

SETTLEMENT AGREEMENT AND RELEASE

THIS SETTLEMENT AGREEMENT AND RELEASE (“Agreement”) is made and entered into as of the 9th day of October, 2009 (the “Effective Date”) by and between Capgemini U.S. LLC, a Delaware limited liability company with offices located at 623 Fifth Avenue, 33rd Floor, New York, NY 10022 (“Capgemini”) and FairPoint Communications, Inc., a Delaware corporation with its principal office located at 521 East Morehead Street, Suite 500, Charlotte, NC 28202 (“FairPoint”). Capgemini and FairPoint will be referred to collectively herein as “Parties” and individually as a “Party”. Capitalized terms not otherwise defined herein shall have the meaning given to them in the 2009 IT Agreement (defined herein).

WITNESSETH:

WHEREAS, Capgemini and FairPoint entered into a Master Services Agreement as of January 15, 2007 as amended, together with its Schedules, Exhibits, Appendices, Work Orders and/or Change Orders thereto (the “2007 MSA”);

WHEREAS, Capgemini’s affiliate Capgemini Technologies LLC (“Capgemini Technologies”) and FairPoint entered into a Master Purchasing Agreement effective as of March 29, 2007, together with its Schedules, Exhibits, Appendices, Work Orders and/or Change Orders thereto (the “MPA”);

WHEREAS, Capgemini and FairPoint entered into the Information Technologies Services Agreement effective January 30, 2009, together with its Schedules, Exhibits, Appendices, Work Orders and/or Change Orders thereto (the “2009 IT Agreement”);

WHEREAS, disputes have arisen between the Parties regarding the 2007 MSA and the 2009 IT Agreement;

WHEREAS, FairPoint has publicly acknowledged that due to various financial issues affecting FairPoint, there is a risk that it may seek bankruptcy protection; and

WHEREAS, the Parties desire to compromise and settle any and all disputes between the Parties arising out of or in any way connected with the 2007 MSA, the MPA, and the 2009 IT Agreement up to and through the Effective Date;

NOW, THEREFORE, in consideration of the mutual promises and obligations of the Parties as set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to be legally bound as follows:

1. No Disparagement. Neither Party shall make any disparaging or derogatory statements either orally or in writing about the other Party or its affiliates with respect to activities prior to the Effective Date. All written media releases by

either Party relating to this Agreement, the 2009 IT Agreement, as amended, and the 2007 MSA shall be coordinated with and approved by the other Party in writing prior to the release thereof; provided, however, that the foregoing shall not prohibit any disclosures or communications by a Party required by law.

2. Release by Capgemini. Capgemini and its present and former parents, subsidiaries, members, divisions, affiliates (including but not limited to Capgemini Technologies), contractors, and their respective officers, directors, employees, agents and any of their legal representatives, trustees, associates, partners, and purchasers (and the predecessors, successors and assigns of each of the foregoing) (the "Capgemini Releasing Parties") hereby fully and forever release and discharge FairPoint, and its present and former parents, subsidiaries, members, divisions, contractors, and their respective employees, officers, directors, shareholders, agents, successors and assigns and any of their legal representatives, trustees, associates, partners, and purchasers (the "FairPoint Released Parties"), from any and all actions, causes of action, liabilities, suits, debts, damages, claims, dues, sums of money, liens, accounts, reckonings, judgments, executions, extents, bonds, bills, specialties, losses, costs, expenses and demands, now known or later discovered, including but not limited to those arising out of or related in any way to the 2007 MSA, any warranty obligations thereunder, the 2009 IT Agreement, the MPA, any discussions, communications, performance, or non-performance relating in any way thereto or the Dispute (as hereinafter defined) and any claims or allegations asserted or which could have been asserted in the Dispute, whether in law or equity, and whether known or unknown, suspected or unsuspected, claimed or concealed, fixed or contingent, that the Capgemini Releasing Parties ever had, now have or hereafter can, shall or may have or acquire against the FairPoint Released Parties, from the beginning of time until the Effective Date of this Agreement; provided, however, that nothing contained herein shall constitute a release or waiver of any claim for breach of this Agreement, or a release or waiver of any of the Party's obligations under this Agreement, or a release or waiver of any Party's claims or obligations under the MPA, the 2007 MSA or the 2009 IT Agreement, arising after the Effective Date of this Agreement. "Dispute" for purposes of this Section shall be defined as any dispute that has arisen under the 2007 MSA, the MPA or the 2009 IT Agreement or otherwise.
3. Release by FairPoint. FairPoint and its present and former parents, subsidiaries, members, divisions, affiliates, contractors, and their respective officers, directors, employees, agents and any of their legal representatives, trustees, associates, partners, and purchasers (and the predecessors, successors and assigns of each of the foregoing) (the "FairPoint Releasing Parties") hereby fully and forever release and discharge Capgemini, and its present and former parents, subsidiaries, members, divisions, affiliates (including but not limited to Capgemini Technologies), contractors, and their respective employees, officers, directors, shareholders, agents, successors and assigns and any of their legal representatives, trustees, associates, partners, and purchasers (the "Capgemini Released Parties"),

from any and all actions, causes of action, liabilities, suits, debts, damages, claims, dues, sums of money, liens, accounts, reckonings, judgments, executions, extents, bonds, bills, specialties, losses, costs, expenses and demands, now known or later discovered, including but not limited to those arising out of or related in any way to the 2007 MSA, any warranty obligations thereunder, the 2009 IT Agreement, the MPA, any discussions, communications, performance, or non-performance relating in any way thereto, or the Dispute (as hereinafter defined) and any claims or allegations asserted or which could have been asserted in the Dispute, whether in law or equity, and whether known or unknown, suspected or unsuspected, claimed or concealed, fixed or contingent, that the FairPoint Releasing Parties ever had, now have or hereafter can, shall or may have or acquire against the Capgemini Released Parties, from the beginning of time until the Effective Date of this Agreement; provided, however, that nothing contained herein shall constitute a release or waiver of any claim for breach of this Agreement, or a release or waiver of any of the Party's obligations under this Agreement, or a release or waiver of any Party's claims or obligations under the MPA, the 2007 MSA or the 2009 IT Agreement arising after the Effective Date of this Agreement. "Dispute" for purposes of this Section shall be defined as any dispute that has arisen under the 2007 MSA, the MPA or the 2009 IT Agreement or otherwise.

4. Services. Capgemini shall continue to perform Services for FairPoint as agreed to by the Parties and FairPoint shall continue to pay all fees and charges as provided for in the 2009 IT Agreement, as amended. Simultaneously with the execution of this Agreement, the Parties shall enter into the amendment attached hereto as Exhibit A.
5. Payment. Notwithstanding anything to the contrary in the 2009 IT Agreement, FairPoint hereby agrees to pay Capgemini \$15,000,000 immediately upon full execution of this Agreement by the Parties (and in no event later than two business days after execution) and an additional \$15,000,000 on December 31, 2009 (the "Cure Amount") as satisfaction (except as set forth below in this Section 5 and in Section 7) of the amounts due, invoiced or deferred, as set forth in Attachment 1 to this Agreement ("Outstanding Amounts"); which Attachment 1 is incorporated herein by this reference. Attachment 2 sets forth which Outstanding Amounts are deemed paid upon payment by FairPoint of the Cure Amount. Notwithstanding the foregoing, the remainder of the Outstanding Amounts totaling \$19,795,980 shall remain due but shall be treated as an allowed unsecured claim in FairPoint's bankruptcy case (the "Allowed Unsecured Claim"). All amounts due, invoiced or deferred under any agreement are set forth on Attachment 1 to this Agreement and the Parties hereto agree that the only amounts remaining uninvoiced through October 1, 2009 under any agreement between the Parties hereto and/or their affiliates (including Capgemini Technologies) is \$2,248,138, which amount shall be paid in the ordinary course as required by the 2009 IT Agreement, as amended. FairPoint's failure to pay the Cure Amount when due shall be considered a material breach of the 2009 IT

Agreement, as amended, and, notwithstanding anything to the contrary in the 2009 IT Agreement, FairPoint will only have ten (10) days to cure such breach and FairPoint's failure to cure such breach will result in the termination of the 2009 IT Agreement. The Parties acknowledge and agree that, notwithstanding anything in the 2009 IT Agreement to the contrary, if FairPoint fails to pay the Cure Amount, the Parties shall not have to proceed through the Dispute Resolution process detailed in Article XXI of the 2009 IT Agreement. Section 2.16 of the 2009 IT Agreement shall not be applicable in the event FairPoint breaches its obligations to pay the Cure Amount specified and fails to timely cure such breach. Except as modified in this Section 5 and in Section 7 hereof, all other provisions of the 2009 IT Agreement, as amended, remain in full force and effect, including but not limited to Article XIX thereof.

6. Bankruptcy.

(a) Within twenty (20) days of commencing its bankruptcy case, FairPoint shall file a motion with the bankruptcy court to assume (i) the 2009 IT Agreement, as amended, (ii) the MPA, and (iii) this Agreement, pursuant to Section 365 of the United States Bankruptcy Code. No additional amount shall be payable by FairPoint on account of the Outstanding Amounts for FairPoint to assume the 2009 IT Agreement other than the Cure Amount. In order to assume the 2009 IT Agreement, FairPoint must also cure any defaults thereunder arising after the Effective Date of this Agreement. Capgemini will support the assumption of the 2009 IT Agreement by FairPoint provided the Cure Amount is timely paid and FairPoint agrees to cure all monetary defaults, if any, that may occur with respect to amounts due after the Effective Date of this Agreement. Capgemini reserves its right to oppose any assignment of the 2009 IT Agreement by FairPoint to another entity.

(b) Within sixty-five (65) days of the commencement of its bankruptcy case (i) FairPoint's motion for the assumption of (x) the 2009 IT Agreement, as amended, (y) the MPA and (z) this Agreement, shall be granted by the bankruptcy court and (ii) such assumption shall be set forth in a final order of the bankruptcy court that is not stayed.

(c) The Allowed Unsecured Claim shall not be subject to any offset, reduction, objection, avoidance, recoupment or other similar claim concept that would in any way reduce the amount of Capgemini's Allowed Unsecured Claim. Capgemini's Allowed Unsecured Claim shall receive the same treatment as other allowed unsecured claims against FairPoint in any plan or reorganization or liquidation confirmed in FairPoint's bankruptcy case.

(d) FairPoint waives any right it may have to reject the 2009 IT Agreement, as amended, the MPA or this Agreement after assumption of those contracts has been approved by the bankruptcy court.

(e) This Agreement is binding on FairPoint's successors and assigns including any Chapter 11 Trustee or Chapter 7 Trustee appointed in the FairPoint bankruptcy case upon assumption of the 2009 IT Agreement, as amended, in the bankruptcy case.

(f) If (a) FairPoint has complied with all material terms of this Agreement and the 2009 IT Agreement, as amended; (b) the 2009 IT Agreement has not been assigned to a third party over the objection of Capgemini; (c) this Agreement, the 2009 IT Agreement and the MPA have been assumed as contemplated by this Agreement; and (d) FairPoint's plan of reorganization or liquidation (i) does not provide for a distribution to FairPoint equity holders; (ii) treats Capgemini's Allowed Unsecured Claim in the same fashion that other general unsecured claims against FairPoint are treated, (iii) provides Capgemini a recovery on account of its Allowed Unsecured Claim that is at least as much on a percentage basis as the recovery provided to FairPoint's unsecured bondholders; and (iv) does not result in a change in control other than a change in control that results from a distribution of new equity to existing creditors of FairPoint, then Capgemini shall (y) vote in favor of such plan when solicited, and (z) not support or vote in favor of any other plan. Capgemini agrees that, in the event of a breach by Capgemini of its obligations in the preceding sentence, then FairPoint may seek injunctive relief to enforce the provisions of the preceding sentence and further Capgemini agrees that monetary damages shall not be adequate compensation for any such breach and, accordingly, FairPoint may at its election seek such injunctive relief against Capgemini with respect to any such breach without the posting of any bond. Capgemini will not sell or transfer its Allowed Unsecured Claim to any party unless such party agrees to the provisions of this Section as if it were Capgemini.

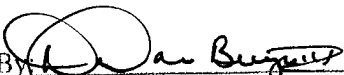
7. If FairPoint does not file for bankruptcy within forty-five (45) days from the Effective Date, or if FairPoint does not assume the 2009 IT Agreement, as amended, the MPA and this Agreement in the bankruptcy case in the time required by this Agreement, then (i) Capgemini and FairPoint are each free to pursue any and all of their respective rights, claims and remedies to seek to recover any amounts due, including the Outstanding Amounts and all other amounts that come due from the Effective Date, notwithstanding anything in this Agreement to the contrary and (ii) FairPoint's and Capgemini's releases are deemed null and void and FairPoint and Capgemini are each free to pursue all available remedies against each other. Additionally, if FairPoint does not make the Cure Payment, then any unpaid portion of the Outstanding Amount becomes immediately due and payable and the Parties shall not be obligated to go through the dispute resolution process detailed in Article XXI of the Agreement and Section 2.16 of the 2009 IT Agreement shall also not be applicable.
8. Representation of No Assignment. Each of the Parties represents that it has not assigned any claim pertaining to any dispute which it may have against the other Party to any person not bound by this Agreement and the Parties have the sole right to assert the claims that have been settled by this Agreement.
9. No Admission. This Agreement and the consideration exchanged through it is made and given for the purpose of compromise and settlement of the matters

addressed herein and shall not constitute an admission of liability, fault, wrongdoing or waiver of any position by any Party.

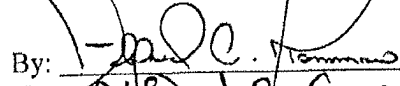
10. Expenses. Each of the Parties hereto agrees to pay their own attorneys and other fees, costs and expenses related to this Agreement.
11. Entire Agreement. This Agreement contains the entire Agreement between the Parties with respect to the subject matter contained herein and may be amended, modified, or superceded only by written agreement signed by all of the Parties hereto. No oral statements made by any directors, officers, employees, agents or representatives of the Parties or their subsidiaries, parents or affiliates shall modify or otherwise affect the terms and conditions of this Agreement.
12. Authority. Each Party represents and warrants that (i) the person signing this Agreement on its behalf has full authority and representative capacity to execute this Agreement, (ii) this Agreement has been duly executed and constitutes a valid and binding obligation of the Party, and (iii) that it has read this Agreement and has conferred with its applicable attorneys concerning this Agreement and the terms and conditions hereof and that it fully understand the terms, conditions, requirements and effect of this Agreement.
13. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be deemed prohibited or invalid under such applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, and such prohibition or invalidity shall not invalidate the remainder of such provision or the other provisions of this Agreement.
14. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts when taken together shall constitute both one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Agreement with the intent that this Agreement is and shall have the affect of a binding Agreement under the law.

Capgemini U.S. LLC

By: 
Name: Dee Burger
Title: Vice-President
Date: 10-09-09

FairPoint Communications, Inc.

By: 
Name: Alfred C. Grammarino
Title: Chief Financial Officer
Date: 10/09/09

Name: 
Date: 10/9/09
EXECUTION VERSION
Office of General Counsel



Hardware/Software	302885	16-Jan-09	SUN PO #7	\$	110,699.89	Deferred to 2/15/2010
Hardware/Software	302886	16-Jan-09	Verient Payment #2	\$	274,890.00	Deferred to 1/15/2010
Hardware/Software	302888	16-Jan-09	SUN PO #1	\$	72,940.57	Deferred to 1/15/2010
Hardware/Software	302892	16-Jan-09	SUN PO #2	\$	374,923.93	Deferred to 2/15/2010
Hardware/Software	302893	16-Jan-09	SUN PO #3	\$	924,065.07	Deferred to 2/15/2010
Hardware/Software	302894	16-Jan-09	SUN PO #4	\$	38,511.36	Deferred to 2/15/2010
Hardware/Software	302895	16-Jan-09	SUN PO #6	\$	482,176.36	Deferred to 2/15/2010
Hardware/Software	302896	16-Jan-09	IBM PO #2	\$	240,771.60	Deferred to 2/15/2010
Hardware/Software	302897	16-Jan-09	IBM PO #3	\$	378,601.60	Deferred to 2/15/2010
Hardware/Software	302898	16-Jan-09	SUN PO #5	\$	22,405.68	Deferred to 2/15/2010
Hardware/Software	302899	16-Jan-09	IBM PO #1	\$	1,069,825.50	Deferred to 1/15/2010
Hardware/Software	302900	16-Jan-09	IBM PO #4	\$	220,418.90	Deferred to 2/15/2010
Hardware/Software	302901	16-Jan-09	HP PO #28	\$	23,448.65	Deferred to 1/15/2010
Hardware/Software	302902	16-Jan-09	HP PO #27	\$	121,260.27	Deferred to 1/15/2010
Hardware/Software	302925	28-Jan-09	Metasolv PO #2	\$	66,642.50	Deferred to 2/15/2010
Hardware/Software	302930	28-Jan-09	Oracle PO #3	\$	131,595.00	Deferred to 2/15/2010
Hardware/Software	302945	30-Jan-09	Misc PO #11	\$	37,579.36	Deferred to 2/15/2010
Hardware/Software	302946	30-Jan-09	Misc PO #11	\$	3,093.47	Deferred to 2/15/2010
Hardware/Software	104024849	16-Jan-09	Misc PO #10	\$	26,070.00	Deferred to 2/15/2010
2009 Support Contract			Deferral from May 2009	\$	700,000.00	Deferred to 9/15/2009
2009 Support Contract			Additional services provided	\$	3,300,000.00	Deferred to 10/15/2009
2009 Support Contract			Additional services provided	\$	3,300,000.00	Deferred to 11/15/2009
2009 Support Contract			Additional services provided	\$	3,300,000.00	Deferred to 12/15/2009
Deferred Total				\$	27,472,481.71	
Total Deferred plus invoiced				\$	49,795,980.31	

Attachment 2 to
Settlement Agreement and Release

Project Name	Inv #	Date	Description	Invoice Total	Notes
2009 Support Contract	104027447	29-Apr-09	February 2009 Monthly Fee	\$ 1,429,706.00	
2009 Support Contract	104027448	29-Apr-09	March 2009 Monthly Fee	\$ 4,125,612.00	
2009 Support Contract	104027898	15-May-09	Support Expenses Feb & Mar 2009	\$ 210,226.04	
2009 Support Contract	104027971	19-May-09	April 2009 Monthly Fee	\$ 3,650,385.00	
Fallout Mgmt	104028095	26-May-09	April 2009 Actuals	\$ 152,714.00	
2009 Support Contract	104028285	31-May-09	Support Expenses Mar & April 2009	\$ 323,989.75	
Fallout Mgmt	104028295	31-May-09	May 2009 Actuals	\$ 124,632.00	
Infrastructure CO	104028633	15-Jun-09	May 2009 Actuals	\$ 194,959.00	
2009 Support Contract	104028682	16-Jun-09	May 2009 Monthly Fee	\$ 2,050,386.00	
2009 Support Contract	104028718	18-Jun-09	Support Expenses April & May 2009	\$ 74,980.65	
Fallout Mgmt	1119246017	15-Jul-09	June 2009 Actuals	\$ 137,832.00	
Infrastructure CO	1119246014	15-Jul-09	June 2009 Actuals	\$ 179,202.00	
2009 Support Contract	1119246018	15-Jul-09	June 2009 Monthly Fee	\$ 2,062,138.00	
2009 Support Contract	1119246019	20-Jul-09	Support Expenses May & June 2009	\$ 50,255.09	
Infrastructure CO	81040110002569	7-Aug-09	July 2009 Actuals	\$ 156,362.00	
Fallout Mgmt	81040110002732	12-Aug-09	July 2009 Actuals	\$ 72,674.00	
2009 Support Contract	81040110002826	18-Aug-09	Support Expenses June & July 2009	\$ 3,946.47	Total was \$21,031.51
Payment #1				\$ 15,000,000.00	

Fallout Mgmt	8104011000000	9-Sep-09	August 2009 Actuals	\$ 69,568.00	
Infrastructure CO	8104011000004	9-Sep-09	August 2009 Actuals	\$ 117,723.00	
2009 Support Contract	8104011000218	17-Sep-09	August 2009 Monthly Fee	\$ 2,762,138.00	
2009 Support Contract	8104011000274	18-Sep-09	Additional services provided	\$ 3,300,000.00	
2009 Support Contract	8104011000756	8-Oct-09	Deferral from May 2009	\$ 700,000.00	
2009 Support Contract	8104011000757	8-Oct-09	Additional services provided	\$ 3,300,000.00	
2009 Support Contract	8104011000758	8-Oct-09	Additional services provided	\$ 1,971,347.96	Total was \$3,300,000
2009 Support Contract	81040110002826	18-Aug-09	Support Expenses June & July 2009	\$ 17,085.04	Total was \$21,031.51, this is remaining balance
2009 Support Contract	81040110002889	20-Aug-09	July 2009 Monthly Fee	\$ 2,762,138.00	
Payment #2				\$ 15,000,000.00	

Amendment No. 1 to Master Work Order No. 1
to the Information Technology Services Agreement between
Capgemini U.S. LLC and FairPoint Communications, Inc.

This Amendment No. 1 to Master Work Order No. 1 to the Information Technology Services Agreement (the "Amendment") is effective as of October 9, 2009 (the "Amendment Effective Date"), and it amends Master Work Order No. 1 to the Information Technology Services Agreement between FairPoint Communications, Inc. ("FairPoint") and Capgemini U.S. LLC ("Capgemini"), effective as of January 30, 2009 (the "Agreement"). Capitalized but undefined terms herein will have the meanings ascribed to them in the Agreement.

Whereas, the parties hereto desire to document certain amendments to the Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Sections 1 and 2 in Schedule 4 to Master Work Order No. 1 are hereby deleted in their entirety and Appendix A - Fee Schedule to Schedule 4 of Master Work Order No.1 is also hereby deleted in its entirety and replaced with the "Appendix A -- Fee Schedule (Revised 9-30-09)" attached hereto and incorporated herein by this reference. Beginning October 1, 2009, FairPoint will pay Capgemini the monthly fees set forth in the attached "Appendix A -- Fee Schedule (Revised 9-30-09)". Sections 1 and 2 of Schedule 4 to Master Work Order No. 1 shall be replaced with the following:

"1) The monthly fees and payment schedule are shown in Appendix A -- Fee Schedule (Revised 9-30-09). FairPoint shall pay Capgemini the amounts listed in the Appendix A -- Fee Schedule (Revised 9-30-09), subject to modification based on Sections 4, 5, 6 and 7 of this Schedule 4 to Master Work Order No. 1.

2) This section intentionally left blank."

2. All of the terms and provisions of the Agreement not amended, revised or supplemented by this Amendment will remain in full force and effect.

3. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one single agreement between the parties.

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the Amendment Effective Date.

FairPoint Communications, Inc.

Capgemini U.S. LLC

By: [Signature]
Printed Name: Alfred C. Grammarino
Title: Chief Financial Officer
Date: 10/09/09

By: [Signature]
Printed Name: Dee Burger
Title: Vice-President
Date: 10-09-09

Name: [Signature]
Date: 10/9/09
EXECUTION VERSION
Office of General Counsel