

**FairPoint Communications, Inc.**  
**State of New Hampshire**  
**Docket No. DT 07-011**

**FAIRPOINT EXHIBIT 45**

**Respondent:** Walter E. Leach, Jr.  
**Title:** Executive Vice President,  
Corporate Development

**ORAL DATA  
REQUEST:**

- (a) Will the difference between the purchase price and the net book value be subject to some type of account treatment in the future? (Preliminary transcript, October 23, 2007, Session 2, p. 41.)
- (b) Please indicate how that would be handled or treated in a rate case. (Preliminary transcript, October 23, 2007, Session 2, p. 42.)

**DATED:** October 23, 2007

**REPLY:** The referenced difference of approximately \$1 billion is essentially the estimated market value of the FairPoint common stock to be issued to holders of Spincostock pursuant to the Merger Agreement (approximately 53.9 million shares). Because FairPoint will be treated as the target in this merger, no acquisition premium, goodwill or other intangibles will be booked related to the Verizon assets in the transaction. Instead, any "mark-up" will be applied to the FairPoint assets. It is expected that the FairPoint, not Verizon, customer list and intangible and goodwill accounts will be increased as a result of this accounting treatment. In summary, the \$1 billion related to the purchase price of the Spincostock assets will not be subject to any future accounting treatment. No acquisition premium or other intangible will be recovered from New Hampshire rate payers.

