETTLEMENT AGREEMENT BY AND BETWEEN
FAIRPOINT COMMUNICATIONS, INC. AND
RURAL ECONOMIC DEVELOPMENT NETWORKS, INC.

SCHEDULE 1

Assumed Agreements

none

Tariffs

New Hampshire tariff no. 84

SETTLEMENT AGREEMENT BY AND BETWEEN
FAIRPOINT COMMUNICATIONS, INC. AND
RURAL ECONOMIC DEVELOPMENT NETWORKS, INC.

SCHEDULE 2

	ACTION ITEM	Timetable for Completion
i.	WOSS Webex demonstration for Wisor	August 27, 2007 (complete)
ii.	Preliminary WOSS Test Plan provided to CLECs	1 week after signing
iii.	Input Into WOSS Readiness Criteria A. Staff Consulting Firm expected to be chosen by agreement of the three state utility regulatory commissions from among their respective consulting firms participating in the Dockets to provide input into the Readiness Criteria B. Opportunity for wholesale customers and Staff Consulting Firm to submit input to FairPoint on Preliminary WOSS Test Plan C. FairPoint and CLECs discuss electronic data interface (EDI) parameters D. In response to feedback from Staff Consulting Firm and wholesale customers, FairPoint provides final Cutover Readiness Criteria	 October 2007 (complete) No later than Oct. 31, 2007 (complete) No later than Oct. 31, 2007 (complete) Nov. 29, 2007
iv.	WOSS Training and Testing A. FairPoint provides final schedule for CLEC training and WOSS testing B. CLECs conduct WOSS testing and report results to FairPoint and Staff Consulting Firm	 Nov. 29, 2007 December 2007 through February 2008
v.	A. FairPoint develops escalation procedures B. FairPoint develops contingency plans for selected work-around scenario(s)	Nov. 30, 2007 March 31, 2008
vi.	Final Cutover Schedule distributed to CLECs	Following Notice of Readiness to Cutover, but at least 40 days prior to Cutover