

CONFIDENTIAL BILLING SETTLEMENT AGREEMENT

This Confidential Billing Settlement Agreement ("Agreement"), dated September 4th 2001, is between Qwest Corporation ("Qwest") and FairPoint Communications Solutions Corp. ("FairPoint") (collectively the "Parties") who hereby enter into this Confidential Billing Settlement Agreement with regard to the following:

RECITALS

1. Qwest is an incumbent local exchange provider operating in various states including the states of Washington and Oregon.
2. FairPoint is a competitive local exchange provider that operates in various states including the states of Washington and Oregon.
3. Qwest and FairPoint are parties to interconnection agreements, executed pursuant to sections 251 and 252 of the federal Telecommunications Act of 1996 ("Act") and approved by the Washington Utilities and Transportation Commission and the Oregon Public Utility Commission referred to hereinafter as the "Interconnection Agreements."
4. Various billing disputes have arisen between the Parties in the performance under the Interconnection Agreements regarding certain interconnection services, including collocation decommissioning and the provisioning of interconnection trunks and interoffice transport facilities (referred to hereinafter as the "Disputes").
5. In an attempt to finally resolve the Disputes and to avoid delay and costly litigation, and for valuable consideration, the Parties voluntarily enter into this Agreement to resolve fully the Disputes.

CONFIDENTIAL SETTLEMENT AGREEMENT

6. Qwest and FairPoint agree to resolve the Disputes as of the date of this Agreement as follows. In consideration for Qwest's payment to FairPoint described in this paragraph, FairPoint agrees to the waiver and release described in paragraph 8 below. Qwest will make a one-time payment to FairPoint in the amount of [REDACTED] Qwest will wire that sum of

money to FairPoint within three (3) business days of the execution of this Agreement. The Wire information to be used by Qwest is:

Account Name: FairPoint Communications Solutions Corp.
Account Number: [REDACTED]
[REDACTED]
ABA Number: [REDACTED]

~~In addition, Qwest agrees to provide FairPoint in the state of Washington and after receiving complete and accurate orders, up to a total of [REDACTED] coordinated 2-wire voice grade loop installations, first line, with cooperative testing, at a non-recurring charge of zero, worth approximately [REDACTED] for the time period commencing with the execution of this Agreement through December 15, 2001. Recurring charges and additional line charges, if any, shall apply at standard rates. After December 16, 2001, or after FairPoint has been provided the [REDACTED] loop installations described herein, whichever comes first, appropriate non-recurring charges shall apply to all FairPoint service orders for 2-wire voice grade loop installations, first line, with cooperative testing. The waiver agreed to in this paragraph applies to the loop installation orders described in this paragraph and placed by FairPoint in the state of Washington through December 15, 2001. If FairPoint does not place [REDACTED] such orders by December 15, 2001, Qwest will not be further obligated to FairPoint under this provision of this Agreement.~~

7. Further, as part of this Agreement, and to foster improved communications between the Parties for the purpose of avoiding costly disputes in the future, the Parties agree to implement the dispute resolution escalation process attached hereto as Attachment A, applicable to any business issues that may arise under the Interconnection Agreements.

8. For valuable consideration to be paid by Qwest to FairPoint as provided in paragraph 6

above, FairPoint hereby releases and forever discharges Qwest and its associates, owners, stockholders, predecessors, successors, agents, directors, officers, partners, employees, representatives, employees of affiliates, employees of parents, employees of subsidiaries, affiliates, parents, subsidiaries, insurance carriers, bonding companies and attorneys, from any and all manner of action or actions, causes or causes of action, in law, under statute, or in equity, suits, appeals, petitions, debts, liens, contracts, agreements, promises, liability, claims, affirmative defenses, offsets, demands, damages, losses, costs, claims for restitution, and expenses, of any nature whatsoever, fixed or contingent, known or unknown, past and present asserted or that could have been asserted or could be asserted through the date of the execution of this Agreement in any way relating to or arising out of the Disputes.

9. The terms and conditions contained in this Agreement shall inure to the benefit of, and be binding upon, the respective successors, affiliates and assigns of the Parties. In addition, the terms and conditions of this Agreement, including all facts leading up to the signing of this Agreement shall bind the Parties.

10. Each Party hereby covenants and warrants that it has not assigned or transferred to any person any claim, or portion of any claim which is released or discharged by this Agreement.

11. The Parties expressly agree that they will keep the substance of the negotiations and or conditions of the settlement and the terms or substance of Agreement strictly confidential. The Parties further agree that they will not communicate (orally or in writing) or in any way disclose the substance of negotiations and/or conditions of the settlement and the terms or substance of this Agreement to any person, judicial or administrative agency or body, business, entity or association or anyone else for any reason whatsoever, without the prior express written consent of the other Party unless compelled to do so by law. It is expressly agreed that this

confidentiality provision is an essential element of this Agreement. The Parties agree that this Agreement and negotiations, and all matters related to these two matters, shall be subject to the Rule 408 of the Rules of Evidence, at the federal and state level. The Parties further agree that a breach of the confidentiality provisions of this Agreement will materially harm the other Party in a manner which cannot be compensated by monetary damages, and that in the event of such breach the prerequisites for an injunction have been met.

12. In the event either Party has a legal obligation which requires disclosure of the terms and conditions of this Agreement, the Party having the obligation shall immediately notify the other Party in writing of the nature, scope and source of such obligation so as to enable the other Party, at its option, to take such action as may be legally permissible so as to protect the confidentiality provided for in this Agreement. At least ten days advance notice under this paragraph shall be provided to the other Party, whenever possible.

13. This Agreement constitutes the entire agreement between the Parties and can only be changed in a writing or writings executed by both of the Parties. Each of the Parties forever waives all right to assert that this Agreement was a result of a mistake in law or in fact.

14. This Agreement shall be interpreted and construed in accordance with the laws of the State of Colorado, and shall not be interpreted in favor or against any Party to this Agreement except as expressly provided herein.

15. The Parties have entered into this Agreement after conferring with legal counsel.

16. If any provision of this Agreement should be declared to be unenforceable by any administrative agency, court of law, or other tribunal of competent jurisdiction the remainder of the Agreement shall remain in full force and effect, and shall be binding upon the Parties hereto as if the invalidated provision were not part of this Agreement.

17. Any claim, controversy or dispute between the Parties in connection with this Agreement, shall be resolved by private and confidential arbitration conducted by a single arbitrator engaged in the practice of law, under the then current rules of the American Bar Association. The Federal Arbitration Act, 9 U.S.C. §§ 1-16, not state law, shall govern the arbitrability of all disputes. The arbitrator shall only have the authority to determine breach of this Agreement, but shall not have the authority to award punitive damages. The arbitrator's decision shall be final and binding and may be entered in any court having jurisdiction thereof. Each Party shall bear its own costs and attorneys' fees and shall share equally in the fees and expenses of the arbitrator.

18. The Parties acknowledge and agree that they have legitimate disputes about the billing and provisioning issues and that the resolution reached in this Agreement represents a compromise of the Parties' positions. Therefore, the Parties agree that resolution of the issues contained in this Agreement cannot be used against the other Party.

19. This Agreement may be executed in counterparts and by facsimile.

**Attachment A
Escalation Process**

The Parties wish to continue developing a business-to-business relationship and agree to establish the following binding escalation process to resolve any and all business issues that may arise between them under their interconnection agreements entered pursuant to sections 251 and 252 of the Telecommunications Act of 1996. The escalation process to be used if the Parties are unable to resolve disputes through standard channels of communication, is the following:

<u>Level</u>	<u>Participants</u>	<u>Time frame for discussions</u>
LEVEL 1	Directors (or designated rep)	10 business days
LEVEL 2	Senior/Executive Directors (or designated rep)	10 business days
LEVEL 3	Vice Presidents/Senior Vice Presidents (or designated rep)	10 business days
LEVEL 4	If a dispute is not resolved in Levels 1 through 3, either party may resort to the regulatory or legal process.	

The Parties agree, subject to any subsequent written agreement between the Parties, to: (1) utilize the established escalation process and time frames to resolve such disputes; (2) commit the time, resources and good faith necessary to meaningful dispute resolution; (3) not proceed to a higher level of dispute resolution until either a response is received or expiration of the time frame for the prior level of dispute resolution; (4) grant to one another, at the request of the other Party, reasonable extensions of time in the dispute resolution process; and (5) complete Levels 1, 2, and 3 of dispute resolution before seeking resolution through regulatory processes, arbitration or the courts.

IN WITNESS THEREOF, the Parties have caused this Confidential Billing Settlement Agreement to be executed as of this 7th day of September 2001.

FairPoint Communications Solutions Corp.

QWEST Corporation

By: [Signature]

By: [Signature]

Title: Sr VP + CFO

Title: SVP - Wholesale MKts