

Telecommunication Industry (Total)
Statement of Cash Flows
For the Year Ended December 31,
(\$000s)

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$1,410,130)	(\$472,860)	(\$705,132)	(\$730,665)	(\$652,894)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,368,157	1,382,532	1,495,447	1,579,631	1,666,033	2
Changes in Deferred Income Taxes	95,139	139,996	(181,360)	(264,312)	(71,265)	3
Changes in Working Capital	5,696	(156,947)	(301,407)	64,514	(318,317)	4
Capitalized AFDC - Equity	(13)	(15)	(19)	(173)	(89)	5
Other	1,459,585	202,478	394,377	555,465	260,322	6
Total Non-Cash Items	2,928,564	1,568,043	1,407,038	1,935,125	1,536,683	7
Net Cash Provided From Operating Activities	<u>1,518,434</u>	<u>1,095,183</u>	<u>701,906</u>	<u>1,204,460</u>	<u>883,790</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,266,733)	(1,359,375)	(1,428,812)	(1,411,570)	(1,399,597)	9
Purchase of Other Investments	42,144	(26,941)	(28,183)	(103,546)	(266,998)	10
Sale of Other Investments	71,660	56,778	(52,135)	77,496	(76,080)	11
Other	(7,096)	(74,758)	(9,871)	10,240	9,392	12
Net Cash Provided From Investing Activities	<u>(1,160,024)</u>	<u>(1,404,298)</u>	<u>(1,519,002)</u>	<u>(1,427,381)</u>	<u>(1,733,284)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(402,646)	(4,038)	(255,665)	(8,669)	(10,452)	14
Common Stock	(929)	(531)	(600)	(1,392)	(2,644)	15
Preferred Stock	(1)	(610)		(13)	77	16
Short-Term Debt	318,052	451,783	785,603	(1,563,543)	904,043	17
Dividends Paid	(259,751)	(145,431)	(167,809)	(214,682)	(26,467)	18
Other Financing	(7,583)	7,927	465,248	2,011,374	(11,206)	19
Net Cash Provided From Financing Activities	<u>(352,858)</u>	<u>308,128</u>	<u>360,333</u>	<u>207,639</u>	<u>851,638</u>	20
Net Increase (Decrease) in Cash & Equivalents	5,553	(986)	(456,763)	(15,282)	2,144	21
Cash & Equivalents at Beginning of Year	59,912	61,157	517,920	533,202	531,058	22
Cash & Equivalents at End of Year	\$65,465	\$60,171	\$61,157	\$517,920	\$533,202	23

Table 5 T

Telecommunications Industry (Total)
Distribution of Telephone Revenues
Years ended December 31,
(\$000s)

	2010	2009	2008	2007	2006
1 Revenues	\$5,688,834	\$5,932,296	\$6,250,093	\$6,298,242	\$6,721,298
2 Access Lines	5,358,510	6,025,573	6,801,941	7,698,365	8,638,065
DOLLAR AMOUNTS					
3 Wages and Benefits	\$4,095,046	\$3,058,238	\$3,037,533	\$3,501,177	\$3,564,384
4 Depreciation and Amortization	1,371,267	1,386,223	1,498,255	1,580,841	1,703,941
5 Other Operations Expense	2,322,348	2,378,785	2,221,770	2,001,026	1,962,714
6 Total Operation Expenses	7,788,662	6,823,246	6,757,558	7,083,044	7,231,039
7 Income Taxes - Operating Taxes	(964,613)	(629,919)	(471,288)	(453,677)	(373,935)
8 Other Taxes - Operating Taxes	465,409	501,179	517,954	531,019	577,345
9 Capital Costs	(1,600,624)	(762,209)	(554,130)	(862,145)	(713,151)
10 Total	\$5,688,834	\$5,932,296	\$6,250,093	\$6,298,242	\$6,721,298
PERCENT OF REVENUES					
11 Wages and Benefits	72.0	51.6	48.6	55.6	53.0
12 Depreciation and Amortization	24.1	23.4	24.0	25.1	25.4
13 Other Operations Expense	40.8	40.1	35.5	31.8	29.2
14 Income Taxes - Operating Taxes	(17.0)	(10.6)	(7.5)	(7.2)	(5.6)
15 Other Taxes - Operating Taxes	8.2	8.4	8.3	8.4	8.6
16 Capital Costs	(28.1)	(12.8)	(8.9)	(13.7)	(10.6)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	764.21	507.54	446.57	454.79	412.64
19 Depreciation and Amortization	255.90	230.06	220.27	205.35	197.26
20 Other Operations Expense	433.39	394.78	326.64	259.93	227.22
21 Income Taxes - Operating Taxes	(180.02)	(104.54)	(69.29)	(58.93)	(43.29)
22 Other Taxes - Operating Taxes	86.85	83.18	76.15	68.98	66.84
23 Capital Costs	(298.71)	(126.50)	(81.47)	(111.99)	(82.56)
24 Total	1,061.64	984.52	918.87	818.13	778.10

Telecommunications Industry (Total)
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,
(\$000s)

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,699,623.42	\$3,793,073.72	\$3,826,633.10	\$3,792,754.74	\$3,945,420.93	1
Central Office Assets	12,759,857	13,075,934	12,965,298	13,124,278	13,571,496	2
Information Origination/Termination	299,013	366,947	418,072	482,001	508,501	3
Cable And Wire Facilities	15,912,667	17,052,905	16,272,054	15,441,296	14,581,679	4
Amortizable Assets	301,178	329,084	339,161	404,297	553,043	5
Total Plant In Service	32,972,339	34,617,944	33,821,218	33,244,627	33,160,141	6
Property Held For Future Use	11	11	1,863	107	1,963	7
Plant Under Construction	303,328	242,256	212,527	282,820	414,899	8
Tel. Acquisition	142,620	142,895	142,620	142,620	142,620	9
Other Plant			275	275	423	10
Nonoperating Plant	16,007	13,806	18,080	20,296	28,961	11
Goodwill	4,493	1,710	1,710	1,710	5,112	12
Total Telecommunications Plant	33,438,798	35,018,621	34,198,295	33,692,455	33,754,121	13
Less Acc. Prov. For Depreciation & Amort.	21,903,048	23,483,253	22,712,098	22,113,415	21,927,813	14
Net Total Utility Plant	\$11,535,750	\$11,535,368	\$11,486,197	\$11,579,040	\$11,826,307	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.26	0.28	0.39	0.47	0.38	16
Total Capitalization (\$000)	\$6,315,000	\$8,215,473	\$8,241,223	\$8,600,176	\$9,078,717	17
Percent Of Capitalization (Incl. S-T Debt)						
Long-Term Debt	35.9%	27.7%	32.5%	31.3%	32.4%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	6.5%	27.1%	32.8%	41.7%	27.5%	20
Short-Term Debt	57.5%	45.2%	34.7%	27.0%	40.0%	21
Pretax Coverage of Interest Expense	-5.65	-2.53	-2.82	-2.95	-2.12	22
Com. Stock Dividends as a % of Earnings	-18.5%	-31.8%	-23.8%	-6.1%	-3.0%	23
Return on Common Equity	-107.1%	-19.4%	-22.5%	-34.8%	-33.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	124.3%	84.6%	53.5%	89.8%	63.1%	25
CWIP as a % of Plant	0.9%	0.7%	0.6%	0.8%	1.7%	26

Notes:

The return on equity calculation for Citizens New York reflects the return on total capitalization.

Current Assets	1,248,099,251	1,380,200,458	1,750,851,743	1,957,961,483	2,072,854,046
Current Liabilities	4,786,674,811	4,957,165,881	4,521,797,752	4,125,551,880	5,390,590,531
Total Capitalization	6,314,999,528	8,215,472,880	8,241,223,402	8,600,176,463	9,078,716,598
Long-Term Debt	2,269,733,180	2,277,240,295	2,680,810,946	2,688,366,631	2,943,850,943
Preferred Stock	923,700	925,100	926,700	926,700	926,700
Common Stock and Retained Earnings (Excl. Preferred Stock)	412,115,288	2,227,968,293	2,702,544,894	3,588,933,617	2,499,902,166
Short-Term Debt	3,632,227,360	3,709,339,193	2,856,940,862	2,321,949,515	3,634,036,789
Pretax Income	(1,996,464,495)	(773,641,885)	(858,317,664)	(1,117,726,167)	(847,486,260)
Interest Expense	353,178,729	305,571,573	304,823,109	378,941,994	399,100,895
Dividends Paid	261,347,671	151,650,438	168,937,761	65,085,033	26,514,289
Net Income (Excl. Preferred Stock Dividends)	(1,413,847,591)	(477,392,904)	(708,973,541)	(1,058,793,271)	(888,296,403)
Internal Cash	1,575,050,381	1,149,612,620	763,956,642	1,268,216,635	883,819,292
Cash Outflows for Construction	(1,266,732,641)	(1,359,375,481)	(1,428,570,895)	(1,411,570,136)	(1,399,597,093)
CWIP	303,328,348	242,255,667	212,527,486	282,820,393	545,906,910
Total Plant	33,438,797,619	35,018,620,799	34,198,294,520	34,316,182,250	32,824,491,588
Shares Outstanding	7,564,483	61,497,723	7,575,237	7,575,235	7,575,235
Number of Employees	18,044	21,357	22,365	24,503	26,605

Telecommunication Industry (Without New York Telephone)
Statement of Cash Flows
For the Year Ended December 31,
(\$000s)

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$74,039	\$118,314	\$155,467	\$180,850	\$165,910	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	150,190	153,532	161,981	175,373	139,961	2
Changes in Deferred Income Taxes	3,614	14,814	336	(20,275)	18,531	3
Changes in Working Capital	63,820	(48,227)	(13,911)	36,453	11,912	4
Capitalized AFDC - Equity	(13)	(15)	(19)	(173)	(89)	5
Other	(12,177)	(17,461)	(24,666)	1,733	434	6
Total Non-Cash Items	205,434	102,643	123,721	193,110	170,750	7
Net Cash Provided From Operating Activities	<u>279,474</u>	<u>220,957</u>	<u>279,189</u>	<u>373,960</u>	<u>336,660</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(62,898)	(54,817)	(59,357)	(83,340)	(59,263)	10
Purchase of Other Investments	42,388	(24,064)	(29,567)	(77,185)	(260,202)	11
Sale of Other Investments	7,011	3,140	3,134	2,019	19,494	12
Other	3,704	4,415	(9,871)	10,240	9,392	13
Net Cash Provided From Investing Activities	<u>(9,795)</u>	<u>(71,328)</u>	<u>(95,660)</u>	<u>(148,267)</u>	<u>(290,580)</u>	
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(2,646)	(4,038)	(5,665)	(8,669)	(9,413)	14
Common Stock	(929)	(531)	(607)	(1,392)	(2,644)	15
Preferred Stock	(1)	(610)		(13)	77	16
Short-Term Debt	(133)	92	259	(1,186)	(3,630)	17
Dividends Paid	(259,751)	(145,431)	(167,809)	(214,682)	(26,467)	18
Other Financing	(667)	875	(26)	405	(111)	19
					335	
Net Cash Provided From Financing Activities	<u>(264,126)</u>	<u>(149,644)</u>	<u>(173,848)</u>	<u>(225,537)</u>	<u>(41,851)</u>	20
Net Increase (Decrease) in Cash & Equivalents	5,553	(14)	9,681	156	4,228	21
Cash & Equivalents at Beginning of Year	59,912	59,927	50,246	50,090	45,861	22
Cash & Equivalents at End of Year	\$65,465	\$59,912	\$59,927	\$50,246	\$50,090	23

Table 5 WT

**Telecommunications Industry (Without New York Telephone)
Distribution of Telephone Revenues
Years ended December 31,
(\$000s)**

	2010	2009	2008	2007	2006
1 Revenues	\$706,489	\$756,339	\$796,787	\$851,977	\$876,280
2 Access Lines	692,629	748,301	809,163	897,260	1,052,303
DOLLAR AMOUNTS					
3 Wages and Benefits	\$119,259	\$121,946	\$132,803	\$145,232	\$146,614
4 Depreciation and Amortization	153,300	157,223	164,789	176,583	177,868
5 Other Operations Expense	276,326	251,542	247,301	248,403	274,179
6 Total Operation Expenses	548,886	530,711	544,893	570,217	598,662
7 Income Taxes - Operating Taxes	22,213	47,461	70,167	78,772	80,593
8 Other Taxes - Operating Taxes	45,332	50,487	51,411	49,892	52,976
9 Capital Costs	90,059	127,680	130,316	153,095	144,048
10 Total	\$706,489	\$756,339	\$796,787	\$851,977	\$876,280
PERCENT OF REVENUES					
11 Wages and Benefits	16.9	16.1	16.7	17.0	16.7
12 Depreciation and Amortization	21.7	20.8	20.7	20.7	20.3
13 Other Operations Expense	39.1	33.3	31.0	29.2	31.3
14 Income Taxes - Operating Taxes	3.1	6.3	8.8	9.2	9.2
15 Other Taxes - Operating Taxes	6.4	6.7	6.5	5.9	6.0
16 Capital Costs	12.7	16.9	16.4	18.0	16.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	172.18	162.96	164.12	161.86	139.33
19 Depreciation and Amortization	221.33	210.11	203.65	196.80	169.03
20 Other Operations Expense	398.95	336.15	305.63	276.85	260.55
21 Income Taxes - Operating Taxes	32.07	63.42	86.71	87.79	76.59
22 Other Taxes - Operating Taxes	65.45	67.47	63.54	55.61	50.34
23 Capital Costs	130.03	170.63	161.05	170.62	136.89
24 Total	1,020.01	1,010.74	984.71	949.53	832.73

Telecommunications Industry (Without New York Telephone)
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,
(\$000s)

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$336,736	\$335,388	\$333,532	\$337,411	\$331,280	1
Central Office Assets	1,461,746	1,441,905	1,420,809	1,391,412	1,367,813	2
Information Origination/Termination	41,261	40,120	41,411	40,960	40,578	3
Cable And Wire Facilities	1,715,612	1,693,959	1,665,196	1,626,864	1,593,952	4
Amortizable Assets	17,369	17,583	17,737	17,580	17,964	5
Total Plant In Service	3,572,724	3,528,955	3,478,685	3,414,227	3,351,587	6
Property Held For Future Use	11	11	106	107	107	7
Plant Under Construction	32,671	25,298	31,150	47,369	41,188	8
Tel. Acquisition	142,620	142,895	142,620	142,620	142,620	9
Other Plant			275	275	423	10
Nonoperating Plant	609	798	1,645	1,579	1,790	11
Goodwill	4,493	1,710	1,710	1,710	5,112	12
Total Telecommunications Plant	3,753,128	3,699,668	3,656,191	3,607,887	3,542,828	13
Less Acc. Prov. For Depreciation & Amort.	2,776,922	2,643,249	2,509,407	2,378,370	2,221,730	14
Net Total Utility Plant	976,206	1,056,418	1,146,783	1,229,518	1,321,097	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.61	2.12	1.79	1.57	1.94	16
Total Capitalization (\$000)	\$1,297,134	\$1,492,148	\$1,537,827	\$1,569,326	\$1,608,058	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	1.5%	1.8%	2.0%	2.4%	2.7%	18
Preferred Stock	0.1%	0.1%	0.1%	0.1%	0.1%	19
Common Stock & Retained Earnings	97.5%	97.7%	97.5%	97.1%	96.8%	20
Short-Term Debt	0.9%	0.5%	0.5%	0.4%	0.4%	21
Pretax Coverage of Interest Expense	9.80	17.50	26.20	26.05	24.55	22
Com. Stock Dividends as a % of Earnings	371.6%	133.3%	111.4%	36.0%	16.0%	23
Return on Common Equity	5.2%	7.7%	10.0%	11.7%	12.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	534.3%	502.4%	577.2%	525.2%	568.1%	25
CWIP as a % of Plant	0.9%	0.7%	0.9%	1.1%	6.6%	26

Notes:

The return on equity calculation for Citizens New York reflects the return on total capitalization.

Current Assets	277,323,039	318,937,113	283,420,338	277,283,963	280,509,309
Current Liabilities	171,913,310	150,169,669	158,121,669	176,668,608	144,698,396
Total Capitalization	1,297,134,464	1,492,148,351	1,537,827,439	1,569,325,620	1,608,058,075
Long-Term Debt	18,997,500	26,137,678	31,122,842	37,206,553	43,479,066
Preferred Stock	923,700	925,100	926,700	926,700	926,700
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,264,918,012	1,457,337,532	1,498,746,492	1,524,344,433	1,556,943,360
Short-Term Debt	12,295,252	7,748,042	7,031,405	6,847,933	6,708,949
Pretax Income	117,993,720	189,200,202	243,279,745	279,342,692	260,380,396
Interest Expense	12,035,593	10,813,122	9,287,073	10,722,688	10,605,796
Dividends Paid	261,347,671	151,650,438	168,937,761	65,085,033	26,514,289
Net Income (Excl. Preferred Stock Dividends)	70,321,259	113,781,786	151,625,513	180,826,931	165,280,396
Internal Cash	336,089,502	275,386,596	341,239,317	437,716,193	336,689,067
Cash Outflows for Construction	(62,897,593)	(54,817,494)	(59,115,275)	(83,340,377)	(59,263,492)
CWIP	32,670,556	25,298,370	31,149,821	47,369,446	172,195,953
Total Plant	3,753,127,938	3,699,667,489	3,656,190,559	4,231,614,112	2,613,198,605
Shares Outstanding	7,564,482	61,497,722	7,575,236	7,575,234	7,575,234
Number of Employees	1,647	1,684	1,817	1,941	2,144

Table 4

Telecommunications Industry (Class A)
Statement of Cash Flows
For the Year Ended December 31,
(\$000s)

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$1,437,813)	(\$507,173)	(\$753,414)	(\$788,351)	(\$713,931)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,326,501	1,337,827	1,446,423	1,525,445	1,610,468	2
Changes in Deferred Income Taxes	96,847	137,514	(183,163)	(261,084)	(69,235)	3
Changes in Working Capital	(4,970)	(143,051)	(305,649)	66,880	(332,591)	4
Capitalized AFDC - Equity						5
Other	1,479,919	227,204	423,685	559,264	269,975	6
Total Non-Cash Items	2,898,296	1,559,494	1,381,297	1,890,504	1,478,616	7
Net Cash Provided From Operating Activities	<u>1,460,484</u>	<u>1,052,320</u>	<u>627,883</u>	<u>1,102,153</u>	<u>764,685</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,239,120)	(1,340,633)	(1,405,099)	(1,385,446)	(1,360,004)	9
Purchase of Other Investments	71,701	2,532	(23,517)	(90,030)	(204,585)	10
Sale of Other Investments	65,081	53,638	(55,269)	75,867	(95,574)	11
Other	(18,525)	(86,310)	(15,752)			12
Net Cash Provided From Investing Activities	<u>(1,120,863)</u>	<u>(1,370,773)</u>	<u>(1,499,639)</u>	<u>(1,399,610)</u>	<u>(1,660,163)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(400,000)		(250,000)		(1,039)	14
Common Stock			7			15
Preferred Stock						16
Short-Term Debt	318,184	451,691	785,344	(1,562,357)	907,673	17
Dividends Paid	(250,000)	(140,000)	(125,000)	(155,000)		18
Other Financing	(6,916)	7,053	465,273	2,010,968	(11,095)	19
		(972)	(466,443)	(15,436)	(2,049)	
Net Cash Provided From Financing Activities	<u>(338,732)</u>	<u>317,772</u>	<u>409,181</u>	<u>278,175</u>	<u>893,490</u>	20
Net Increase (Decrease) in Cash & Equivalents	889	(681)	(462,575)	(19,281)	(1,987)	21
Cash & Equivalents at Beginning of Year	831	1,771	464,346	483,628	485,615	22
Cash & Equivalents at End of Year	\$1,720	\$1,090	\$1,771	\$464,346	\$483,628	23

Table 5 AT

Telecommunications Industry (Class A)
Distribution of Telephone Revenues
Years ended December 31,
(\$000s)

	2010	2009	2008	2007	2006
1 Revenues	\$5,451,315	\$5,683,483	\$5,988,066	\$6,014,329	\$6,423,471
2 Access Lines	5,096,732	5,744,148	6,498,995	7,361,790	8,272,754
DOLLAR AMOUNTS					
3 Wages and Benefits	\$4,040,840	\$3,003,496	\$2,979,239	\$3,443,004	\$3,505,311
4 Depreciation and Amortization	1,326,501	1,337,827	1,446,423	1,525,445	1,595,485
5 Other Operations Expense	2,229,584	2,285,680	2,125,047	1,897,730	1,786,123
6 Total Operation Expenses	7,596,925	6,627,002	6,550,709	6,866,178	6,867,720
7 Income Taxes - Operating Taxes	(975,125)	(645,196)	(489,215)	(473,836)	(432,705)
8 Other Taxes - Operating Taxes	450,923	484,621	501,523	513,725	545,810
9 Capital Costs	(1,621,407)	(782,944)	(574,951)	(891,738)	(557,354)
10 Total	\$5,451,315	\$5,683,483	\$5,988,066	\$6,014,329	\$6,423,471
PERCENT OF REVENUES					
11 Wages and Benefits	74.1	52.8	49.8	57.2	54.6
12 Depreciation and Amortization	24.3	23.5	24.2	25.4	24.8
13 Other Operations Expense	40.9	40.2	35.5	31.6	27.8
14 Income Taxes - Operating Taxes	(17.9)	(11.4)	(8.2)	(7.9)	(6.7)
15 Other Taxes - Operating Taxes	8.3	8.5	8.4	8.5	8.5
16 Capital Costs	(29.7)	(13.8)	(9.6)	(14.8)	(8.7)
17 Total	100.0	100.0	100.0	100.0	100.3
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	792.83	522.88	458.42	467.69	423.72
19 Depreciation and Amortization	260.26	232.90	222.56	207.21	192.86
20 Other Operations Expense	437.45	397.91	326.98	257.78	215.90
21 Income Taxes - Operating Taxes	(191.32)	(112.32)	(75.28)	(64.36)	(52.30)
22 Other Taxes - Operating Taxes	88.47	84.37	77.17	69.78	65.98
23 Capital Costs	(318.13)	(136.30)	(88.47)	(121.13)	(67.37)
24 Total	1,069.57	989.44	921.38	816.97	778.78

Telecommunications Industry (Class A)
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,
(\$000s)

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,569,141	\$3,661,651	\$3,695,127	\$3,661,426	\$3,816,356	1
Central Office Assets	12,322,055	12,642,021	12,536,524	12,701,434	13,156,035	2
Information Origination/Termination	289,171	358,033	410,528	474,591	501,019	3
Cable And Wire Facilities	15,397,442	16,546,250	15,772,965	14,953,737	14,106,162	4
Amortizable Assets	299,871	327,560	337,466	402,554	550,991	5
Total Plant In Service	31,877,680	33,535,516	32,752,612	32,193,742	32,130,563	6
Property Held For Future Use			1,757		1,857	7
Plant Under Construction	295,348	236,159	204,219	271,437	401,879	8
Tel. Acquisition	142,405	142,405	142,405	142,405	142,405	9
Other Plant						10
Nonoperating Plant	15,437	13,047	16,473	18,755	27,210	11
Goodwill						12
Total Telecommunications Plant	32,330,870	33,927,127	33,117,466	32,626,339	32,703,913	13
Less Acc. Prov. For Depreciation & Amort.	21,103,326	22,714,222	21,978,483	21,415,686	21,273,212	14
Net Total Utility Plant	\$11,227,545	\$11,212,905	\$11,138,984	\$11,210,654	\$11,430,701	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.23	0.25	0.36	0.45	0.36	16
Total Capitalization (\$000)	\$5,748,659	\$7,657,762	\$7,693,832	\$8,039,102	\$8,510,746	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	39.2%	29.4%	34.4%	33.0%	34.1%	18
Preferred Stock						19
Common Stock & Retained Earnings	-2.1%	22.3%	25.1%	38.2%	23.3%	20
Short-Term Debt	63.0%	48.3%	37.5%	28.8%	42.6%	21
Pretax Coverage of Interest Expense	-5.82	-2.72	-2.31	-3.21	-2.39	22
Com. Stock Dividends as a % of Earnings	-17.4%	-27.6%	-13.2%	-0.4%		23
Return on Common Equity	-181.6%	-27.9%	-19.8%	-44.2%	-44.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	121.7%	82.0%	42.9%	83.6%	56.2%	25
CWIP as a % of Plant	0.9%	0.7%	0.6%	0.8%	1.7%	26

Notes:

The return on equity calculation for Citizens New York reflects the return on total capitalization.

Current Assets	1,085,611	1,226,940	1,602,853	1,824,577	1,944,357
Current Liabilities	4,700,566	4,890,419	4,450,005	4,066,664	5,328,963
Total Capitalization	5,748,659	7,657,762	7,693,832	8,039,102	8,510,746
Long-Term Debt	2,250,736	2,251,103	2,649,688	2,651,160	2,900,372
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	(122,009)	1,705,068	1,929,507	3,072,840	1,983,046
Short-Term Debt	3,619,932	3,701,591	2,883,557	2,315,102	3,627,328
Pretax Income	(2,037,117)	(822,978)	(699,738)	(1,203,883)	(942,755)
Interest Expense	350,198	302,962	302,964	374,943	394,556
Dividends Paid	250,000	140,000	65,000	5,000	
Net Income (Excl. Preferred Stock Dividends)	(1,437,813)	(507,173)	(494,241)	(1,116,456)	(948,704)
Internal Cash	1,507,696	1,098,979	555,818	1,158,737	764,685
Cash Outflows for Construction	(1,239,120)	(1,340,633)	(1,296,016)	(1,385,446)	(1,360,004)
CWIP	295,348	236,159	192,116	271,437	532,887
Total Plant	32,330,870	33,927,127	32,065,240	32,626,339	31,774,284
Shares Outstanding	0	0	57,363	0	0
Number of Employees	17,173	20,475	132,212,077	23,562	25,669

Table 4 I

Telecommunication Industry (Class B)
Statement of Cash Flows
For the Year Ended December 31,
(\$000s)

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$27,683	\$34,313	\$48,282	\$57,686	\$61,037	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	41,656	44,705	49,024	54,187	55,565	2
Changes in Deferred Income Taxes	(1,708)	2,482	1,802	(3,227)	(2,030)	3
Changes in Working Capital	10,667	(13,896)	4,242	(2,366)	14,274	4
Capitalized AFDC - Equity	(13)	(15)	(19)	(173)	(89)	5
Other	(20,334)	(24,726)	(29,308)	(3,799)	(9,653)	6
Total Non-Cash Items	30,268	8,550	25,741	44,621	58,067	7
Net Cash Provided From Operating Activities	<u>57,951</u>	<u>42,863</u>	<u>74,023</u>	<u>102,307</u>	<u>119,104</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(27,612)	(18,743)	(23,713)	(26,124)	(39,593)	9
Purchase of Other Investments	(29,557)	(29,473)	(4,666)	(13,515)	(62,413)	10
Sale of Other Investments	6,579	3,140	3,134	1,629	19,494	11
Other	11,429	11,552	5,881	10,240	9,392	12
Net Cash Provided From Investing Activities	<u>(39,161)</u>	<u>(33,525)</u>	<u>(19,363)</u>	<u>(27,771)</u>	<u>(73,121)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(2,646)	(4,038)	(5,665)	(8,669)	(9,413)	14
Common Stock	(929)	(531)	(607)	(1,392)	(2,644)	15
Preferred Stock	(1)	(610)	-	(13)	77	16
Short-Term Debt	(133)	92	259	(1,186)	(3,630)	17
Dividends Paid	(9,751)	(5,431)	(42,809)	(59,682)	(26,467)	18
Other Financing	(667)	875	(26)	405	(112)	19
	-	-	-	-	334	
Net Cash Provided From Financing Activities	<u>(14,126)</u>	<u>(9,644)</u>	<u>(48,848)</u>	<u>(70,537)</u>	<u>(41,854)</u>	20
Net Increase (Decrease) in Cash & Equivalents	4,664	(305)	5,812	4,000	4,130	21
Cash & Equivalents at Beginning of Year	59,081	59,386	53,574	49,574	45,444	22
Cash & Equivalents at End of Year	\$63,745	\$59,081	\$59,386	\$53,574	\$49,574	23

Table 5 BT

Telecommunications Industry (Class B)
Distribution of Telephone Revenues
Years ended December 31,
(\$000s)

	2010	2009	2008	2007	2006
1 Revenues	\$237,519	\$248,813	\$262,027	\$283,913	\$297,827
2 Access Lines	261,778	281,425	302,946	336,575	365,311
DOLLAR AMOUNTS					
3 Wages and Benefits	54,207	54,742	58,294	58,173	59,073
4 Depreciation and Amortization	44,766	48,396	51,832	55,397	108,456
5 Other Operations Expense	92,764	93,105	96,723	103,296	176,591
6 Total Operation Expenses	191,737	196,243	206,849	216,865	363,318
7 Income Taxes - Operating Taxes	10,512	15,276	17,927	20,160	58,769
8 Other Taxes - Operating Taxes	14,486	16,558	16,431	17,294	31,535
9 Capital Costs	20,784	20,735	20,821	29,593	(155,796)
10 Total	\$237,519	\$248,813	\$262,027	\$283,913	\$297,827
PERCENT OF REVENUES					
11 Wages and Benefits	22.8	22.0	22.2	20.5	19.8
12 Depreciation and Amortization	18.8	19.5	19.8	19.5	36.4
13 Other Operations Expense	39.1	37.4	36.9	36.4	59.3
14 Income Taxes - Operating Taxes	4.4	6.1	6.8	7.1	19.7
15 Other Taxes - Operating Taxes	6.1	6.7	6.3	6.1	10.6
16 Capital Costs	8.8	8.3	7.9	10.4	(52.3)
17 Total	100.0	100.0	100.0	100.0	93.6
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	207.07	194.52	192.42	172.84	161.71
19 Depreciation and Amortization	171.01	171.97	171.09	164.59	296.89
20 Other Operations Expense	354.36	330.83	319.27	306.90	483.40
21 Income Taxes - Operating Taxes	40.16	54.28	59.18	59.90	160.88
22 Other Taxes - Operating Taxes	55.34	58.84	54.24	51.38	86.32
23 Capital Costs	79.39	73.68	68.73	87.92	(426.48)
24 Total Annual	907.33	884.12	864.93	843.54	762.72

Table 6 I

Telecommunications Industry (Class B)
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,
(\$000s)

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$130,483	\$131,423	\$131,506	\$131,329	\$129,065	1
Central Office Assets	437,802	433,913	428,774	422,844	415,461	2
Information Origination/Termination	9,842	8,914	7,544	7,410	7,482	3
Cable And Wire Facilities	515,225	506,655	499,089	487,559	475,517	4
Amortizable Assets	1,307	1,523	1,694	1,743	2,052	5
Total Plant In Service	1,094,659	1,082,428	1,068,607	1,050,885	1,029,578	6
Property Held For Future Use	11	11	106	107	107	7
Plant Under Construction	7,980	6,096	8,308	11,383	13,020	8
Tel. Acquisition	215	490	215	215	215	9
Other Plant	(0)	(0)	275	275	423	10
Nonoperating Plant	570	759	1,607	1,541	1,752	11
Goodwill	4,493	1,710	1,710	1,710	5,112	12
Total Telecommunications Plant	1,107,927	1,091,494	1,080,828	1,066,116	1,050,207	13
Less Acc. Prov. For Depreciation & Amort.	799,722	769,031	733,615	697,730	654,601	14
Net Total Utility Plant	\$308,205	\$322,463	\$347,213	\$368,386	\$395,606	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.89	2.30	2.06	2.27	2.09	16
Total Capitalization (\$000)	\$566,341	\$557,711	\$547,391	\$561,074	\$567,971	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	3.4%	4.7%	5.7%	6.6%	7.7%	18
Preferred Stock	0.2%	0.2%	0.2%	0.2%	0.2%	19
Common Stock & Retained Earnings	94.3%	93.8%	92.9%	92.0%	91.0%	20
Short-Term Debt	2.2%	1.4%	1.3%	1.2%	1.2%	21
Pretax Coverage of Interest Expense	13.64	18.90	37.18	21.55	20.96	22
Com. Stock Dividends as a % of Earnings	47.4%	39.1%	98.9%	104.2%	43.9%	23
Return on Common Equity	4.5%	5.8%	8.7%	11.2%	12.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	243.9%	270.2%	323.6%	419.1%	300.9%	25
CWIP as a % of Plant	0.7%	0.6%	0.8%	0.7%	1.2%	26

Current Assets	162,488	153,261	147,998	133,384	128,497
Current Liabilities	86,109	66,746	71,793	58,888	61,627
Total Capitalization	566,341	557,711	547,391	561,074	567,971
Long-Term Debt	18,998	26,138	31,123	37,207	43,479
Preferred Stock	924	925	927	927	927
Common Stock and Retained Earnings (Excl. Preferred Stock)	534,124	522,900	508,310	516,093	516,856
Short-Term Debt	12,295	7,748	7,031	6,848	6,709
Pretax Income	40,653	49,336	69,097	86,157	95,269
Interest Expense	2,981	2,610	1,858	3,999	4,545
Dividends Paid	11,348	11,650	43,938	60,085	26,514
Net Income (Excl. Preferred Stock Dividends)	23,965	29,781	44,440	57,663	60,408
Internal Cash	67,354	50,634	75,947	109,480	119,134
Cash Outflows for Construction	(27,612)	(18,743)	(23,471)	(26,124)	(39,593)
CWIP	7,980	6,096	8,308	11,383	13,020
Total Plant	1,107,927	1,091,494	1,080,828	1,689,843	1,050,207
Shares Outstanding	7,564	61,498	7,575	7,575	7,575
Number of Employees	871	882	929	941	936

ALLTEL New York, Inc.
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$4,244,648	\$3,541,882	\$6,487,089	\$18,512,892	\$6,339,521	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	8,767,317	8,385,425	8,815,437	10,218,267	9,887,642	2
Changes in Deferred Income Taxes	(1,460,022)	693,269	(1,168)	(1,431,958)	(2,225,131)	3
Changes in Working Capital	2,488,258	(7,842,339)	3,349,493	(2,823,779)	5,120,445	4
Capitalized AFDC - Equity	(13,332)	(15,342)	(18,680)	(57,469)	(72,179)	5
Other	(580,605)	(104,141)	117,829	(343,458)	2,562,481	6
Total Non-Cash Items	9,201,616	1,116,872	12,262,911	5,561,603	15,273,258	7
Net Cash Provided From Operating Activities	<u>13,446,264</u>	<u>4,658,754</u>	<u>18,750,000</u>	<u>24,074,495</u>	<u>21,612,779</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(7,172,779)	(3,772,174)	(3,738,335)	(2,286,769)	(8,999,542)	9
Purchase of Other Investments						10
Sale of Other Investments						11
Other						12
Net Cash Provided From Investing Activities	<u>(7,172,779)</u>	<u>(3,772,174)</u>	<u>(3,738,335)</u>	<u>(2,286,769)</u>	<u>(8,999,542)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments):						
Long-Term Debt					(8,456,800)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt					(2,272,400)	17
Dividends Paid	(3,800,000)	(3,249,466)	(5,800,000)	(6,677,462)	(5,652,000)	18
Other Financing					2,783,152	19
Net Cash Provided From Financing Activities	<u>(3,800,000)</u>	<u>(3,249,466)</u>	<u>(5,800,000)</u>	<u>(6,677,462)</u>	<u>(13,598,048)</u>	20
Net Increase (Decrease) in Cash & Equivalents	2,473,485	(2,362,886)	9,211,665	15,110,264	(984,811)	21
Cash & Equivalents at Beginning of Year	26,645,968	29,008,854	19,797,189	4,686,925	5,671,736	22
Cash & Equivalents at End of Year	\$29,119,453	\$26,645,968	\$29,008,854	\$19,797,189	\$4,686,925	23

ALLTEL New York, Inc.
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$39,569,242	\$40,818,508	\$44,103,040	\$48,629,961	\$51,701,494
2 Access Lines	55,255	59,764	65,676	72,003	75,256
DOLLAR AMOUNTS					
3 Wages and Benefits	\$5,092,811	\$5,500,426	\$5,736,857	\$5,776,676	\$6,086,005
4 Depreciation and Amortization	8,767,317	8,385,425	8,815,437	10,218,267	9,887,642
5 Other Operations Expense	13,422,910	15,727,999	17,078,861	17,629,298	19,102,024
6 Total Operation Expenses	27,283,038	29,613,850	31,631,155	33,624,241	35,075,671
7 Income Taxes - Operating Taxes	2,293,363	1,914,050	3,498,399	3,658,479	4,243,543
8 Other Taxes - Operating Taxes	3,568,859	3,884,753	3,299,330	4,540,725	4,538,931
9 Capital Costs	6,423,981	5,405,855	5,674,156	6,806,516	7,843,349
10 Total	\$39,569,242	\$40,818,508	\$44,103,040	\$48,629,961	\$51,701,494
PERCENT OF REVENUES					
11 Wages and Benefits	12.9	13.5	13.0	11.9	11.8
12 Depreciation and Amortization	22.2	20.5	20.0	21.0	19.1
13 Other Operations Expense	33.9	38.5	38.7	36.3	36.9
14 Income Taxes - Operating Taxes	5.8	4.7	7.9	7.5	8.2
15 Other Taxes - Operating Taxes	9.0	9.5	7.5	9.3	8.8
16 Capital Costs	16.2	13.2	12.9	14.0	15.2
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	92.17	92.04	87.35	80.23	80.87
19 Depreciation and Amortization	158.67	140.31	134.23	141.91	131.39
20 Other Operations Expense	242.93	263.17	260.05	244.84	253.83
21 Income Taxes - Operating Taxes	41.51	32.03	53.27	50.81	56.39
22 Other Taxes - Operating Taxes	64.59	65.00	50.24	63.06	60.31
23 Capital Costs	116.26	90.45	86.40	94.53	104.22
24 Total	716.12	682.99	671.52	675.39	687.01

ALLTEL New York, Inc.
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
	TELECOMMUNICATIONS PLANT					
Plant In Service						
General Support Assets	\$20,265,510	\$20,232,523	\$20,109,951	\$20,025,798	\$20,046,973	1
Central Office Assets	91,445,186	89,242,672	87,197,032	85,917,441	83,310,332	2
Information Origination/Termination	46,026	127,591	146,945	162,358	217,369	3
Cable And Wire Facilities	103,612,796	102,601,927	101,344,697	99,064,656	96,843,245	4
Amortizable Assets						5
Total Plant In Service	215,369,518	212,204,713	208,798,625	205,170,253	200,417,919	6
Property Held For Future Use						7
Plant Under Construction	1,593,329	1,063,803	1,641,718	2,345,465	3,239,337	8
Tel. Acquisition						9
Other Plant					148,560	10
Nonoperating Plant	37,008	37,008	37,008	37,008	37,008	11
Goodwill	2,783,153				3,402,423	12
Total Telecommunications Plant	219,783,008	213,305,524	210,477,351	207,552,726	207,245,247	13
Less Acc. Prov. For Depreciation & Amort.	161,406,175	153,324,053	145,782,209	137,844,672	129,620,859	14
Net Total Utility Plant	\$58,376,833	\$59,981,471	\$64,695,142	\$69,708,054	\$77,624,388	15
	SELECTED RATIOS AND STATISTICS					
Current Assets / Current Liabilities	8.57	15.31	3.92	4.45	1.17	16
Total Capitalization	\$76,479,831	\$76,035,674	\$75,743,258	\$75,056,169	\$63,220,739	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	21
Pretax Coverage of Interest Expense	97583.26	59956.30	43989.93	102.53	13.64	22
Com. Stock Dividends as a % of Earnings	89.5%	91.7%	89.4%	36.1%	89.2%	23
Return on Common Equity	5.6%	4.7%	8.6%	26.8%	10.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	187.5%	123.5%	501.6%	1052.8%	240.2%	25
CWIP as a % of Plant	0.7%	0.5%	0.8%	1.1%	1.6%	26

Current Assets	35,571,403	32,856,882	33,795,924	25,090,767	10,900,814
Current Liabilities	4,152,283	2,146,581	8,611,207	5,640,897	9,319,769
Total Capitalization	76,479,831	76,035,674	75,743,258	75,056,169	63,220,739
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	76,479,831	76,035,674	75,743,258	75,056,169	63,220,739
Short-Term Debt					
Pretax Income	6,538,078	5,456,023	9,985,715	22,502,412	10,260,352
Interest Expense	67	91	227	219,468	752,103
Common Dividends Paid	3,800,000	3,249,466	5,800,000	6,677,462	5,652,000
Net Income (Excl. Preferred Stock Dividends)	4,244,648	3,541,882	6,487,089	18,512,892	6,339,521
Internal Cash	13,446,264	4,658,754	18,750,000	24,074,495	21,612,779
Cash Outflows for Construction	(7,172,779)	(3,772,174)	(3,738,335)	(2,286,769)	(8,999,542)
CWIP	1,593,329	1,063,803	1,641,718	2,345,465	3,239,337
Total Plant	219,783,008	213,305,524	210,477,351	207,552,726	207,245,247
Shares Outstanding	2,621	2,621	2,621	2,621	2,621
Number of Employees	67	71	79	82	77

Armstrong Telephone Co.
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$77,775)	(\$168,829)	(\$305,985)	(\$120,862)	\$86,295	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	757,128	933,528	940,505	897,049	913,896	2
Changes in Deferred Income Taxes	(57,299)	(131,632)	(25,101)	(207,786)	(198,168)	3
Changes in Working Capital	(67,858)	161,111	(113,922)	73,803	51,441	4
Capitalized AFDC - Equity						5
Other	55,349	(11,847)	(70,272)	(61,310)	125,625	6
Total Non-Cash Items	687,320	951,160	731,210	701,756	892,794	7
Net Cash Provided From Operating Activities	<u>609,545</u>	<u>782,330</u>	<u>425,225</u>	<u>580,894</u>	<u>979,089</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(\$309,774)	(398,856)	(480,115)	(644,296)	(608,504)	9
Purchase of Other Investments						10
Sale of Other Investments	\$6,850	(11,769)	5,682	19,042	26,082	11
Other	(\$2,033)	(1,195)	(3,307)	(12,584)	(9,398)	12
Net Cash Provided From Investing Activities	<u>(304,957)</u>	<u>(411,820)</u>	<u>(477,740)</u>	<u>(637,838)</u>	<u>(591,820)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(\$164,761)	(157,069)	(149,434)	(142,230)	(142,599)	14
Common Stock				(131,000)	(525,000)	15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(164,761)</u>	<u>(157,069)</u>	<u>(149,434)</u>	<u>(273,230)</u>	<u>(667,599)</u>	20
Net Increase (Decrease) in Cash & Equivalents	139,827	213,441	(201,949)	(330,174)	(280,330)	21
Cash & Equivalents at Beginning of Year	1,042,906	829,465	1,031,414	1,361,588	1,641,918	22
Cash & Equivalents at End of Year	\$1,182,733	\$1,042,906	\$829,465	\$1,031,414	\$1,361,588	23

Armstrong Telephone Company
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$4,605,800	\$4,427,430	\$4,314,742	\$4,625,362	\$4,721,398
2 Access Lines	2,644	2,744	2,475	3,009	3,460
DOLLAR AMOUNTS					
3 Wages and Benefits	\$823,503	\$872,026	\$856,531	\$866,369	\$849,848
4 Depreciation and Amortization	757,128	933,528	940,595	897,049	913,896
5 Other Operations Expense	2,671,572	2,581,341	2,654,012	2,693,458	2,428,738
6 Total Operation Expenses	4,252,203	4,386,895	4,451,138	4,456,876	4,192,482
7 Income Taxes - Operating Taxes	17,345	(172,316)	(220,981)	(83,823)	32,190
8 Other Taxes - Operating Taxes	262,254	260,360	239,112	226,146	263,071
9 Capital Costs	73,999	(47,509)	(154,526)	26,164	233,654
10 Total	\$4,605,800	\$4,427,430	\$4,314,742	\$4,625,362	\$4,721,398
PERCENT OF REVENUES					
11 Wages and Benefits	17.9	19.7	19.9	18.7	18.0
12 Depreciation and Amortization	16.4	21.1	21.8	19.4	19.4
13 Other Operations Expense	58.0	58.3	61.5	58.2	51.4
14 Income Taxes - Operating Taxes	0.4	(3.9)	(5.1)	(1.8)	0.7
15 Other Taxes - Operating Taxes	5.7	5.9	5.5	4.9	5.6
16 Capital Costs	1.6	(1.1)	(3.6)	0.6	4.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	311.46	317.79	346.07	287.93	245.62
19 Depreciation and Amortization	286.36	340.21	380.04	298.12	264.13
20 Other Operations Expense	1,010.43	940.72	1,072.33	895.13	701.95
21 Income Taxes - Operating Taxes	6.56	(62.80)	(89.29)	(27.86)	9.30
22 Other Taxes - Operating Taxes	99.19	94.88	96.61	75.16	76.03
23 Capital Costs	27.99	(17.31)	(62.43)	8.70	67.53
24 Total	1,741.98	1,613.49	1,743.33	1,537.18	1,364.57

Armstrong Telephone Company
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,714,835	\$1,702,022	\$2,120,524	\$2,183,675	\$2,345,962	1
Central Office Assets	5,696,309	5,778,000	5,640,343	5,590,118	5,341,544	2
Information Origination/Termination	87,670	206,037	206,037	206,037	213,080	3
Cable And Wire Facilities	6,538,295	6,355,446	6,177,418	5,932,205	5,635,534	4
Amortizable Assets						5
Total Plant In Service	14,037,108	14,041,506	14,144,322	13,912,035	13,536,120	6
Property Held For Future Use						7
Plant Under Construction	10,683	75,130	12,455	19,483	22,449	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	14,047,791	14,116,636	14,156,777	13,931,518	13,558,569	13
Less Acc. Prov. For Depreciation & Amort.	9,858,109	9,474,784	8,993,217	8,305,193	7,673,029	14
Net Total Utility Plant	\$4,189,682	\$4,641,852	\$5,163,560	\$5,626,325	\$5,885,539	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.57	2.48	2.60	2.28	2.77	16
Total Capitalization	\$5,051,449	\$5,293,985	\$5,619,883	\$6,075,302	\$6,469,395	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.5%	54.5%	54.3%	52.8%	51.8%	18
Preferred Stock						19
Common Stock & Retained Earnings	42.9%	42.4%	42.9%	44.7%	45.9%	20
Short-Term Debt	56.6%	3.1%	2.8%	2.5%	2.2%	21
Pretax Coverage of Interest Expense	0.64	-1.03	-2.19	-0.16	1.69	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	-3.5%	-7.3%	-11.9%	-4.2%	2.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	196.8%	196.1%	88.6%	90.2%	160.9%	25
CWIP as a % of Plant	0.1%	0.5%	0.1%	0.1%	0.2%	26

Current Assets	1,897,947	1,848,740	1,698,595	1,910,052	2,205,324
Current Liabilities	3,338,045	744,946	653,535	839,135	797,304
Total Capitalization	5,051,449	5,293,985	5,619,883	6,075,302	6,469,395
Long-Term Debt	24,550	2,887,691	3,052,654	3,207,377	3,353,937
Preferred Stock					-
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,165,933	2,243,709	2,412,538	2,718,523	2,970,386
Short-Term Debt	2,860,965	162,585	154,691	149,402	145,072
Pretax Income	95,428	(161,040)	(359,460)	(26,638)	302,204
Interest Expense	148,400	156,500	164,118	171,343	178,319
Common Dividends Paid					-
Net Income (Excl. Preferred Stock Dividends)	(77,775)	(168,829)	(305,985)	(120,862)	86,295
Internal Cash	609,545	782,330	425,225	580,894	979,089
Cash Outflows for Construction	(309,774)	(398,856)	(480,115)	(644,296)	(608,506)
CWIP	10,683	75,130	12,455	19,483	22,449
Total Plant	14,047,791	14,116,636	14,156,777	13,931,518	13,558,569
Shares Outstanding	4,860	4,860	4,860	4,860	4,860
Number of Employees	25	25	22	25	24

Berkshire Telephone Corporation
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$5,477)	\$306,168	\$277,089	\$397,336	\$629,936	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	263,318	209,301	378,248	1,054,274	965,242	2
Changes in Deferred Income Taxes	95,188	146,370	741,002	(215,612)	(303,879)	3
Changes in Working Capital	48,000	(53,526)	317,647	(1,465,643)	(3,226,479)	4
Capitalized AFDC - Equity						5
Other	(84,909)	(637,133)	101,067	(121,932)	1,280,008	6
Total Non-Cash Items	321,597	(334,988)	1,537,964	(748,913)	(1,285,108)	7
Net Cash Provided From Operating Activities	<u>316,120</u>	<u>(28,820)</u>	<u>1,815,053</u>	<u>(351,577)</u>	<u>(655,172)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(320,989)	(45,870)	(738,048)	(450,147)	79,110	9
Purchase of Other Investments		55,010	195,000			10
Sale of Other Investments			(137,632)	(295,313)	415,775	11
Other			(10,000)			12
Net Cash Provided From Investing Activities	<u>(320,989)</u>	<u>9,140</u>	<u>(690,680)</u>	<u>(745,460)</u>	<u>494,885</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt			(1,100,196)	(141,576)	(132,997)	14
Common Stock				1,140,000		15
Preferred Stock						16
Short-Term Debt				8,579	8,059	17
Dividends Paid			(5,000)		(423,000)	18
Other Financing					(626,434)	19
Net Cash Provided From Financing Activities			<u>(1,105,196)</u>	<u>1,007,003</u>	<u>(1,174,372)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(4,869)	(19,680)	19,177	(90,034)	(1,334,659)	21
Cash & Equivalents at Beginning of Year	14,731	34,411	15,234	105,268	1,439,927	22
Cash & Equivalents at End of Year	\$9,862	\$14,731	\$34,411	\$15,234	\$105,268	23

Berkshire Telephone Corporation
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$3,054,678	\$3,312,126	\$3,378,445	\$4,210,689	\$4,096,157
2 Access Lines	3,825	4,092	4,434	5,135	6,196
DOLLAR AMOUNTS					
3 Wages and Benefits	\$691,354	\$671,627	\$696,310	\$795,437	\$848,137
4 Depreciation and Amortization	751,497	814,390	838,322	1,051,085	965,242
5 Other Operations Expense	1,838,995	1,836,889	1,630,372	1,744,258	1,655,918
6 Total Operation Expenses	3,281,846	3,322,906	3,165,004	3,590,779	3,469,297
7 Income Taxes - Operating Taxes	(188,431)	(258,122)	(549,563)	119,544	(315,799)
8 Other Taxes - Operating Taxes	196,345	179,120	239,717	204,183	551,392
9 Capital Costs	(235,081)	68,222	523,287	296,183	391,267
10 Total	\$3,054,678	\$3,312,126	\$3,378,445	\$4,210,689	\$4,096,157
PERCENT OF REVENUES					
11 Wages and Benefits	22.6	20.3	20.6	18.9	20.7
12 Depreciation and Amortization	24.6	24.6	24.8	25.0	23.6
13 Other Operations Expense	60.2	55.5	48.3	41.4	40.4
14 Income Taxes - Operating Taxes	(6.2)	(7.8)	(16.3)	2.8	(7.7)
15 Other Taxes - Operating Taxes	6.4	5.4	7.1	4.8	13.5
16 Capital Costs	(7.7)	2.1	15.5	7.0	9.6
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	180.75	164.13	157.04	154.90	136.88
19 Depreciation and Amortization	196.47	199.02	189.07	204.69	155.78
20 Other Operations Expense	480.78	448.90	367.70	339.68	267.26
21 Income Taxes - Operating Taxes	(49.26)	(63.08)	(123.94)	23.28	(50.97)
22 Other Taxes - Operating Taxes	51.33	43.77	54.06	39.76	88.99
23 Capital Costs	(61.46)	16.67	118.02	57.68	63.15
24 Total	798.61	809.41	761.94	820.00	661.10

Berkshire Telephone Corporation
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,850,751	\$3,775,075	\$3,787,168	\$3,292,820	\$3,140,963	1
Central Office Assets	5,747,812	5,546,840	5,254,389	5,057,746	4,999,279	2
Information Origination/Termination	313,034	313,034	313,034	313,034	309,682	3
Cable And Wire Facilities	7,105,562	7,027,501	7,002,661	6,853,240	6,646,488	4
Amortizable Assets	60,754	60,754	60,754	60,754	60,754	5
Total Plant In Service	17,077,913	16,723,204	16,418,006	15,577,593	15,157,165	6
Property Held For Future Use						7
Plant Under Construction	45,876	99,996	359,322	246,439	138,187	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	141,975	141,975	141,975	141,975	141,975	11
Goodwill						12
Total Telecommunications Plant	17,265,764	16,965,175	16,919,303	15,966,007	15,437,328	13
Less Acc. Prov. For Depreciation & Amort.	11,232,232	10,989,317	10,780,014	10,418,868	9,364,592	14
Net Total Utility Plant	\$6,033,532	\$5,975,858	\$6,139,289	\$5,547,139	\$6,072,735	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	-0.40	-0.87	-1.15	-1.04	1.82	16
Total Capitalization	\$8,344,131	\$8,503,425	\$9,195,258	\$7,725,667	\$6,321,327	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt				12.4%	17.4%	18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	85.8%	80.5%	20
Short-Term Debt				1.8%	2.1%	21
Pretax Coverage of Interest Expense	#DIV/0!	#DIV/0!	-8.57	3.16	10.43	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	-5.6%	-3.8%	-4.3%	6.8%	12.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	90.0%	-62.8%	-232.2%	-78.1%	828.2%	25
CWIP as a % of Plant	0.3%	0.6%	2.1%	1.5%	0.9%	26

Current Assets	453,585	768,055	868,180	970,534	1,324,014
Current Liabilities	(1,146,018)	(884,096)	(758,205)	(934,276)	728,888
Total Capitalization	8,344,131	8,503,425	9,195,258	7,725,667	6,321,327
Long-Term Debt				958,620	1,100,196
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	8,344,131	8,503,425	9,195,258	6,625,471	5,088,135
Short-Term Debt				141,576	132,997
Pretax Income	(450,696)	(189,900)	(217,936)	615,602	1,233,535
Interest Expense			25,444	194,702	118,268
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(468,213)	(338,283)	(340,296)	399,481	629,936
Internal Cash	288,937	(28,819)	(1,713,592)	(351,577)	(655,172)
Cash Outflows for Construction	(320,989)	(45,870)	(738,048)	(450,147)	79,110
CWIP	45,876	99,996	359,322	246,439	138,187
Total Plant	17,265,764	16,965,175	16,919,303	15,966,007	15,437,328
Shares Outstanding	1,536	1,536	1,536	1,536	1,536
Number of Employees	10	13	15	15	18

**Cassadaga Telephone Corp.
Statement of Cash Flows
For the Year Ended December 31,**

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$154,737	\$111,622	\$27,448	(\$31,540)	\$27,603	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	145,691	142,181	154,886	157,022	154,594	2
Changes in Deferred Income Taxes	(4,613)	16,855	4,203	(12,488)	29,494	3
Changes in Working Capital	(189,620)	(109,672)	(39,334)	(101,332)	(142,022)	4
Capitalized AFDC - Equity						5
Other	(19,579)	(25,106)	9,643	43,303	(25,985)	6
Total Non-Cash Items	(68,121)	24,258	129,398	86,505	16,081	7
Net Cash Provided From Operating Activities	<u>86,616</u>	<u>135,880</u>	<u>156,846</u>	<u>54,965</u>	<u>43,684</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(73,543)	(132,978)	(201,615)	(54,625)	(49,358)	9
Purchase of Other Investments						10
Sale of Other Investments	(16,131)	(3,127)	48,122	(2,014)	3,692	11
Other						12
Net Cash Provided From Investing Activities	<u>(89,674)</u>	<u>(136,105)</u>	<u>(153,493)</u>	<u>(56,639)</u>	<u>(45,666)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing						19
Net Cash Provided From Financing Activities						<u>20</u>
Net Increase (Decrease) in Cash & Equivalents	(3,058)	(225)	3,353	(1,674)	(1,982)	21
Cash & Equivalents at Beginning of Year	4,172	4,397	1,044	2,718	4,700	22
Cash & Equivalents at End of Year	\$1,114	\$4,172	\$4,397	\$1,044	\$2,718	23

Cassadaga Telephone Corporation
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$872,669	\$916,002	\$927,164	\$936,375	\$1,001,441
2 Access Lines	997	1,076	1,151	1,225	1,349
DOLLAR AMOUNTS					
3 Wages and Benefits	\$296,273	\$285,616	\$363,924	\$306,766	\$278,795
4 Depreciation and Amortization	145,691	142,181	154,886	157,022	154,594
5 Other Operations Expense	237,184	343,307	340,624	465,745	523,706
6 Total Operation Expenses	679,148	771,104	859,434	929,533	957,095
7 Income Taxes - Operating Taxes	65,388	47,512	19,900	(5,984)	(3,080)
8 Other Taxes - Operating Taxes	31,073	36,053	36,987	37,189	38,692
9 Capital Costs	97,060	61,333	10,843	(24,363)	8,734
10 Total	\$872,669	\$916,002	\$927,164	\$936,375	\$1,001,441
PERCENT OF REVENUES					
11 Wages and Benefits	34.0	31.2	39.3	32.8	27.8
12 Depreciation and Amortization	16.7	15.5	16.7	16.8	15.4
13 Other Operations Expense	27.2	37.5	36.7	49.7	52.3
14 Income Taxes - Operating Taxes	7.5	5.2	2.1	(0.6)	(0.3)
15 Other Taxes - Operating Taxes	3.6	3.9	4.0	4.0	3.9
16 Capital Costs	11.1	6.7	1.2	(2.6)	0.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	297.16	265.44	316.18	250.42	206.67
19 Depreciation and Amortization	146.13	132.14	134.57	128.18	114.60
20 Other Operations Expense	237.90	319.06	295.94	380.20	388.22
21 Income Taxes - Operating Taxes	65.58	44.16	17.29	(4.88)	(2.28)
22 Other Taxes - Operating Taxes	31.17	33.51	32.13	30.36	28.68
23 Capital Costs	97.35	57.00	9.42	(19.89)	6.47
24 Total	875.29	851.30	805.53	764.39	742.36

Cassadaga Telephone Corp.
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$313,942	\$312,142	\$311,989	\$280,850	\$283,161	1
Central Office Assets	1,311,927	1,280,820	1,215,141	1,168,170	1,140,223	2
Information Origination/Termination	65,610	65,610	65,610	65,610	65,610	3
Cable And Wire Facilities	1,322,221	1,310,279	1,260,516	1,214,085	1,214,931	4
Amortizable Assets						5
Total Plant In Service	3,013,700	2,968,851	2,853,257	2,728,715	2,703,925	6
Property Held For Future Use						7
Plant Under Construction	26,409	16,171	28,948	14,665	212	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	3,040,109	2,985,022	2,882,205	2,743,380	2,704,137	13
Less Acc. Prov. For Depreciation & Amort.	1,879,152	1,768,048	1,659,158	1,518,940	1,379,314	14
Net Total Utility Plant	\$1,160,957	\$1,216,974	\$1,223,047	\$1,224,440	\$1,324,823	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	17.37	10.13	20.32	7.81	6.89	16
Total Capitalization	\$1,668,569	\$1,513,832	\$1,402,210	\$1,374,762	\$1,406,302	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	-5.07	-5.53	-1.08	2.53	-2.38	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	9.7%	7.7%	2.0%	-2.3%	2.0%	24
Internal Cash Generated as a % of Cash Outflows for Construction	117.8%	102.2%	77.8%	100.6%	88.5%	25
CWIP as a % of Plant	0.9%	0.5%	1.0%	0.5%	0.0%	26

Current Assets	787,224	623,818	468,645	459,971	363,921
Current Liabilities	45,331	61,602	23,059	58,913	52,795
Total Capitalization	1,668,569	1,513,832	1,402,210	1,374,762	1,406,302
Long-Term Debt			-	-	-
Preferred Stock				-	-
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,668,569	1,513,832	1,402,210	1,374,762	1,406,302
Short-Term Debt				-	-
Pretax Income	183,839	134,761	24,552	(62,067)	28,955
Interest Expense	(36,286)	(24,373)	(22,796)	(24,543)	(12,161)
Common Dividends Paid				-	-
Net Income (Excl. Preferred Stock Dividends)	154,737	111,622	27,448	(31,540)	27,603
Internal Cash	86,616	135,880	156,846	54,965	43,684
Cash Outflows for Construction	(73,543)	(132,978)	(201,615)	(54,625)	(49,358)
CWIP	26,409	16,171	28,948	14,665	212
Total Plant	3,040,109	2,985,022	2,882,205	2,743,380	2,704,137
Shares Outstanding	695	695	695	695	695
Number of Employees	8	8	8	8	7

Champlain Telephone Company
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$141,025)	(\$214,572)	(\$278,079)	\$91,123	\$510,885	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	517,954	552,996	588,401	658,568	766,403	2
Changes in Deferred Income Taxes	(14,827)	(93,279)	(13,202)	14,652	(109,951)	3
Changes in Working Capital	(10,784)	(546,311)	(225,837)	(159,683)	(206,301)	4
Capitalized AFDC - Equity						5
Other	(120,838)	172,172	64,138	(68,197)	(52,437)	6
Total Non-Cash Items	371,505	85,578	413,500	445,340	397,714	7
Net Cash Provided From Operating Activities	<u>230,480</u>	<u>(128,994)</u>	<u>135,421</u>	<u>536,463</u>	<u>908,599</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(156,420)	(236,136)	(287,058)	(298,657)	(483,067)	9
Purchase of Other Investments						10
Sale of Other Investments	14,923	1,369	15,326		1,361	11
Other						12
Net Cash Provided From Investing Activities	<u>(141,497)</u>	<u>(234,767)</u>	<u>(271,732)</u>	<u>(298,657)</u>	<u>(481,706)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(162,116)	(154,268)	(146,728)	(139,645)	(132,886)	14
Common Stock						15
Preferred Stock		(1,500)				16
Short-Term Debt						17
Dividends Paid	(8,927)	(8,927)	(9,024)	(9,024)	(9,024)	18
Other Financing	44,164	691,087	(59,888)	(59,888)	(59,888)	19
Net Cash Provided From Financing Activities	<u>(126,879)</u>	<u>526,392</u>	<u>(215,640)</u>	<u>(208,557)</u>	<u>(201,798)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(37,896)	162,631	(351,951)	29,249	225,095	21
Cash & Equivalents at Beginning of Year	183,884	21,253	373,204	343,955	118,860	22
Cash & Equivalents at End of Year	\$145,988	\$183,884	\$21,253	\$373,204	\$343,955	23

305 E

**Champlain Telephone Company
Distribution of Telephone Revenues
Years ended December 31,**

	2010	2009	2008	2007	2006
1 Revenues	\$4,750,230	\$5,063,140	\$5,271,534	\$5,443,919	\$5,979,509
2 Access Lines	4,203	4,375	4,664	5,274	5,641
DOLLAR AMOUNTS					
3 Wages and Benefits	2,848,498	\$2,723,556	\$2,948,960	\$2,645,931	\$2,658,682
4 Depreciation and Amortization	516,505	551,547	586,952	657,119	764,954
5 Other Operations Expense	1,483,124	1,710,476	1,769,767	1,558,335	1,512,830
6 Total Operation Expenses	4,848,127	4,985,579	5,305,679	4,861,385	4,936,466
7 Income Taxes - Operating Taxes	(114,294)	(65,928)	(113,156)	120,133	257,377
8 Other Taxes - Operating Taxes	225,068	235,312	250,060	245,339	253,108
9 Capital Costs	(208,671)	(91,823)	(171,049)	217,062	532,558
10 Total	\$4,750,230	\$5,063,140	\$5,271,534	\$5,443,919	\$5,979,509
PERCENT OF REVENUES					
11 Wages and Benefits	60.0	53.8	55.9	48.6	44.5
12 Depreciation and Amortization	10.9	10.9	11.1	12.1	12.8
13 Other Operations Expense	31.2	33.8	33.6	28.6	25.3
14 Income Taxes - Operating Taxes	(2.4)	(1.3)	(2.1)	2.2	4.3
15 Other Taxes - Operating Taxes	4.7	4.6	4.7	4.5	4.2
16 Capital Costs	(4.4)	(1.8)	(3.2)	4.0	8.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	677.73	622.53	632.28	501.69	471.31
19 Depreciation and Amortization	122.89	126.07	125.85	124.60	135.61
20 Other Operations Expense	352.87	390.97	379.45	295.47	268.18
21 Income Taxes - Operating Taxes	(27.19)	(15.07)	(24.26)	22.78	45.63
22 Other Taxes - Operating Taxes	53.55	53.79	53.61	46.52	44.87
23 Capital Costs	(49.65)	(20.99)	(36.67)	41.16	94.41
24 Total	1,130.20	1,157.29	1,130.26	1,032.22	1,060.01

Champlain Telephone Company
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,581,128	\$2,682,806	\$2,694,237	\$2,680,135	\$2,941,512	1
Central Office Assets	3,101,951	3,083,661	2,960,840	3,191,478	3,060,421	2
Information Origination/Termination	26,734	26,734	25,806	25,806	174,728	3
Cable And Wire Facilities	7,291,419	7,198,004	7,120,227	7,043,261	6,870,879	4
Amortizable Assets						5
Total Plant In Service	13,001,232	12,991,205	12,801,110	12,940,680	13,047,540	6
Property Held For Future Use						7
Plant Under Construction	28,919	148,723	196,889	173,977	203,209	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	13,030,151	13,139,928	12,997,999	13,114,657	13,250,749	13
Less Acc. Prov. For Depreciation & Amort.	8,297,599	8,075,363	7,619,496	7,415,128	7,262,420	14
Net Total Utility Plant	\$4,732,552	\$5,064,565	\$5,378,503	\$5,699,529	\$5,988,329	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.48	3.26	1.76	2.06	1.92	16
Total Capitalization	\$3,955,043	\$4,222,946	\$4,702,044	\$5,182,353	\$5,299,787	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	18.7%	21.4%	22.6%	23.5%	25.8%	18
Preferred Stock	3.5%	3.3%	3.0%	2.7%	2.6%	19
Common Stock & Retained Earnings	73.7%	71.5%	71.1%	71.0%	69.0%	20
Short-Term Debt	4.1%	3.8%	3.3%	2.8%	2.6%	21
Pretax Coverage of Interest Expense	-4.09	-3.95	-5.04	4.03	10.72	22
Com. Stock Dividends as a % of Earnings	-39.9%	-26.8%	-20.9%	72.9%	11.9%	23
Return on Common Equity	-5.1%	-7.0%	-8.2%	2.2%	14.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	147.3%	-54.6%	47.2%	179.6%	188.1%	25
CWIP as a % of Plant	0.2%	1.1%	1.5%	1.3%	1.5%	26

Current Assets	2,780,328	2,536,847	2,462,113	2,283,789	2,169,899
Current Liabilities	1,883,095	777,173	1,398,276	1,106,501	1,128,903
Total Capitalization	3,955,043	4,222,946	4,702,044	5,182,353	5,299,787
Long-Term Debt	739,918	902,033	1,064,069	1,218,363	1,365,121
Preferred Stock	137,350	137,350	138,850	138,850	138,850
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,915,694	3,021,482	3,344,812	3,678,393	3,656,182
Short-Term Debt	162,081	162,081	154,313	146,747	139,634
Pretax Income	(206,839)	(225,336)	(324,358)	291,464	848,361
Interest Expense	50,566	57,094	64,302	72,303	79,121
Common Dividends Paid	59,888	59,888	59,888	59,888	59,888
Net Income (Excl. Preferred Stock Dividends)	(149,952)	(223,499)	(287,103)	82,099	501,861
Internal Cash	230,480	(128,994)	135,420	536,463	908,599
Cash Outflows for Construction	(156,420)	(236,136)	(287,058)	(298,658)	(483,067)
CWIP	28,919	148,723	196,889	173,977	203,209
Total Plant	13,030,151	13,139,928	12,997,999	13,114,657	13,250,749
Shares Outstanding	74,860	74,860	74,860	74,860	74,860
Number of Employees	33	33	33	35	36

Chautauqua & Erie Telephone Corporation
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$1,134,650	\$997,648	\$722,474	\$338,667	\$29,573	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	372,067	370,156	710,317	1,459,135	2,101,264	2
Changes in Deferred Income Taxes	164,574	202,089	176,540	(277,819)	(281,484)	3
Changes in Working Capital	927,224	(626,293)	1,472,650	332,632	(334,840)	4
Capitalized AFDC - Equity	0	0	0	0	0	5
Other	(2,054,535)	(793,212)	(1,042,901)	(19,941)	(112,033)	6
Total Non-Cash Items	(590,670)	(847,260)	1,316,606	1,494,007	1,372,907	7
Net Cash Provided From Operating Activities	<u>543,980</u>	<u>150,388</u>	<u>2,039,080</u>	<u>1,832,674</u>	<u>1,402,480</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(544,738)	(162,617)	(507,967)	238,951	(656,535)	9
Purchase of Other Investments	0	0			0	10
Sale of Other Investments	0	0	(1,574,279)		0	11
Other	0	0			0	12
Net Cash Provided From Investing Activities	<u>(544,738)</u>	<u>(162,617)</u>	<u>(2,082,246)</u>	<u>238,951</u>	<u>(656,535)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock			(257,500)	(2,017,000)	(720,000)	15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing			299,000	(55,000)	(25,500)	19
Net Cash Provided From Financing Activities	<u>0</u>	<u>0</u>	<u>41,500</u>	<u>(2,072,000)</u>	<u>(745,500)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(758)	(12,229)	(1,666)	(375)	445	21
Cash & Equivalents at Beginning of Year	5,205	17,435	19,101	19,476	19,031	22
Cash & Equivalents at End of Year	\$4,447	\$5,206	\$17,435	\$19,101	\$19,476	23

Chautauqua & Erie Telephone Corporation
Distribution of Telephone Revenues
For the Year Ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$6,387,322	\$6,341,152	\$6,513,761	\$7,568,047	\$7,617,022
2 Access Lines	7,666	8,198	8,820	10,014	10,177
DOLLAR AMOUNTS					
3 Wages and Benefits	1,364,972	\$1,545,343	\$1,596,909	\$1,808,323	\$2,119,246
4 Depreciation and Amortization	1,434,453	1,895,781	1,805,397	1,856,946	1,867,543
5 Other Operations Expense	3,088,243	2,888,258	3,096,925	3,325,253	3,303,946
6 Total Operation Expenses	5,887,668	6,329,382	6,499,231	6,990,522	7,290,735
7 Income Taxes - Operating Taxes	(29,043)	(621,743)	243,685	27,063	(19,081)
8 Other Taxes - Operating Taxes	463,633	549,868	458,928	473,935	434,972
9 Capital Costs	65,064	83,645	(688,083)	76,527	(89,604)
10 Total	\$6,387,322	\$6,341,152	\$6,513,761	\$7,568,047	\$7,617,022
PERCENT OF REVENUES					
11 Wages and Benefits	21.4	24.4	24.5	23.9	27.8
12 Depreciation and Amortization	22.5	29.9	27.7	24.5	24.5
13 Other Operations Expense	48.3	45.5	47.5	43.9	43.4
14 Income Taxes - Operating Taxes	(0.5)	(9.8)	3.7	0.4	(0.3)
15 Other Taxes - Operating Taxes	7.3	8.7	7.0	6.3	5.7
16 Capital Costs	1.0	1.3	(10.6)	1.0	(1.2)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	178.06	188.50	181.06	180.58	208.24
19 Depreciation and Amortization	187.12	231.25	204.69	185.43	183.51
20 Other Operations Expense	402.85	352.31	351.13	332.06	324.65
21 Income Taxes - Operating Taxes	(3.79)	(75.84)	27.63	2.70	(1.87)
22 Other Taxes - Operating Taxes	60.48	67.07	52.03	47.33	42.74
23 Capital Costs	8.49	10.20	(78.01)	7.64	(8.80)
24 Total	833.20	773.50	738.52	755.75	748.45

Chautauqua & Erie Telephone Corp.
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$4,708,401	\$4,741,102	\$4,809,166	\$4,606,645	\$4,626,128	1
Central Office Assets	12,964,607	13,160,416	13,131,704	13,075,149	13,405,894	2
Information Origination/Termination	7,400	7,400	7,400	7,400	7,400	3
Cable And Wire Facilities	12,253,367	12,159,509	12,137,439	12,032,145	11,971,700	4
Amortizable Assets					0	5
Total Plant In Service	29,933,775	30,068,427	30,085,709	29,721,339	30,011,122	6
Property Held For Future Use						7
Plant Under Construction	135,000	118,309	7,595	57,018	6,186	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	30,068,775	30,186,736	30,093,303	29,778,357	30,017,308	13
Less Acc. Prov. For Depreciation & Amort.	21,065,138	21,355,773	21,054,799	20,553,791	19,094,657	14
Net Total Utility Plant	\$9,003,637	\$8,830,963	\$9,038,504	\$9,224,566	\$10,922,651	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.91	1.40	1.04	1.35	1.43	16
Total Capitalization	\$7,307,176	\$7,633,526	\$8,020,877	\$9,135,900	\$10,869,233	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	97.2%	97.1%	20
Short-Term Debt	0.0%	0.0%	0.0%	2.8%	2.9%	21
Pretax Coverage of Interest Expense	-1392.67	-116.83	-27.86	22.76	0.71	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	0.9%	-11.3%	-9.7%	3.6%	0.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	99.9%	92.5%	401.4%	-767.0%	213.6%	25
CWIP as a % of Plant	0.4%	0.4%	0.0%	0.2%	0.0%	26

Current Assets	1,942,884	2,617,171	3,141,486	2,383,738	3,057,342
Current Liabilities	2,131,543	1,875,114	3,007,165	1,770,007	2,138,786
Total Capitalization	7,307,176	7,633,526	8,020,877	9,135,900	10,869,233
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	7,307,176	7,633,526	8,020,877	8,878,400	10,556,733
Short-Term Debt				257,500	312,500
Pretax Income	455,404	(538,198)	(266,552)	387,271	13,678
Interest Expense	(327)	4,607	9,566	17,018	19,316
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	69,733	(887,159)	(505,959)	349,812	29,573
Internal Cash	543,980	150,384	2,039,080	1,832,674	1,402,480
Cash Outflows for Construction	(544,738)	(162,617)	(507,967)	238,951	(656,531)
CWIP	135,000	118,309	7,595	57,018	6,186
Total Plant	30,068,775	30,186,736	30,093,303	29,778,357	30,017,308
Shares Outstanding	100	100	100	100	100
Number of Employees	50	46	59	50	50

Chazy & Westport Telephone Corporation
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$446,773)	(\$400,361)	\$369,196	(\$350,315)	(\$267,312)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	708,858	707,196	692,481	656,086	670,396	2
Changes in Deferred Income Taxes	(27,939)	128,076	129,412	42,434	(397,125)	3
Changes in Working Capital	(518,869)	(86,311)	(300,212)	(485,380)	180,413	4
Capitalized AFDC - Equity						5
Other	449,359	67,278	(586,605)	246,499	162,373	6
Total Non-Cash Items	611,409	816,239	(64,924)	459,639	616,057	7
Net Cash Provided From Operating Activities	<u>164,636</u>	<u>415,878</u>	<u>304,272</u>	<u>109,324</u>	<u>348,745</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(132,720)	(159,429)	(324,082)	(1,042,385)	(458,107)	9
Purchase of Other Investments					(964,133)	10
Sale of Other Investments	115,943	(23,821)	48,907	959,690	1,539,736	11
Other	26,387	38,240	20,056	17,334	53,275	12
Net Cash Provided From Investing Activities	<u>9,610</u>	<u>(145,010)</u>	<u>(255,119)</u>	<u>(65,361)</u>	<u>170,771</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(133,464)	(164,745)	(200,540)	(190,830)	(202,376)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(35,139)	(107,092)	180,000	196,416	(364,561)	17
Dividends Paid	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(175,103)</u>	<u>(278,337)</u>	<u>(27,040)</u>	<u>(914)</u>	<u>(573,437)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(857)	(7,469)	22,113	43,049	(53,921)	21
Cash & Equivalents at Beginning of Year	79,646	87,115	65,002	21,953	75,874	22
Cash & Equivalents at End of Year	\$78,789	\$79,646	\$87,115	\$65,002	\$21,953	23

Chazy & Westport Telephone Corporation
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$2,604,165	\$2,869,205	\$2,948,851	\$2,951,726	\$2,980,153
2 Access Lines	2,861	2,973	3,117	3,412	3,623
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,008,106	\$1,048,800	\$1,111,772	\$1,070,490	\$1,118,929
4 Depreciation and Amortization	664,108	662,117	651777	654,875	669,185
5 Other Operations Expense	816,761	774,740	961380	788,440	927,713
6 Total Operation Expenses	2,488,975	2,485,657	2724929	2,513,805	2,715,827
7 Income Taxes - Operating Taxes	(5,108)	69,386	31177	64,255	(323,402)
8 Other Taxes - Operating Taxes	141,410	152,487	155134	160,113	203,986
9 Capital Costs	(21,112)	161,675	37,611	213,553	383,742
10 Total	\$2,604,165	\$2,869,205	\$2,948,851	\$2,951,726	\$2,980,153
PERCENT OF REVENUES					
11 Wages and Benefits	38.7	36.6	37.7	36.3	37.5
12 Depreciation and Amortization	25.5	23.1	22.1	22.2	22.5
13 Other Operations Expense	31.4	27.0	32.6	26.7	31.1
14 Income Taxes - Operating Taxes	(0.2)	2.4	1.1	2.2	(10.9)
15 Other Taxes - Operating Taxes	5.4	5.3	5.3	5.4	6.8
16 Capital Costs	(0.8)	5.6	1.3	7.2	12.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	352.36	352.77	356.68	313.74	308.84
19 Depreciation and Amortization	232.12	222.71	209.10	191.93	184.70
20 Other Operations Expense	285.48	260.59	308.43	231.08	256.06
21 Income Taxes - Operating Taxes	(1.79)	23.34	10.00	18.83	(89.26)
22 Other Taxes - Operating Taxes	49.43	51.29	49.77	46.93	56.30
23 Capital Costs	(7.38)	54.38	12.07	62.59	105.92
24 Total	910.23	965.09	946.05	865.10	822.57

Chazy & Westport Telephone Corporation
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,995,192	\$3,002,089	\$3,012,483	\$2,921,643	\$2,888,513	1
Central Office Assets	5,669,095	5,672,046	5,592,834	5,366,218	4,633,536	2
Information Origination/Termination	35,127	35,127	35,127	34,976	34,976	3
Cable And Wire Facilities	5,932,583	5,890,723	5,865,118	5,815,594	5,742,129	4
Amortizable Assets	140,687	140,687	140,687	140,687	140,687	5
Total Plant In Service	14,772,684	14,740,672	14,646,249	14,279,118	13,439,841	6
Property Held For Future Use						7
Plant Under Construction	8,200	19,823	51,781	245,036	72,605	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	35,834	35,834	35,834	35,834	35,834	11
Goodwill						12
Total Telecommunications Plant	14,816,718	14,796,329	14,733,864	14,559,988	13,548,280	13
Less Acc. Prov. For Depreciation & Amort.	10,594,616	9,962,878	9,336,635	8,740,535	8,102,282	14
Net Total Utility Plant	\$4,222,102	\$4,833,451	\$5,397,229	\$5,819,453	\$5,445,998	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	3.96	3.87	3.87	3.21	2.64	16
Total Capitalization	\$6,305,602	\$6,936,318	\$7,593,350	\$7,285,528	\$7,632,832	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	2.9%	4.7%	6.0%	8.5%	10.8%	18
Preferred Stock	2.1%	1.9%	1.7%	1.8%	1.7%	19
Common Stock & Retained Earnings	88.3%	86.9%	84.4%	83.5%	84.3%	20
Short-Term Debt	6.8%	6.6%	7.8%	6.2%	3.2%	21
Pretax Coverage of Interest Expense	-14.77	-6.16	6.48	-1.85	-0.29	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	-7.8%	-6.5%	5.8%	-5.7%	-4.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	124.0%	260.9%	93.9%	10.5%	76.1%	25
CWIP as a % of Plant	0.1%	0.1%	0.4%	1.7%	0.5%	26

Current Assets	4,594,373	3,908,917	3,595,418	3,648,820	3,511,473
Current Liabilities	1,161,402	1,009,292	928,929	1,136,807	1,328,251
Total Capitalization	6,305,602	6,936,318	7,593,350	7,285,528	7,632,832
Long-Term Debt	182,621	322,906	456,362	621,098	821,643
Preferred Stock	130,000	130,000	130,000	130,000	130,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	5,564,944	6,027,057	6,412,252	6,083,890	6,436,780
Short-Term Debt	428,037	456,355	594,736	450,540	244,409
Pretax Income	(418,290)	(292,156)	463,162	(178,648)	(29,428)
Interest Expense	28,321	47,458	71,478	96,324	100,318
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(453,273)	(406,861)	362,696	(356,815)	(273,812)
Internal Cash	164,636	415,878	304,272	109,324	348,745
Cash Outflows for Construction	(132,720)	(159,429)	(324,082)	(1,042,385)	(458,107)
CWIP	8,200	19,823	51,781	245,036	72,605
Total Plant	14,816,718	14,796,329	14,733,864	14,559,988	13,548,280
Shares Outstanding	140	140	140	140	140
Number of Employees	17	17	17	17	18

Citizens Telephone Company of Hammond, N. Y., Inc.
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$126,898	\$159,574	\$157,791	(\$72,742)	\$374,377	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	503,498	459,608	467,715	558,193	572,944	2
Changes in Deferred Income Taxes	(42,051)	(275,008)	(132,428)	(25,572)	(391,749)	3
Changes in Working Capital	320,154	(127,636)	(126,017)	(844,021)	266,764	4
Capitalized AFDC - Equity						5
Other	(174,047)	(127,654)	(191,874)	245,711	958,238	6
Total Non-Cash Items	607,554	(70,691)	17,396	(65,689)	1,406,197	7
Net Cash Provided From Operating Activities	<u>734,453</u>	<u>88,883</u>	<u>175,187</u>	<u>(138,430)</u>	<u>1,780,574</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(458,576)	(460,165)	(277,255)	(594,418)	(125,519)	9
Purchase of Other Investments			(9,259)	(255,971)	(741,395)	10
Sale of Other Investments	46,829	5,250		74,990	116,223	11
Other	(54,218)	178,808	31,927	48,678	646,690	12
Net Cash Provided From Investing Activities	<u>(465,965)</u>	<u>(276,107)</u>	<u>(254,588)</u>	<u>(726,721)</u>	<u>(104,001)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(217,712)	177,000	(27,124)	604,904	(176,327)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(105,996)	(433)	124,262		(914,412)	17
Dividends Paid		(4,000)	(101,000)	(105,000)	(203,700)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(323,708)</u>	<u>172,567</u>	<u>(3,862)</u>	<u>499,904</u>	<u>(1,294,439)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(55,220)	(14,656)	(83,263)	(365,247)	382,134	21
Cash & Equivalents at Beginning of Year	168,716	183,372	266,635	631,882	249,748	22
Cash & Equivalents at End of Year	\$113,496	\$168,716	\$183,372	\$266,635	\$631,882	23

Citizens Telephone Company of Hammond, N.Y., Inc.
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$1,840,455	\$2,088,021	\$2,342,709	\$2,535,700	\$2,777,297
2 Access Lines	1,040	1,564	1,624	1,815	1,894
DOLLAR AMOUNTS					
3 Wages and Benefits	\$771,393	\$860,400	\$1,027,277	\$1,255,495	\$1,173,287
4 Depreciation and Amortization	451,396	454,800	462,908	553,354	571,704
5 Other Operations Expense	636,610	834,478	696,409	770,597	718,838
6 Total Operation Expenses	1,859,398	2,149,678	2,186,595	2,579,446	2,463,830
7 Income Taxes - Operating Taxes	(82,192)	(134,030)	(50,939)	(130,655)	(13,920)
8 Other Taxes - Operating Taxes	154,190	124,650	121,120	145,915	135,104
9 Capital Costs	(90,941)	(52,277)	85,933	(59,007)	192,283
10 Total	\$1,840,455	\$2,088,021	\$2,342,709	\$2,535,700	\$2,777,297
PERCENT OF REVENUES					
11 Wages and Benefits	41.9	41.2	43.8	49.5	42.2
12 Depreciation and Amortization	24.5	21.8	19.8	21.8	20.6
13 Other Operations Expense	34.6	40.0	29.7	30.4	25.9
14 Income Taxes - Operating Taxes	(4.5)	(6.4)	(2.2)	(5.2)	(0.5)
15 Other Taxes - Operating Taxes	8.4	6.0	5.2	5.8	4.9
16 Capital Costs	(4.9)	(2.5)	3.7	(2.3)	6.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	741.72	550.13	632.56	691.73	619.48
19 Depreciation and Amortization	434.03	290.79	285.04	304.88	301.85
20 Other Operations Expense	612.13	533.55	428.82	424.57	379.53
21 Income Taxes - Operating Taxes	(79.03)	(85.70)	(31.37)	(71.99)	(7.35)
22 Other Taxes - Operating Taxes	148.26	79.70	74.58	80.39	71.33
23 Capital Costs	(87.44)	(33.43)	52.91	(32.51)	101.52
24 Total	1,769.67	1,335.05	1,442.56	1,397.08	1,466.37

Citizens Telephone Company of Hammond, N. Y., Inc.
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,983,368	\$1,977,781	\$2,083,261	\$2,277,981	\$2,189,459	1
Central Office Assets	2,711,264	2,395,508	2,079,458	3,049,328	2,954,272	2
Information Origination/Termination	107,830	107,830	107,830	107,830	127,497	3
Cable And Wire Facilities	4,490,833	4,383,283	4,282,594	5,045,666	4,919,315	4
Amortizable Assets	214	214	214	214	214	5
Total Plant In Service	9,293,509	8,864,616	8,553,358	10,481,019	10,190,757	6
Property Held For Future Use						7
Plant Under Construction	13,429	43,311	73,299	47,339	85,672	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	9,306,939	8,907,927	8,626,657	10,528,358	10,276,429	13
Less Acc. Prov. For Depreciation & Amort.	5,308,379	4,813,494	4,534,233	6,397,427	6,046,415	14
Net Total Utility Plant	\$3,998,560	\$4,094,433	\$4,092,423	\$4,130,930	\$4,230,014	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	-26.19	39.33	29.20	11.96	2.14	16
Total Capitalization	\$8,564,182	\$8,761,244	\$8,547,372	\$8,271,675	\$7,748,535	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	37.2%	38.8%	37.7%	39.3%	34.1%	18
Preferred Stock	0.3%	0.3%	0.3%	0.3%	0.3%	19
Common Stock & Retained Earnings	62.4%	59.5%	60.6%	60.4%	65.6%	20
Short-Term Debt	0.2%	1.4%	1.5%			21
Pretax Coverage of Interest Expense	1.32	1.18	1.48	0.25	2.82	22
Com. Stock Dividends as a % of Earnings			2.5%	-144.3%	54.4%	23
Return on Common Equity	2.4%	3.1%	3.1%	-1.4%	7.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	160.2%	19.3%	63.2%	-23.3%	1418.6%	25
CWIP as a % of Plant	0.1%	0.5%	0.8%	0.4%	0.8%	26

Current Assets	1,416,711	1,779,244	1,680,482	1,776,665	1,997,888
Current Liabilities	(54,089)	45,233	57,544	148,505	934,494
Total Capitalization	8,564,182	8,761,244	8,547,372	8,271,675	7,748,535
Long-Term Debt	3,182,227	3,399,939	3,222,938	3,250,063	2,645,159
Preferred Stock	23,000	23,000	23,000	23,000	23,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	5,340,741	5,214,096	5,176,792	4,998,612	5,080,376
Short-Term Debt	18,213	124,209	124,642		
Pretax Income	234,134	217,350	355,674	67,502	867,834
Interest Expense	177,564	184,171	239,674	274,604	307,667
Common Dividends Paid			4,000	105,000	203,700
Net Income (Excl. Preferred Stock Dividends)	126,898	159,574	157,791	(72,742)	374,377
Internal Cash	734,453	88,883	175,187	(138,430)	1,780,574
Cash Outflows for Construction	(458,576)	(460,165)	(277,255)	(594,418)	(125,519)
CWIP	13,429	43,311	73,299	47,339	85,672
Total Plant	9,306,939	8,907,927	8,626,657	10,528,358	10,276,429
Shares Outstanding	420	420	420	420	420
Number of Employees	24	26	28	26	21

Citizens Telecommunications Co. of New York, Inc.
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$37,390,680	\$51,656,868	\$57,363,014	\$64,981,424	\$58,204,540	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	39,334,183	38,865,922	44,313,834	52,523,570	51,662,661	2
Changes in Deferred Income Taxes	4,047,708	5,363,627	1,285,005	450,010	(384,911)	3
Changes in Working Capital	3,775,839	2,427,491	4,473,421	(797,555)	(279,918)	4
Capitalized AFDC - Equity	0	0				5
Other	1,803,256	(531,074)	(590,289)	741,644	4,706,388	6
Total Non-Cash Items	48,960,985	46,125,966	49,481,971	52,917,669	55,704,220	7
Net Cash Provided From Operating Activities	<u>86,351,665</u>	<u>97,782,834</u>	<u>106,844,986</u>	<u>117,899,093</u>	<u>113,908,760</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(17,583,549)	(17,538,747)	(20,223,711)	(19,435,658)	(20,067,144)	9
Purchase of Other Investments	181,528,636	59,192,667	(25,939,103)	(23,586,542)	(94,084,929)	10
Sale of Other Investments						11
Other						12
Net Cash Provided From Investing Activities	<u>163,945,087</u>	<u>41,653,920</u>	<u>(46,162,814)</u>	<u>(43,022,200)</u>	<u>(114,152,073)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(250,000,000)	(140,000,000)	(60,000,000)	(75,000,000)		18
Other Financing					1,200	19
Net Cash Provided From Financing Activities	<u>(250,000,000)</u>	<u>(140,000,000)</u>	<u>(60,000,000)</u>	<u>(75,000,000)</u>	<u>1,200</u>	20
Net Increase (Decrease) in Cash & Equivalents	296,752	(563,246)	682,171	(123,107)	(242,113)	21
Cash & Equivalents at Beginning of Year	(340,535)	222,711	(459,460)	(336,353)	(94,241)	22
Cash & Equivalents at End of Year	(\$43,783)	(\$340,535)	\$222,711	(\$459,460)	(\$336,353)	23

Citizens Telecommunications Co. of New York, Inc.
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$205,178,874	\$220,241,142	\$233,076,020	\$246,878,241	\$254,646,983
2 Access Lines	202,329	215,616	231,033	251,498	271,853
DOLLAR AMOUNTS					
3 Wages and Benefits	\$21,812,395	\$20,653,500	\$19,199,146	\$18,870,351	\$19,198,243
4 Depreciation and Amortization	39,334,183	38,865,922	44,313,834	52,523,570	51,662,661
5 Other Operations Expense	71,532,305	61,685,032	60,872,589	58,430,931	67,731,499
6 Total Operation Expenses	132,678,883	121,204,454	124,385,569	129,824,852	138,592,403
7 Income Taxes - Operating Taxes	11,713,801	21,127,099	24,166,659	29,310,512	38,981,550
8 Other Taxes - Operating Taxes	10,569,920	12,843,386	14,296,918	12,402,373	13,620,315
9 Capital Costs	50,216,270	65,066,203	70,226,875	75,340,503	63,452,715
10 Total	\$205,178,874	\$220,241,142	\$233,076,020	\$246,878,241	\$254,646,983
PERCENT OF REVENUES					
11 Wages and Benefits	10.6	9.4	8.2	7.6	7.5
12 Depreciation and Amortization	19.2	17.6	19.0	21.3	20.3
13 Other Operations Expense	34.9	28.0	26.1	23.7	26.6
14 Income Taxes - Operating Taxes	5.7	9.6	10.4	11.9	15.3
15 Other Taxes - Operating Taxes	5.2	5.8	6.1	5.0	5.3
16 Capital Costs	24.5	29.5	30.1	30.5	24.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	107.81	95.79	83.10	75.03	70.62
19 Depreciation and Amortization	194.41	180.26	191.81	208.84	190.04
20 Other Operations Expense	353.54	286.09	263.48	232.33	249.15
21 Income Taxes - Operating Taxes	57.89	97.98	104.60	116.54	143.39
22 Other Taxes - Operating Taxes	52.24	59.57	61.88	49.31	50.10
23 Capital Costs	248.19	301.77	303.97	299.57	233.41
24 Total	1,014.09	1,021.45	1,008.84	981.63	936.71

Notes:

(1) Citizen's expenses increased in 1997 by \$12 M (pre-tax) relating to a management buyout and payment to fully fund its OPEB expenses. Also, 1997 expenses increased due to an increase in plant specific expenses.

Citizens Telecommunications Co. of New York, Inc.
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$69,942,722	\$68,934,571	\$68,366,992	\$69,235,530	\$67,892,395	1
Central Office Assets	410,300,131	402,782,446	394,893,340	384,734,782	378,382,289	2
Information Origination/Termination	16,386,214	16,173,000	15,972,113	15,631,827	15,185,077	3
Cable And Wire Facilities	494,164,717	484,857,670	474,467,502	462,769,985	452,872,616	4
Amortizable Assets	3,981,012	3,981,012	3,981,012	3,899,746	3,899,746	5
Total Plant In Service	994,774,796	976,728,699	957,680,959	936,271,870	918,232,123	6
Property Held For Future Use						7
Plant Under Construction	12,604,470	11,245,839	12,103,166	15,226,358	11,396,832	8
Tel. Acquisition	142,404,998	142,404,998	142,404,998	142,404,998	142,404,998	9
Other Plant						10
Nonoperating Plant	37,599	37,599	37,599	38,251	38,251	11
Goodwill						12
Total Telecommunications Plant	1,149,821,863	1,130,417,135	1,112,226,722	1,093,941,477	1,072,072,204	13
Less Acc. Prov. For Depreciation & Amort.	852,975,688	811,820,320	772,302,676	729,927,311	674,970,125	14
Net Total Utility Plant	\$296,846,175	\$318,596,815	\$339,924,046	\$364,014,166	\$397,102,079	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.30	1.46	1.54	1.66	1.64	16
Total Capitalization	\$15,583,195	\$228,192,518	\$316,535,650	\$319,172,636	\$329,191,212	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	21
Pretax Coverage of Interest Expense	488576.07	1549527.41	394930.81	9476.06	29098.90	22
Com. Stock Dividends as a % of Earnings	668.6%	271.0%	104.6%	-115.4%	0.0%	23
Return on Common Equity	30.7%	19.0%	18.0%	20.0%	17.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	651.6%	704.8%	653.6%	714.2%	567.6%	25
CWIP as a % of Plant	1.1%	1.0%	1.1%	1.4%	100.0%	26

Notes:

(2) The return on equity calculation reflects the return on total capitalization.

Current Assets	45,930,988	48,074,730	51,807,377	55,167,216	56,280,965
Current Liabilities	35,203,457	32,873,453	33,647,809	33,166,044	34,409,242
Total Capitalization	15,583,195	228,192,518	316,535,650	319,172,636	329,191,212
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	15,583,195	228,192,518	316,535,650	319,172,636	329,191,212
Short-Term Debt					
Pretax Income	56,186,248	80,575,425	88,859,433	98,988,630	90,561,900
Interest Expense	115	52	225	10,446	3,112
Common Dividends Paid	250,000,000	140,000,000	60,000,000	(75,000,000)	
Net Income (Excl. Preferred Stock Dividends)	37,390,679	51,656,865	57,363,013	64,981,424	58,204,540
Internal Cash	114,579,920	123,612,697	132,190,921	138,805,788	113,908,760
Cash Outflows for Construction	(17,583,549)	(17,538,747)	(20,223,711)	(19,435,658)	(20,067,142)
CWIP	12,604,470	11,245,839	12,103,166	15,226,358	142,404,998
Total Plant	1,149,821,863	1,130,417,135	1,112,226,722	1,093,941,477	142,443,249
Shares Outstanding					
Number of Employees	271	277	280	277	304

Crown Point Telephone Corporation
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$187,425)	(\$219,326)	(\$290,800)	(\$334,790)	(\$387,371)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	300,334	291,662	293,429	250,138	(247,590)	2
Changes in Deferred Income Taxes	2,990	(76,534)	(13,551)	436		3
Changes in Working Capital	(5,541)	184,558	20,447	(73,249)	138,977	4
Capitalized AFDC - Equity				(46,507)		5
Other	67,312	42,993	198,390	228,378	483,777	6
Total Non-Cash Items	365,095	442,679	498,715	359,196	375,164	7
Net Cash Provided From Operating Activities	<u>177,670</u>	<u>223,353</u>	<u>207,915</u>	<u>24,406</u>	<u>(12,207)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(15,349)	(106,719)	(95,118)	(134,997)	(62,023)	9
Purchase of Other Investments			(38,189)	33,844	(203,412)	10
Sale of Other Investments	(123)		18,635	23,492	73,475	11
Other						12
Net Cash Provided From Investing Activities	<u>(15,472)</u>	<u>(106,719)</u>	<u>(114,672)</u>	<u>(77,661)</u>	<u>(191,960)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(157,249)	(160,766)	(152,975)	(145,516)	(90,386)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(541)	(633)	(18,303)	(32,069)	(25,410)	17
Dividends Paid						18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(157,790)</u>	<u>(161,399)</u>	<u>(171,278)</u>	<u>(177,585)</u>	<u>(115,796)</u>	20
Net Increase (Decrease) in Cash & Equivalents	4,408	(44,765)	(78,035)	(230,840)	(319,963)	21
Cash & Equivalents at Beginning of Year	98,230	142,995	221,030	451,870	771,833	22
Cash & Equivalents at End of Year	\$102,638	\$98,230	\$142,995	\$221,030	\$451,870	23

Crown Point Telephone Corporation
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$1,536,275	\$1,415,870	\$1,749,536	\$1,803,883	\$1,852,826
2 Access Lines	819	862	883	1,043	1,094
DOLLAR AMOUNTS					
3 Wages and Benefits	\$700,298	\$740,607	\$838,595	\$848,457	940,305
4 Depreciation and Amortization	299,899	291,226	292,991	250,138	243,880
5 Other Operations Expense	492,250	461,630	445,367	556,026	568,810
6 Total Operation Expenses	1,492,447	1,493,462	1,576,954	1,654,621	1,752,994
7 Income Taxes - Operating Taxes	3,006	(71,421)	(5,528)	(39,807)	(73,595)
8 Other Taxes - Operating Taxes	69,237	72,289	94,215	103,477	111,019
9 Capital Costs	(28,415)	(78,460)	83,895	85,591	62,408
10 Total	\$1,536,275	\$1,415,870	\$1,749,536	\$1,803,883	\$1,852,826
PERCENT OF REVENUES					
11 Wages and Benefits	45.6	52.3	47.9	47.0	50.7
12 Depreciation and Amortization	19.5	20.6	16.7	13.9	13.2
13 Other Operations Expense	32.0	32.6	25.5	30.8	30.7
14 Income Taxes - Operating Taxes	0.2	(5.0)	(0.3)	(2.2)	(4.0)
15 Other Taxes - Operating Taxes	4.5	5.1	5.4	5.7	6.0
16 Capital Costs	(1.8)	(5.5)	4.8	4.7	3.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	855.07	859.17	949.71	813.48	859.51
19 Depreciation and Amortization	366.18	337.85	331.81	239.83	222.92
20 Other Operations Expense	601.04	535.53	504.38	533.10	519.94
21 Income Taxes - Operating Taxes	3.67	(82.85)	(6.26)	(38.17)	(67.27)
22 Other Taxes - Operating Taxes	84.54	83.86	106.70	99.21	101.48
23 Capital Costs	(34.70)	(91.02)	95.01	82.06	57.05
24 Total	1,875.79	1,642.54	1,981.35	1,729.51	1,693.63

Crown Point Telephone Corporation
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,554,251	\$1,554,251	\$1,565,826	\$1,749,284	\$1,783,842	1
Central Office Assets	2,034,574	2,073,352	2,023,498	1,955,647	1,955,647	2
Information Origination/Termination	51,634	51,634	51,634	51,634	51,634	3
Cable And Wire Facilities	3,357,009	3,258,916	3,133,465	3,133,465	2,987,897	4
Amortizable Assets						5
Total Plant In Service	6,997,468	6,938,153	6,774,423	6,890,030	6,779,020	6
Property Held For Future Use						7
Plant Under Construction	78,059	114,570	150,869	200,617	216,743	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	7,075,527	7,052,723	6,925,292	7,090,647	6,995,763	13
Less Acc. Prov. For Depreciation & Amort.	4,484,663	4,193,212	3,919,591	3,811,220	3,592,390	14
Net Total Utility Plant	\$2,590,864	\$2,859,510	\$3,005,701	\$3,279,427	\$3,403,373	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.23	1.55	3.33	4.13	3.13	16
Total Capitalization	\$2,978,394	\$3,314,173	\$3,689,124	\$4,171,943	\$4,645,057	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	103.0%	97.3%	91.8%	84.9%	79.3%	18
Preferred Stock						19
Common Stock & Retained Earnings	-3.4%	2.3%	7.9%	14.4%	19.3%	20
Short-Term Debt	0.4%	0.3%	0.3%	0.7%	1.3%	21
Pretax Coverage of Interest Expense	-0.11	-0.70	-0.62	-0.97	-1.37	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	1546.1%	-119.4%	-65.2%	-44.7%	-43.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	1157.5%	209.3%	218.6%	18.1%	-19.7%	25
CWIP as a % of Plant	1.1%	1.6%	2.2%	2.8%	3.1%	26

Current Assets	547,008	532,257	652,043	649,601	929,901
Current Liabilities	443,035	344,236	195,578	157,430	296,924
Total Capitalization	2,978,394	3,314,173	3,689,124	4,171,943	4,645,057
Long-Term Debt	3,069,017	3,226,266	3,387,032	3,540,007	3,685,523
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	(101,117)	76,872	290,423	601,964	897,493
Short-Term Debt	10,495	11,036	11,669	29,972	62,041
Pretax Income	(18,467)	(121,336)	(114,800)	(185,151)	(273,221)
Interest Expense	165,968	174,525	183,761	190,370	200,010
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(187,425)	(219,326)	(290,800)	(334,790)	(387,371)
Internal Cash	177,670	223,353	207,915	24,406	(12,207)
Cash Outflows for Construction	(15,349)	(106,719)	(95,118)	(134,997)	(62,023)
CWIP	78,059	114,570	150,869	200,617	216,743
Total Plant	7,075,527	7,052,723	6,925,292	7,090,646	6,995,763
Shares Outstanding	243	243	243	243	243
Number of Employees	12	12	12	12	12

Delhi Telephone Company
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$154,219	\$359,140	\$528,662	\$212,043	\$791,746	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	792,019	641,813	823,928	741,306	681,327	2
Changes in Deferred Income Taxes	94,001	87,494	82,806	(69,326)	1,080,064	3
Changes in Working Capital	(13,034)	(952,620)	990,339	(441,161)	512,915	4
Capitalized AFDC - Equity						5
Other	(146,946)	28,963	(102,497)	17,781	(1,813,602)	6
Total Non-Cash Items	726,040	(194,350)	1,794,576	248,600	460,704	7
Net Cash Provided From Operating Activities	<u>880,259</u>	<u>164,790</u>	<u>2,323,238</u>	<u>460,643</u>	<u>1,252,450</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(2,193,300)	(1,198,336)	(1,718,856)	(1,193,500)	(1,499,850)	9
Purchase of Other Investments	(10,506)	(10,506)	(12,578)	(36,100)	(32,601)	10
Sale of Other Investments	2,027	13,465	403,724	4,106	2,564,470	11
Other						12
Net Cash Provided From Investing Activities	<u>(2,201,779)</u>	<u>(1,195,377)</u>	<u>(1,327,710)</u>	<u>(1,225,494)</u>	<u>1,032,019</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(188,950)	(175,504)	(162,848)	(151,201)	(140,249)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(138,600)	(138,600)	(138,600)	(138,600)	(138,600)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(327,550)</u>	<u>(314,104)</u>	<u>(301,448)</u>	<u>(289,801)</u>	<u>(278,849)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(1,649,070)	(1,344,691)	694,080	(1,054,652)	2,005,620	21
Cash & Equivalents at Beginning of Year	2,609,211	3,953,902	3,259,823	4,314,475	2,308,855	22
Cash & Equivalents at End of Year	\$960,142	\$2,609,211	\$3,953,902	\$3,259,823	\$4,314,475	23

311 E

Delhi Telephone Company
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$3,573,471	\$3,660,006	\$3,771,111	\$3,669,661	\$3,819,491
2 Access Lines	3,676	3,920	4,205	4,171	4,478
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,293,280	\$1,218,220	\$1,366,365	\$1,316,360	\$1,510,790
4 Depreciation and Amortization	791,281	641,075	732,581	741,306	681,327
5 Other Operations Expense	1,114,292	1,029,488	1,307,155	1,207,139	1,068,528
6 Total Operation Expenses	3,198,852	2,888,782	3,406,101	3,264,804	3,260,646
7 Income Taxes - Operating Taxes	72,534	201,889	59,246	43,557	77,776
8 Other Taxes - Operating Taxes	217,647	207,138	190,287	206,769	213,259
9 Capital Costs	84,437	362,197	115,476	154,531	267,810
10 Total	\$3,573,471	\$3,660,006	\$3,771,111	\$3,669,661	\$3,819,491
PERCENT OF REVENUES					
11 Wages and Benefits	36.2	33.3	36.2	35.9	39.6
12 Depreciation and Amortization	22.1	17.5	19.4	20.2	17.8
13 Other Operations Expense	31.2	28.1	34.7	32.9	28.0
14 Income Taxes - Operating Taxes	2.0	5.5	1.6	1.2	2.0
15 Other Taxes - Operating Taxes	6.1	5.7	5.0	5.6	5.6
16 Capital Costs	2.4	9.9	3.1	4.2	7.0
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	351.82	310.77	324.94	315.60	337.38
19 Depreciation and Amortization	215.26	163.54	174.22	177.73	152.15
20 Other Operations Expense	303.13	262.62	310.86	289.41	238.62
21 Income Taxes - Operating Taxes	19.73	51.50	14.09	10.44	17.37
22 Other Taxes - Operating Taxes	59.21	52.84	45.25	49.57	47.62
23 Capital Costs	22.97	92.40	27.46	37.05	59.81
24 Total	972.11	933.67	896.82	879.80	852.95

Delhi Telephone Company
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,516,714	\$2,544,425	\$2,338,565	\$2,323,787	\$2,168,287	1
Central Office Assets	4,521,366	4,748,452	4,394,127	4,542,998	3,763,376	2
Information Origination/Termination	21,322	45,079	45,413	46,376	46,840	3
Cable And Wire Facilities	10,617,233	8,726,889	8,419,104	7,167,620	6,174,744	4
Amortizable Assets						5
Total Plant In Service	17,676,635	16,064,845	15,197,209	14,080,781	12,153,247	6
Property Held For Future Use						7
Plant Under Construction	53,080	250,925	176,798	88,743	1,000,265	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	17,729,715	16,315,770	15,374,007	14,169,524	13,153,512	13
Less Acc. Prov. For Depreciation & Amort.	8,996,691	8,833,557	8,423,174	8,067,525	7,501,545	14
Net Total Utility Plant	\$8,733,024	\$7,482,213	\$6,950,833	\$6,101,999	\$5,651,967	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	8.35	7.92	4.46	14.12	6.29	16
Total Capitalization	\$9,492,844	\$10,720,397	\$10,720,398	\$9,393,923	\$9,471,681	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	3.3%	5.2%	7.1%	9.0%	10.5%	18
Preferred Stock						19
Common Stock & Retained Earnings	96.7%	94.8%	92.9%	91.0%	89.5%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	-13.74	31.38	16.53	5.05	11.84	22
Com. Stock Dividends as a % of Earnings	89.9%	38.6%	26.2%	65.4%	17.5%	23
Return on Common Equity	1.7%	4.0%	6.0%	2.5%	9.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	40.1%	13.8%	135.2%	38.6%	83.5%	25
CWIP as a % of Plant	0.3%	1.5%	1.1%	0.6%	7.6%	26

Current Assets	2,625,567	4,433,094	5,545,248	4,826,009	6,069,410
Current Liabilities	314,414	559,936	1,244,168	341,808	964,818
Total Capitalization	9,492,844	9,666,175	9,621,135	9,393,923	9,471,681
Long-Term Debt	315,529	504,479	679,981	842,829	994,030
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	9,177,315	9,161,696	8,941,155	8,551,094	8,477,651
Short-Term Debt					
Pretax Income	225,561	580,224	633,423	375,038	1,295,968
Interest Expense	(16,413)	18,492	38,312	74,322	109,475
Common Dividends Paid	138,600	138,600	138,600	138,600	138,600
Net Income (Excl. Preferred Stock Dividends)	154,219	359,140	528,662	212,043	791,746
Internal Cash	880,260	164,790	2,323,237	460,644	1,252,448
Cash Outflows for Construction	(2,193,300)	(1,198,336)	(1,718,856)	(1,193,500)	(1,499,850)
CWIP	53,080	250,925	176,798	88,743	1,000,265
Total Plant	17,729,715	16,315,770	15,374,007	14,169,524	13,153,512
Shares Outstanding	39,600	39,600	39,600	39,600	39,600
Number of Employees	23	21	22	23	23

Deposit Telephone Company, Inc.
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$186,931)	\$258,001	\$203,590	\$238,982	\$116,757	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	756,914	1,044,456	1,247,144	1,388,219	1,270,174	2
Changes in Deferred Income Taxes	129,146	(68,932)	(47,916)	(157,044)	(27,701)	3
Changes in Working Capital	59,117	(62,594)	(67,670)	258,210	145,178	4
Capitalized AFDC - Equity						5
Other	(98,332)	(76,364)	81,434	(183,445)	(77,052)	6
Total Non-Cash Items	846,845	836,566	1,212,992	1,305,940	1,310,599	7
Net Cash Provided From Operating Activities	<u>659,914</u>	<u>1,094,567</u>	<u>1,416,582</u>	<u>1,544,922</u>	<u>1,427,356</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,142,150)	(355,909)	(849,155)	(1,029,637)	(1,401,420)	9
Purchase of Other Investments						10
Sale of Other Investments	321,348	(10,758)	16,956	(92,457)	(138,916)	11
Other						12
Net Cash Provided From Investing Activities	<u>(820,802)</u>	<u>(366,667)</u>	<u>(832,199)</u>	<u>(1,122,094)</u>	<u>(1,540,336)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt		(200,000)				17
Dividends Paid		(14,067)	(286,000)			18
Other Financing	(14,846)		32,296	503,389	22,284	19
Net Cash Provided From Financing Activities	<u>(14,846)</u>	<u>(214,067)</u>	<u>(253,704)</u>	<u>503,389</u>	<u>22,284</u>	20
Net Increase (Decrease) in Cash & Equivalents	(175,734)	513,833	330,679	926,217	(90,696)	21
Cash & Equivalents at Beginning of Year	1,908,693	1,394,860	1,064,181	137,964	228,660	22
Cash & Equivalents at End of Year	\$1,732,959	\$1,908,693	\$1,394,860	\$1,064,181	\$137,964	23

Deposit Telephone Company, Inc.
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$5,501,696	\$5,996,248	\$6,112,484	\$6,251,493	\$6,247,301
2 Access Lines	6,953	7,287	7,779	8,336	8,959
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,965,661	\$1,251,662	\$1,118,090	\$1,227,721	\$1,311,325
4 Depreciation and Amortization	756,914	1,044,456	1,247,144	1,388,220	1,270,174
5 Other Operations Expense	2,429,404	3,168,459	3,262,300	3,240,411	3,276,264
6 Total Operation Expenses	5,151,979	5,464,577	5,627,534	5,856,352	5,857,763
7 Income Taxes - Operating Taxes	16,694	80,278	39,276	(13,007)	58,262
8 Other Taxes - Operating Taxes	195,720	195,708	260,476	185,664	226,678
9 Capital Costs	137,303	255,685	185,198	222,484	104,598
10 Total	\$5,501,696	\$5,996,248	\$6,112,484	\$6,251,493	\$6,247,301
PERCENT OF REVENUES					
11 Wages and Benefits	35.7	20.9	18.3	19.6	21.0
12 Depreciation and Amortization	13.8	17.4	20.4	22.2	20.3
13 Other Operations Expense	44.2	52.8	53.4	51.8	52.4
14 Income Taxes - Operating Taxes	0.3	1.3	0.6	(0.2)	0.9
15 Other Taxes - Operating Taxes	3.6	3.3	4.3	3.0	3.6
16 Capital Costs	2.5	4.3	3.0	3.6	1.7
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	282.71	171.77	143.73	147.28	146.37
19 Depreciation and Amortization	108.86	143.33	160.32	166.53	141.78
20 Other Operations Expense	349.40	434.81	419.37	388.72	365.70
21 Income Taxes - Operating Taxes	2.40	11.02	5.05	(1.56)	6.50
22 Other Taxes - Operating Taxes	28.15	26.86	33.48	22.27	25.30
23 Capital Costs	19.75	35.09	23.81	26.69	11.68
24 Total	791.27	822.87	785.77	749.94	697.32

Deposit Telephone Company, Inc.
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,437,112	\$1,715,528	\$1,897,849	\$1,872,802	\$1,963,380	1
Central Office Assets	10,413,815	10,585,487	10,348,358	9,980,665	9,410,450	2
Information Origination/Termination	32,949	1,854	7,446	11,346	17,834	3
Cable And Wire Facilities	11,409,017	11,147,126	11,073,434	10,779,798	10,637,758	4
Amortizable Assets	218,308	238,960	283,099	301,744	458,048	5
Total Plant In Service	23,511,201	23,688,955	23,610,186	22,946,355	22,487,470	6
Property Held For Future Use						7
Plant Under Construction	94,450	56,139	204,148	336,897	123,332	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	23,605,651	23,745,094	23,814,334	23,283,252	22,610,802	13
Less Acc. Prov. For Depreciation & Amort.	16,131,593	16,334,925	15,726,378	14,780,352	13,841,774	14
Net Total Utility Plant	\$7,474,058	\$7,410,168	\$8,087,956	\$8,502,900	\$8,769,028	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.80	2.75	2.57	2.17	1.65	16
Total Capitalization	\$7,417,031	\$7,619,784	\$7,490,353	\$7,540,466	\$6,789,913	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	0.0%	0.1%	0.2%	0.1%	0.2%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	99.9%	99.7%	99.5%	99.8%	99.8%	20
Short-Term Debt	0.1%	0.2%	0.2%	0.1%	0.0%	21
Pretax Coverage of Interest Expense	-472.17	214.90	130.47	221.41	419.58	22
Com. Stock Dividends as a % of Earnings	0.0%	77.5%	140.5%	0.0%	0.0%	23
Return on Common Equity	-2.5%	3.4%	2.7%	3.3%	1.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	57.8%	307.5%	166.8%	150.0%	101.9%	25
CWIP as a % of Plant	0.4%	0.2%	0.9%	1.4%	0.5%	26

Current Assets	2,936,334	3,366,245	2,588,763	2,615,756	1,790,954
Current Liabilities	1,050,522	1,224,118	1,006,183	1,204,611	1,084,014
Total Capitalization	7,417,031	7,619,784	7,490,353	7,540,466	6,789,913
Long-Term Debt	262	6,334	17,772	4,201	11,860
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	7,410,697	7,598,604	7,455,106	7,528,606	6,778,053
Short-Term Debt	6,072	14,846	17,475	7,659	
Pretax Income	(343,742)	340,185	255,717	236,463	182,097
Interest Expense	728	1,583	1,960	1,068	434
Common Dividends Paid	0	200,000	286,000		
Net Income (Excl. Preferred Stock Dividends)	(186,931)	258,001	203,590	238,982	116,757
Internal Cash	659,915	1,094,567	1,416,582	1,544,922	1,427,356
Cash Outflows for Construction	(1,142,150)	(355,909)	(849,155)	(1,029,637)	(1,401,423)
CWIP	94,450	56,139	204,148	336,897	123,332
Total Plant	23,605,651	23,745,094	23,814,334	23,283,252	22,610,802
Shares Outstanding	1,000	1,000	1,000	1,000	1,000
Number of Employees	9	18	17	19	21

Dunkirk & Fredonia Telephone Company
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$116,100)	\$1,329	\$460,618	(\$657,318)	\$482,944	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	669,988	709,013	775,534	1,297,341	1,255,244	2
Changes in Deferred Income Taxes	70,863	40,162	661,437	(188,202)	(731,868)	3
Changes in Working Capital	(360,742)	(107,411)	111,297	(363,247)	(98,683)	4
Capitalized AFDC - Equity						5
Other	(508,339)	(834,865)	(2,250,493)	1,525	1,924,181	6
Total Non-Cash Items	(128,230)	(193,101)	(702,225)	747,417	2,348,874	7
Net Cash Provided From Operating Activities	<u>(244,330)</u>	<u>(191,772)</u>	<u>(241,607)</u>	<u>90,099</u>	<u>2,831,818</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(594,898)	(324,924)	(512,632)	(361,532)	(650,003)	9
Purchase of Other Investments	725,000	515,000	280,000	1,450,000	(295,000)	10
Sale of Other Investments	(1,475)	9,907	64,418	44,046	118,145	11
Other						12
Net Cash Provided From Investing Activities	<u>128,627</u>	<u>199,983</u>	<u>(168,214)</u>	<u>1,132,514</u>	<u>(826,858)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	91,997	(30,083)	1,959	(1,597,043)	(182,384)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt				(1,327,027)	269,300	17
Dividends Paid						18
Other Financing				(4,842)	4,843	19
Net Cash Provided From Financing Activities	<u>91,997</u>	<u>(30,083)</u>	<u>1,959</u>	<u>(2,928,912)</u>	<u>91,759</u>	20
Net Increase (Decrease) in Cash & Equivalents	(23,706)	(21,872)	(407,862)	(1,706,299)	2,096,719	21
Cash & Equivalents at Beginning of Year	131,237	153,109	560,971	2,267,270	170,551	22
Cash & Equivalents at End of Year	\$107,531	\$131,237	\$153,109	\$560,971	\$2,267,270	23

Dunkirk & Fredonia Telephone Company
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$5,195,518	\$5,684,169	\$5,829,455	\$6,528,822	\$6,700,129
2 Access Lines	8,100	8,409	8,744	9,114	9,144
DOLLAR AMOUNTS					
3 Wages and Benefits	\$2,303,213	\$2,384,220	\$2,827,581	\$2,475,240	\$2,411,728
4 Depreciation and Amortization	669,988	709,013	775,534	1,293,672	1,254,787
5 Other Operations Expense	2,365,596	2,548,233	3,245,331	3,336,195	3,372,279
6 Total Operation Expenses	5,338,797	5,641,466	6,848,446	7,105,107	7,038,794
7 Income Taxes - Operating Taxes	(232,924)	(165,899)	(514,839)	(386,859)	(342,073)
8 Other Taxes - Operating Taxes	298,608	333,532	345,166	351,714	363,389
9 Capital Costs	(208,963)	(124,930)	(849,318)	(541,140)	(359,981)
10 Total	\$5,195,518	\$5,684,169	\$5,829,455	\$6,528,822	\$6,700,129
PERCENT OF REVENUES					
11 Wages and Benefits	44.3	41.9	48.5	37.9	36.0
12 Depreciation and Amortization	12.9	12.5	13.3	19.8	18.7
13 Other Operations Expense	45.5	44.8	55.7	51.1	50.3
14 Income Taxes - Operating Taxes	(4.5)	(2.9)	(8.8)	(5.9)	(5.1)
15 Other Taxes - Operating Taxes	5.7	5.9	5.9	5.4	5.4
16 Capital Costs	(4.0)	(2.2)	(14.6)	(8.3)	(5.4)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	284.35	283.53	323.37	271.59	263.75
19 Depreciation and Amortization	82.71	84.32	88.69	141.94	137.23
20 Other Operations Expense	292.05	303.04	371.15	366.05	368.80
21 Income Taxes - Operating Taxes	(28.76)	(19.73)	(58.88)	(42.45)	(37.41)
22 Other Taxes - Operating Taxes	36.87	39.66	39.47	38.59	39.74
23 Capital Costs	(25.80)	(14.86)	(97.13)	(59.37)	(39.37)
24 Total	641.42	675.96	666.68	716.35	732.74

**Dunkirk & Fredonia Telephone Company
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,**

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$4,841,611	\$4,768,296	\$4,697,680	\$4,616,323	\$4,609,288	1
Central Office Assets	7,537,220	7,434,031	7,268,845	7,208,677	7,116,609	2
Information Origination/Termination	438,557	438,557	438,557	438,557	438,557	3
Cable And Wire Facilities	5,523,098	5,581,694	5,608,279	5,553,068	5,507,112	4
Amortizable Assets	103,127	103,127	103,127	103,127	130,699	5
Total Plant In Service	18,443,613	18,325,705	18,116,488	17,919,752	17,802,265	6
Property Held For Future Use						7
Plant Under Construction	183,580	46,320	49,698	20,497		8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	18,627,193	18,372,025	18,166,186	17,940,249	17,802,265	13
Less Acc. Prov. For Depreciation & Amort.	15,075,916	14,747,133	14,147,299	13,594,045	12,479,874	14
Net Total Utility Plant	\$3,551,277	\$3,624,892	\$4,018,887	\$4,346,204	\$5,322,391	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.76	0.79	0.81	1.04	1.46	16
Total Capitalization	\$8,814,624	\$8,113,727	\$7,627,481	\$6,884,904	\$9,021,135	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	1.6%	1.0%	1.5%	1.8%	17.1%	18
Preferred Stock						19
Common Stock & Retained Earnings	59.8%	66.4%	70.6%	71.6%	62.0%	20
Short-Term Debt	38.5%	32.6%	27.9%	26.7%	20.9%	21
Pretax Coverage of Interest Expense	-0.62	-1.03	-40.25	-3.40	-1.74	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	-1.1%	-2.3%	-13.9%	-12.2%	-1.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-41.1%	-59.0%	-521.9%	24.9%	244.3%	25
CWIP as a % of Plant	1.0%	0.3%	0.3%	0.1%		26

Current Assets	2,884,821	2,323,338	2,370,346	2,668,016	4,252,405
Current Liabilities	3,807,417	2,945,067	2,942,514	2,554,635	2,903,592
Total Capitalization	8,814,624	8,113,727	7,627,481	6,884,904	9,021,135
Long-Term Debt	144,429	81,964	115,345	120,972	1,545,384
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	5,272,346	5,388,446	5,387,117	4,926,499	5,588,660
Short-Term Debt	3,397,849	2,643,317	2,125,019	1,837,433	1,887,091
Pretax Income	(111,099)	(146,170)	(1,199,366)	(794,159)	(491,260)
Interest Expense	179,442	141,642	29,800	233,810	281,928
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(58,017)	(121,913)	(714,327)	(640,580)	(95,646)
Internal Cash	(244,331)	(191,772)	(2,675,367)	90,099	1,588,146
Cash Outflows for Construction	(594,898)	(324,924)	(512,632)	(361,532)	(650,003)
CWIP	183,580	46,320	49,698	20,497	
Total Plant	18,627,193	18,372,025	18,166,186	17,940,249	17,802,265
Shares Outstanding	11,733	11,733	11,733	11,733	11,733
Number of Employees	70	57	61	57	56

Edwards Telephone Company
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$214,019)	(\$11,643)	\$491,716	\$66,032	\$371,862	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	502,669	565,630	568,644	602,994	629,313	2
Changes in Deferred Income Taxes	(5,724)	(54,994)	275,776	(32,760)	(205,742)	3
Changes in Working Capital	53,250	138,032	(110,428)	88,668	35,829	4
Capitalized AFDC - Equity						5
Other	39,688	97,460	(650,916)	53,972	591,541	6
Total Non-Cash Items	589,883	746,128	83,076	712,874	1,050,941	7
Net Cash Provided From Operating Activities	<u>375,864</u>	<u>734,485</u>	<u>574,792</u>	<u>778,906</u>	<u>1,422,803</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(277,340)	(292,075)	(308,597)	(289,644)	(740,822)	9
Purchase of Other Investments						10
Sale of Other Investments	70,034	(2,520)	(36,021)	5,304	28,106	11
Other						12
Net Cash Provided From Investing Activities	<u>(207,306)</u>	<u>(294,595)</u>	<u>(344,618)</u>	<u>(284,340)</u>	<u>(712,716)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(167,000)		(257,000)			18
Other Financing	(3,733)	(11,503)	24,996	(4,312)	21,397	19
Net Cash Provided From Financing Activities	<u>(170,733)</u>	<u>(11,503)</u>	<u>(232,004)</u>	<u>(4,312)</u>	<u>21,397</u>	20
Net Increase (Decrease) in Cash & Equivalents	(2,175)	428,387	(1,830)	490,254	731,484	21
Cash & Equivalents at Beginning of Year	1,999,537	1,571,150	1,572,980	1,082,726	351,242	22
Cash & Equivalents at End of Year	\$1,997,362	\$1,999,537	\$1,571,150	\$1,572,980	\$1,082,726	23

**Edwards Telephone Company
Distribution of Telephone Revenues
Years ended December 31,**

	2010	2009	2008	2007	2006
1 Revenues	\$2,173,686	\$2,257,915	\$2,315,357	\$2,317,216	\$2,377,589
2 Access Lines	1,807	1,961	2,139	2,450	2,720
DOLLAR AMOUNTS					
3 Wages and Benefits	527,322	\$363,889	\$377,178	\$347,429	330,191
4 Depreciation and Amortization	502,669	565,631	568,645	602,925	629,313
5 Other Operations Expense	986,014	1,073,969	1,053,418	1,079,837	943,328
6 Total Operation Expenses	2,016,005	2,003,489	1,999,241	2,030,191	1,902,832
7 Income Taxes - Operating Taxes	(30,196)	(11,162)	24,398	(6,343)	136,004
8 Other Taxes - Operating Taxes	167,758	174,037	194,684	169,421	112,726
9 Capital Costs	20,119	91,551	97,034	123,947	226,027
10 Total	\$2,173,686	\$2,257,915	\$2,315,357	\$2,317,216	\$2,377,589
PERCENT OF REVENUES					
11 Wages and Benefits	24.3	16.1	16.3	15.0	13.9
12 Depreciation and Amortization	23.1	25.1	24.6	26.0	26.5
13 Other Operations Expense	45.4	47.6	45.5	46.6	39.7
14 Income Taxes - Operating Taxes	(1.4)	(0.5)	1.1	(0.3)	5.7
15 Other Taxes - Operating Taxes	7.7	7.7	8.4	7.3	4.7
16 Capital Costs	0.9	4.1	4.2	5.3	9.5
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	291.82	185.56	176.33	141.81	121.39
19 Depreciation and Amortization	278.18	288.44	265.85	246.09	231.37
20 Other Operations Expense	545.66	547.66	492.48	440.75	346.81
21 Income Taxes - Operating Taxes	(16.71)	(5.69)	11.41	(2.59)	50.00
22 Other Taxes - Operating Taxes	92.84	88.75	91.02	69.15	41.44
23 Capital Costs	11.13	46.69	45.36	50.59	83.10
24 Total	1,202.93	1,151.41	1,082.45	945.80	874.11

**Edwards Telephone Company
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,**

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$824,218	\$830,136	\$910,986	\$906,197	\$939,369	1
Central Office Assets	3,094,225	2,974,234	2,758,905	3,188,000	3,061,789	2
Information Origination/Termination	22,362		3,040	9,017	14,572	3
Cable And Wire Facilities	6,918,543	6,811,823	6,760,975	6,669,112	6,600,329	4
Amortizable Assets	52,604	70,791	101,930	86,253	106,424	5
Total Plant In Service	10,911,952	10,686,984	10,535,836	10,858,579	10,722,483	6
Property Held For Future Use						7
Plant Under Construction	10,991	23,303	34,416	67,343	226,972	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	10,922,943	10,710,287	10,570,252	10,925,922	10,949,455	13
Less Acc. Prov. For Depreciation & Amort.	8,392,538	7,884,519	7,473,450	7,605,163	7,310,042	14
Net Total Utility Plant	\$2,530,405	\$2,825,768	\$3,096,802	\$3,320,759	\$3,639,413	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	7.89	6.75	8.74	6.32	6.76	16
Total Capitalization	\$2,291,756	\$2,677,380	\$2,682,863	\$2,423,151	\$2,361,431	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt		0.1%	0.2%	0.3%	0.7%	18
Preferred Stock						19
Common Stock & Retained Earnings	99.9%	99.8%	99.4%	99.3%	98.9%	20
Short-Term Debt	0.1%	0.1%	0.4%	0.4%	0.4%	21
Pretax Coverage of Interest Expense	-3.29	0.85	15.83	1.76	9.67	22
Com. Stock Dividends as a % of Earnings	-78.0%		52.3%			23
Return on Common Equity	-8.6%	-0.4%	19.4%	2.8%	15.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	135.5%	251.5%	186.3%	268.9%	192.1%	25
CWIP as a % of Plant	0.1%	0.2%	0.3%	0.6%	2.1%	26

Current Assets	2,346,559	2,467,255	2,041,908	2,075,146	1,588,122
Current Liabilities	297,563	365,578	233,722	328,538	234,879
Total Capitalization	2,291,756	2,677,380	2,682,863	2,423,151	2,361,431
Long-Term Debt		1,867	5,601	7,768	17,090
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,289,889	2,671,780	2,665,760	2,406,061	2,335,019
Short-Term Debt	1,867	3,733	11,502	9,322	9,322
Pretax Income	(252,418)	96,829	838,737	216,826	674,376
Interest Expense	76,633	114,390	52,990	122,857	69,771
Common Dividends Paid	167,000		257,000		
Net Income (Excl. Preferred Stock Dividends)	(214,019)	(11,643)	491,716	66,032	371,862
Internal Cash	375,864	734,485	574,792	778,906	1,422,803
Cash Outflows for Construction	(277,340)	(292,075)	(308,597)	(289,644)	(740,822)
CWIP	10,991	23,303	34,416	67,343	226,972
Total Plant	10,922,943	10,710,287	10,570,252	10,925,922	10,949,455
Shares Outstanding	676	676	676	676	676
Number of Employees	3	5	5	5	5

Empire Telephone Corporation
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$583,901	(\$318,106)	(\$248,235)	(\$409,022)	(\$73,922)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,244,591	1,216,993	1,184,379	1,201,523	1,422,191	2
Changes in Deferred Income Taxes	51,466	79,623	154,964	13,328	(648,777)	3
Changes in Working Capital	477,181	(96,549)	(886,315)	135,223	(651,906)	4
Capitalized AFDC - Equity						5
Other	(935,566)	228,730	247,398	525,908	(540,365)	6
Total Non-Cash Items	837,672	1,428,797	700,426	1,875,982	(418,857)	7
Net Cash Provided From Operating Activities	<u>1,421,573</u>	<u>1,110,691</u>	<u>452,191</u>	<u>1,466,960</u>	<u>(492,779)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(830,756)	(889,559)	(1,376,048)	(1,477,923)	(1,667,925)	9
Purchase of Other Investments	(1,200,164)			(194,955)	(323,396)	10
Sale of Other Investments	989,704	20,758	(35,036)	(24,721)	2,265,611	11
Other	(31,978)					12
Net Cash Provided From Investing Activities	<u>(1,073,194)</u>	<u>(868,801)</u>	<u>(1,411,084)</u>	<u>(1,697,599)</u>	<u>274,290</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(28,880)	(118,315)	(149,229)	(143,779)	(152,919)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(28,880)</u>	<u>(118,315)</u>	<u>(149,229)</u>	<u>(143,779)</u>	<u>(152,919)</u>	20
Net Increase (Decrease) in Cash & Equivalents	319,499	123,575	(1,108,122)	(374,418)	(371,408)	21
Cash & Equivalents at Beginning of Year	679,146	555,571	1,663,693	2,038,111	2,409,519	22
Cash & Equivalents at End of Year	\$998,645	\$679,146	\$555,571	\$1,663,693	\$2,038,111	23

**Empire Telephone Corporation
Distribution of Telephone Revenues
Years ended December 31,**

	2010	2009	2008	2007	2006
1 Revenues	\$4,456,310	\$4,746,544	\$5,003,303	\$5,413,139	\$4,918,976
2 Access Lines	5,400	5,725	6,033	6,998	8,077
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,892,763	\$1,801,623	\$1,955,602	\$2,036,573	\$1,918,307
4 Depreciation and Amortization	1,244,591	1,209,136	1,176,522	1,192,627	1,414,334
5 Other Operations Expense	1,317,031	1,473,699	1,767,455	1,540,266	1,731,055
6 Total Operation Expenses	4,454,385	4,484,458	4,899,579	4,769,466	5,063,696
7 Income Taxes - Operating Taxes	(105,757)	(63,602)	(106,888)	29,006	(188,601)
8 Other Taxes - Operating Taxes	295,208	300,975	282,112	368,561	312,436
9 Capital Costs	(187,526)	24,713	(71,500)	246,106	(268,555)
10 Total	\$4,456,310	\$4,746,544	\$5,003,303	\$5,413,139	\$4,918,976
PERCENT OF REVENUES					
11 Wages and Benefits	42.5	38.0	39.1	37.6	39.0
12 Depreciation and Amortization	27.9	25.5	23.5	22.0	28.8
13 Other Operations Expense	29.6	31.0	35.3	28.5	35.2
14 Income Taxes - Operating Taxes	(2.4)	(1.3)	(2.1)	0.5	(3.8)
15 Other Taxes - Operating Taxes	6.6	6.3	5.6	6.8	6.4
16 Capital Costs	(4.2)	0.5	(1.4)	4.5	(5.5)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	350.51	314.69	324.15	291.02	237.50
19 Depreciation and Amortization	230.48	211.20	195.01	170.42	175.11
20 Other Operations Expense	243.89	257.41	292.96	220.10	214.32
21 Income Taxes - Operating Taxes	(19.58)	(11.11)	(17.72)	4.14	(23.35)
22 Other Taxes - Operating Taxes	54.67	52.57	46.76	52.67	38.68
23 Capital Costs	(34.73)	4.32	(11.85)	35.17	(33.25)
24 Total	825.24	829.09	829.32	773.53	609.01

Empire Telephone Corporation
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$6,513,732	\$6,531,408	\$6,532,569	\$6,373,834	\$6,328,371	1
Central Office Assets	9,509,907	9,349,198	8,926,779	8,603,484	8,085,324	2
Information Origination/Termination	107,225	101,922	100,497	91,024	88,204	3
Cable And Wire Facilities	16,051,903	15,614,536	15,129,050	14,513,613	13,902,906	4
Amortizable Assets	264	264	264	264	264	5
Total Plant In Service	32,183,031	31,597,328	30,689,159	29,582,219	28,405,069	6
Property Held For Future Use						7
Plant Under Construction	352,062	285,137	567,692	737,082	665,568	8
Tel. Acquisition	142,838	417,821	142,838	142,838	142,838	9
Other Plant			274,983	274,983	274,983	10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	32,677,931	32,300,286	31,674,672	30,737,122	29,488,458	13
Less Acc. Prov. For Depreciation & Amort.	19,704,497	18,897,880	17,927,835	17,130,464	16,225,603	14
Net Total Utility Plant	\$12,973,434	\$13,402,406	\$13,746,837	\$13,606,658	\$13,262,855	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	-34.11	-7.08	7.71	8.22	8.29	16
Total Capitalization	\$21,423,870	\$21,088,011	\$21,308,442	\$22,481,544	\$22,466,743	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	0.8%	0.9%	1.4%	2.0%	2.7%	18
Preferred Stock						19
Common Stock & Retained Earnings	99.2%	99.1%	98.6%	98.0%	97.3%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	23.71	-6.51	-4.87	-3.22	-0.92	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	2.8%	-1.5%	-1.2%	-1.9%	-0.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	171.1%	124.9%	32.9%	99.3%	-29.5%	25
CWIP as a % of Plant	1.1%	0.9%	1.8%	2.4%	2.3%	26

Current Assets	2,793,679	2,782,278	3,278,131	3,439,064	4,035,980
Current Liabilities	(81,893)	(392,767)	424,934	418,175	486,641
Total Capitalization	21,423,870	21,088,011	21,308,442	22,481,544	22,466,743
Long-Term Debt	172,691	185,819	304,133	453,362	597,141
Preferred Stock			-	-	-
Common Stock and Retained Earnings (Excl. Preferred Stock)	21,251,179	20,902,192	21,004,309	22,028,182	21,869,602
Short-Term Debt			-	-	-
Pretax Income	686,007	(416,760)	(345,958)	(351,717)	(39,979)
Interest Expense	28,930	64,044	71,008	109,334	43,543
Common Dividends Paid			-	-	-
Net Income (Excl. Preferred Stock Dividends)	583,901	(318,106)	(248,235)	(409,022)	(73,922)
Internal Cash	1,421,573	1,110,691	452,191	1,466,960	(492,779)
Cash Outflows for Construction	(830,756)	(889,559)	(1,376,048)	(1,477,923)	(1,667,925)
CWIP	352,062	285,137	567,692	737,082	665,568
Total Plant	32,677,931	32,300,286	31,674,672	30,737,122	29,488,458
Shares Outstanding	2,626	2,626	2,626	2,626	2,626
Number of Employees	57	55	55	55	55

Fishers Island Telephone Corporation
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$31,998)	(\$7,541)	\$18,677	(\$45,060)	\$27,351	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	124,197	125,686	123,775	125,232	122,154	2
Changes in Deferred Income Taxes	13,705	(2,216)	(4,734)	3,044	(2,694)	3
Changes in Working Capital	(7,583)	(9,507)	(33,659)	(52,611)	12,919	4
Capitalized AFDC - Equity						5
Other	46,170	20,351	8,601	30,532	37,038	6
Total Non-Cash Items	176,489	134,314	93,983	106,197	169,417	7
Net Cash Provided From Operating Activities	<u>144,491</u>	<u>126,773</u>	<u>112,660</u>	<u>61,137</u>	<u>196,768</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(53,185)	(61,478)	(48,189)	(182,501)	(147,631)	9
Purchase of Other Investments	(26,446)	33,038	20,170	(97,166)	175,000	10
Sale of Other Investments			11,500			11
Other						12
Net Cash Provided From Investing Activities	<u>(79,631)</u>	<u>(28,440)</u>	<u>(16,519)</u>	<u>(279,667)</u>	<u>27,369</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(31,405)	(29,505)	(45,576)	(42,302)	(38,506)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid					(100,000)	18
Other Financing	(13,378)	(45,349)	3,698	236,974	(258,502)	19
Net Cash Provided From Financing Activities	<u>(44,783)</u>	<u>(74,854)</u>	<u>(41,878)</u>	<u>194,672</u>	<u>(397,008)</u>	20
Net Increase (Decrease) in Cash & Equivalents	20,077	23,479	54,263	(23,858)	(172,871)	21
Cash & Equivalents at Beginning of Year	125,716	102,237	47,974	71,832	244,703	22
Cash & Equivalents at End of Year	\$145,793	\$125,716	\$102,237	\$47,974	\$71,832	23

Fishers Island Telephone Corporation
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$1,481,595	\$1,523,616	\$1,461,036	\$1,393,528	\$1,359,649
2 Access Lines	954	969	992	996	1,011
DOLLAR AMOUNTS					
3 Wages and Benefits	\$435,021	\$418,137	\$455,340	\$456,188	\$423,405
4 Depreciation and Amortization	124,197	125,686	123,775	125,232	122,154
5 Other Operations Expense	880,042	899,771	806,254	808,762	751,500
6 Total Operation Expenses	1,439,260	1,443,594	1,385,369	1,390,182	1,297,059
7 Income Taxes - Operating Taxes	68,435	57,988	51,115	55,917	56,583
8 Other Taxes - Operating Taxes					
9 Capital Costs	(26,100)	22,034	24,552	(52,571)	6,007
10 Total	\$1,481,595	\$1,523,616	\$1,461,036	\$1,393,528	\$1,359,649
PERCENT OF REVENUES					
11 Wages and Benefits	29.4	27.4	31.2	32.7	31.1
12 Depreciation and Amortization	8.4	8.2	8.5	9.0	9.0
13 Other Operations Expense	59.4	59.1	55.2	58.0	55.3
14 Income Taxes - Operating Taxes	4.6	3.8	3.5	4.0	4.2
15 Other Taxes - Operating Taxes					
16 Capital Costs	(1.8)	1.4	1.7	(3.8)	0.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	456.00	431.51	459.01	458.02	418.80
19 Depreciation and Amortization	130.19	129.71	124.77	125.73	120.82
20 Other Operations Expense	922.48	928.56	812.76	812.01	743.32
21 Income Taxes - Operating Taxes	71.73	59.84	51.53	56.14	55.97
22 Other Taxes - Operating Taxes					
23 Capital Costs	(27.36)	22.74	24.75	(52.78)	5.94
24 Total	1,553.03	1,572.36	1,472.82	1,399.12	1,344.86

Fishers Island Telephone Corporation
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$259,436	\$259,436	\$259,436	\$213,710	\$221,630	1
Central Office Assets	1,087,788	1,034,758	972,416	963,994	1,000,838	2
Information Origination/Termination						3
Cable And Wire Facilities	1,107,875	1,107,720	1,105,132	1,083,812	1,043,427	4
Amortizable Assets	43,175	43,175	43,175	48,637	46,720	5
Total Plant In Service	2,498,274	2,445,089	2,380,159	2,310,153	2,312,615	6
Property Held For Future Use						7
Plant Under Construction						8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	2,498,274	2,445,089	2,380,159	2,310,153	2,312,615	13
Less Acc. Prov. For Depreciation & Amort.	1,556,090	1,451,918	1,345,351	1,289,792	1,228,700	14
Net Total Utility Plant	\$942,184	\$993,171	\$1,034,808	\$1,020,361	\$1,083,915	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	4.80	3.70	2.72	2.25	1.90	16
Total Capitalization	\$1,599,873	\$1,652,921	\$1,679,439	\$1,608,862	\$1,662,737	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	3.6%	4.7%	5.8%	2.8%	3.3%	18
Preferred Stock						19
Common Stock & Retained Earnings	96.4%	95.3%	94.2%	97.2%	96.7%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	-0.86	0.32	1.79	-1.95	2.95	22
Com. Stock Dividends as a % of Earnings					365.6%	23
Return on Common Equity	-2.1%	-0.5%	1.2%	-2.8%	1.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	271.7%	206.2%	233.8%	33.5%	133.3%	25
CWIP as a % of Plant						26

Current Assets	375,724	361,028	315,555	291,124	351,040
Current Liabilities	78,325	97,670	116,188	129,258	185,114
Total Capitalization	1,599,873	1,652,921	1,679,439	1,608,862	1,662,737
Long-Term Debt	57,249	78,299	97,276	45,376	54,191
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,542,624	1,574,622	1,582,163	1,563,486	1,608,546
Short-Term Debt					
Pretax Income	(8,440)	4,537	31,509	(27,768)	48,694
Interest Expense	9,853	14,294	17,566	14,248	16,498
Common Dividends Paid					100,000
Net Income (Excl. Preferred Stock Dividends)	(31,998)	(7,541)	18,677	(45,060)	27,351
Internal Cash	144,491	126,773	112,660	61,137	196,768
Cash Outflows for Construction	(53,185)	(61,478)	(48,189)	(182,501)	(147,631)
CWIP					
Total Plant	2,498,274	2,445,089	2,380,159	2,310,153	2,312,615
Shares Outstanding	1,050	1,050	1,050	1,050	1,050
Number of Employees	5	5	5	5	5

Frontier Communications of AuSable Valley
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$865,786	\$1,064,849	\$2,941,653	\$1,211,479	\$3,929,002	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	\$968,427	948,489	928,253	925,634	791,428	2
Changes in Deferred Income Taxes	(183,012)	(16,724)	684,857	(412,226)	88,973	3
Changes in Working Capital	150,974	893,293	(1,123,730)	508,439	466,123	4
Capitalized AFDC - Equity						5
Other	(80,311)	58,204	(2,029,864)	2,090,052	3,146	6
Total Non-Cash Items	856,078	1,883,262	(1,540,485)	3,111,899	1,349,670	7
Net Cash Provided From Operating Activities	<u>1,721,864</u>	<u>2,948,112</u>	<u>1,401,168</u>	<u>4,323,378</u>	<u>5,278,672</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(288,477)	(368,353)	(266,181)	(402,988)	(113,262)	9
Purchase of Other Investments	(1,401,958)	(2,512,536)	918,936	(790,896)	(5,152,284)	10
Sale of Other Investments						11
Other	(30,192)	12,792	(147,095)	(23,578)		12
Net Cash Provided From Investing Activities	<u>(1,720,627)</u>	<u>(2,868,097)</u>	<u>505,660</u>	<u>(1,217,462)</u>	<u>(5,265,546)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid			(2,000,000)	(3,100,000)		18
Other Financing						19
Net Cash Provided From Financing Activities			<u>(2,000,000)</u>	<u>(3,100,000)</u>		20
Net Increase (Decrease) in Cash & Equivalents	1,237	80,014	(93,173)	5,916	13,126	21
Cash & Equivalents at Beginning of Year	(2,592)	(82,606)	10,567	4,650	(8,476)	22
Cash & Equivalents at End of Year	(\$1,355)	(\$2,592)	(\$82,606)	\$10,567	\$4,650	23

Frontier Communications of Ausable Valley
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$5,086,576	\$5,146,466	\$5,502,318	\$6,166,027	\$5,962,484
2 Access Lines	5,375	5,573	5,860	6,064	6,249
DOLLAR AMOUNTS					
3 Wages and Benefits	\$553,994	\$650,783	\$612,475	\$466,912	\$561,233
4 Depreciation and Amortization	968,428	948,490	928,253	925,634	1,098,359
5 Other Operations Expense	2,062,009	1,795,483	1,753,869	1,778,060	1,847,581
6 Total Operation Expenses	3,584,431	3,394,756	3,294,596	3,170,606	3,507,173
7 Income Taxes - Operating Taxes	224,332	506,402	662,498	952,197	760,266
8 Other Taxes - Operating Taxes	196,948	306,190	314,869	274,860	283,122
9 Capital Costs	1,080,865	939,118	1,230,355	1,768,363	1,411,924
10 Total	\$5,086,576	\$5,146,466	\$5,502,318	\$6,166,027	\$5,962,484
PERCENT OF REVENUES					
11 Wages and Benefits	10.9	12.6	11.1	7.6	9.4
12 Depreciation and Amortization	19.0	18.4	16.9	15.0	18.4
13 Other Operations Expense	40.5	34.9	31.9	28.8	31.0
14 Income Taxes - Operating Taxes	4.4	9.8	12.0	15.4	12.8
15 Other Taxes - Operating Taxes	3.9	5.9	5.7	4.5	4.7
16 Capital Costs	21.2	18.2	22.4	28.7	23.7
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	103.07	116.77	104.52	77.00	89.81
19 Depreciation and Amortization	180.17	170.19	158.40	152.64	175.77
20 Other Operations Expense	383.63	322.18	299.30	293.22	295.66
21 Income Taxes - Operating Taxes	41.74	90.87	113.05	157.02	121.66
22 Other Taxes - Operating Taxes	36.64	54.94	53.73	45.33	45.31
23 Capital Costs	201.09	168.51	209.96	291.62	225.94
24 Total	946.34	923.46	938.96	1,016.83	954.15

**Frontier Communications of AuSable Valley
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,**

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,795,177	\$1,795,177	\$1,789,227	\$1,843,647	\$1,839,847	1
Central Office Assets	8,021,190	7,936,136	7,817,155	7,686,639	7,584,054	2
Information Origination/Termination	205,905	203,566	203,154	200,984	198,185	3
Cable And Wire Facilities	13,401,187	13,210,377	12,961,986	12,665,414	12,537,042	4
Amortizable Assets						5
Total Plant In Service	23,423,459	23,145,256	22,771,522	22,396,684	22,159,128	6
Property Held For Future Use						7
Plant Under Construction	195,610	185,337	190,718	299,376	140,797	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	23,619,069	23,330,593	22,962,240	22,696,060	22,299,925	13
Less Acc. Prov. For Depreciation & Amort.	19,015,684	18,077,451	17,116,168	16,335,007	15,439,802	14
Net Total Utility Plant	\$4,603,386	\$5,253,142	\$5,846,072	\$6,361,053	\$6,860,123	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.67	1.93	3.12	1.40	2.34	16
Total Capitalization	\$15,091,736	\$14,225,950	\$13,161,102	\$12,219,450	\$14,226,975	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt					0.8%	18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	99.2%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	115.59	154.04	-45.15	16.64	789.81	22
Com. Stock Dividends as a % of Earnings			68.0%	255.9%		23
Return on Common Equity	5.9%	7.8%	23.2%	9.2%	32.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	826.1%	938.5%	704.4%	1183.5%	4660.6%	25
CWIP as a % of Plant	0.8%	0.8%	0.8%	1.3%	0.6%	26

Current Assets	1,156,292	1,280,621	2,152,558	1,483,341	1,617,253
Current Liabilities	691,626	665,166	689,238	1,061,432	690,802
Total Capitalization	15,091,736	14,225,950	13,161,102	12,219,450	14,226,975
Long-Term Debt					119,005
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	15,091,736	14,225,950	13,161,102	12,219,450	14,107,970
Short-Term Debt					
Pretax Income	1,305,097	1,680,388	4,442,835	1,957,473	6,011,201
Interest Expense	11,291	10,909	(98,400)	117,653	7,611
Common Dividends Paid			2,000,000	3,100,000	
Net Income (Excl. Preferred Stock Dividends)	865,784	1,064,848	2,941,652	1,211,477	3,929,002
Internal Cash	2,383,239	3,457,036	1,874,998	4,769,436	5,278,670
Cash Outflows for Construction	(288,477)	(368,353)	(266,181)	(402,988)	(113,262)
CWIP	195,610	185,337	190,718	299,376	140,797
Total Plant	23,619,069	23,330,593	22,962,240	22,696,060	22,299,925
Shares Outstanding	21,742	21,742	21,742	21,742	21,742
Number of Employees	7	7	7	7	7

**Frontier Communications of New York
Statement of Cash Flows**

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$13,377,031	\$16,081,315	\$19,453,040	\$22,240,917	\$23,836,025	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	7,167,252	8,434,498	9,802,045	9,792,203	9,977,816	2
Changes in Deferred Income Taxes	202,788	700,273	(1,168,267)	1,840,465	267,224	3
Changes in Working Capital	1,834,794	(1,830,071)	3,854,662	(3,552,055)	4,822,420	4
Capitalized AFDC - Equity						5
Other	(512,772)	448,678	589,798	247,664	(940,323)	6
Total Non-Cash Items	8,692,063	7,753,378	13,078,238	8,328,277	14,127,137	7
Net Cash Provided From Operating Activities	<u>22,069,094</u>	<u>23,834,693</u>	<u>32,531,278</u>	<u>30,569,194</u>	<u>37,963,162</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,907,167)	(1,544,844)	(713,003)	(3,693,117)	(2,888,723)	9
Purchase of Other Investments	(19,434,288)	(17,445,447)	(931,742)	(3,519,392)	(35,200,610)	10
Sale of Other Investments						11
Other	(782,855)	(843,203)	(2,791,227)	(144,399)		12
Net Cash Provided From Investing Activities	<u>(22,124,310)</u>	<u>(19,833,494)</u>	<u>(4,435,972)</u>	<u>(7,356,908)</u>	<u>(38,089,333)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid		(4,000,000)	(28,000,000)	(24,000,000)		18
Other Financing						19
Net Cash Provided From Financing Activities		<u>(4,000,000)</u>	<u>(28,000,000)</u>	<u>(24,000,000)</u>		20
Net Increase (Decrease) in Cash & Equivalents	(55,216)	1,199	95,305	(787,714)	(126,171)	21
Cash & Equivalents at Beginning of Year	42,019	40,820	(54,485)	733,228	859,400	22
Cash & Equivalents at End of Year	(\$13,196)	\$42,019	\$40,820	(\$54,485)	\$733,228	23

**Frontier Communications of New York
Distribution of Telephone Revenues
Years ended December 31,**

	2010	2009	2008	2007	2006
1 Revenues	\$51,013,275	\$54,625,491	\$57,904,186	\$64,162,212	\$69,029,426
2 Access Lines	43,403	46,290	50,205	56,507	67,247
DOLLAR AMOUNTS					
3 Wages and Benefits	2,625,519	\$3,652,425	\$4,213,039	\$3,998,507	\$3,063,261
4 Depreciation and Amortization	7,167,252	8,434,498	9,802,045	9,792,203	9,977,816
5 Other Operations Expense	17,482,913	16,135,568	17,140,696	20,152,642	21,412,775
6 Total Operation Expenses	27,275,684	28,222,491	31,155,780	33,943,352	34,453,851
7 Income Taxes - Operating Taxes	5,812,013	8,156,361	8,090,087	9,454,152	11,019,977
8 Other Taxes - Operating Taxes	2,288,810	3,230,911	3,633,873	3,206,998	3,089,925
9 Capital Costs	15,636,768	15,015,728	15,024,446	17,557,710	20,465,673
10 Total	51,013,275	\$54,625,491	\$57,904,186	\$64,162,212	\$69,029,426
PERCENT OF REVENUES					
11 Wages and Benefits	19.6	6.7	7.3	6.2	4.4
12 Depreciation and Amortization	53.6	15.4	16.9	15.3	14.5
13 Other Operations Expense	130.7	29.5	29.6	31.4	31.0
14 Income Taxes - Operating Taxes	43.4	14.9	14.0	14.7	16.0
15 Other Taxes - Operating Taxes	17.1	5.9	6.3	5.0	4.5
16 Capital Costs	116.9	27.5	25.9	27.4	29.6
17 Total	381.3	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	60.49	78.90	83.92	70.76	45.55
19 Depreciation and Amortization	165.13	182.21	195.24	173.29	148.38
20 Other Operations Expense	402.80	348.58	341.41	356.64	318.42
21 Income Taxes - Operating Taxes	133.91	176.20	161.14	167.31	163.87
22 Other Taxes - Operating Taxes	52.73	69.80	72.38	56.75	45.95
23 Capital Costs	360.27	324.38	299.26	310.72	304.34
24 Total	1,175.34	1,180.07	1,153.35	1,135.47	1,026.51

**Frontier Communications of New York
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,**

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$16,765,813	\$16,812,910	\$16,820,171	\$18,371,447	\$18,162,960	1
Central Office Assets	87,065,215	86,307,079	85,401,101	84,130,377	83,319,745	2
Information Origination/Termination	2,284,025	2,267,119	2,192,272	2,062,047	1,966,227	3
Cable And Wire Facilities	81,841,999	80,999,235	80,046,375	78,525,112	76,798,883	4
Amortizable Assets	31,214	31,214	31,214	31,214	31,214	5
Total Plant In Service	187,988,266	186,417,557	184,491,133	183,120,197	180,279,029	6
Property Held For Future Use			38,544	38,544	38,544	7
Plant Under Construction	1,211,832	875,372	1,218,410	1,848,933	1,610,861	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	189,200,098	187,292,929	185,748,087	185,007,674	181,928,434	13
Less Acc. Prov. For Depreciation & Amort.	149,736,659	143,352,260	135,760,968	128,722,749	119,688,817	14
Net Total Utility Plant	\$39,463,439	\$43,940,669	\$49,987,119	\$56,284,925	\$62,239,617	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.85	2.25	1.66	2.39	1.84	16
Total Capitalization	\$153,039,346	\$139,662,315	\$127,581,000	\$136,127,964	\$137,887,042	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	N/A	N/A	N/A	N/A	N/A	22
Com. Stock Dividends as a % of Earnings		25.1%	143.9%	107.9%		23
Return on Common Equity	9.1%	11.9%	14.8%	16.2%	18.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	1376.1%	1815.2%	5167.9%	944.9%	1314.2%	25
CWIP as a % of Plant	0.6%	0.5%	0.7%	1.0%	0.9%	26

Current Assets	9,953,957	11,606,490	12,111,363	14,994,805	13,118,037
Current Liabilities	5,370,466	5,155,815	7,300,239	6,271,967	7,145,097
Total Capitalization	153,039,346	139,662,315	127,581,000	136,127,964	137,887,042
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	153,039,346	139,662,315	127,581,000	136,127,964	137,887,042
Short-Term Debt					
Pretax Income	21,288,809	25,754,309	30,871,756	34,705,934	36,935,370
Interest Expense	1,003,600	901,821	807,834	721,035	640,873
Common Dividends Paid		4,000,000	28,000,000	24,000,000	
Net Income (Excl. Preferred Stock Dividends)	13,377,031	15,949,518	19,453,035	22,240,917	23,836,025
Internal Cash	26,244,103	28,041,641	36,847,516	34,895,763	37,963,162
Cash Outflows for Construction	(1,907,167)	(1,544,844)	(713,003)	(3,693,117)	(2,888,723)
CWIP	1,211,832	875,372	1,218,410	1,848,933	1,610,861
Total Plant	189,200,098	187,292,929	185,748,087	185,007,674	181,928,434
Shares Outstanding	506,758	506,758	506,758	506,758	506,758
Number of Employees	45	46	49	50	57

Rochester Telephone Corporation
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$8,965,486	\$32,344,367	\$49,822,089	\$58,182,475	\$46,668,206	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	69,199,706	69,960,582	68,643,556	68,662,256	32,732,915	2
Changes in Deferred Income Taxes	1,274,508	6,968,527	(2,751,148)	(17,497,728)	20,945,822	3
Changes in Working Capital	49,377,900	(36,757,918)	(22,626,414)	39,616,181	(2,081,705)	4
Capitalized AFDC - Equity						5
Other	6,353,598	7,795,652	5,232,650	4,790,150	5,381,266	6
Total Non-Cash Items	126,205,712	47,966,844	48,498,644	95,570,859	56,978,298	7
Net Cash Provided From Operating Activities	<u>135,171,198</u>	<u>80,311,211</u>	<u>98,320,733</u>	<u>153,753,334</u>	<u>103,646,504</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(17,701,859)	(18,536,055)	(15,420,113)	(37,780,577)	396,651	9
Purchase of Other Investments	(109,583,307)	(53,783,726)	1,037,920	(40,082,828)	(103,704,138)	10
Sale of Other Investments	431,318			389,987		11
Other	(7,724,980)	(7,137,177)	(15,752,398)			12
Net Cash Provided From Investing Activities	<u>(134,578,828)</u>	<u>(79,456,958)</u>	<u>(30,134,591)</u>	<u>(77,473,418)</u>	<u>(103,307,487)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid			(65,000,000)	(80,000,000)		18
Other Financing						19
Net Cash Provided From Financing Activities			<u>(65,000,000)</u>	<u>(80,000,000)</u>		20
Net Increase (Decrease) in Cash & Equivalents	592,370	854,253	3,186,142	(3,720,084)	339,017	21
Cash & Equivalents at Beginning of Year	1,171,639	317,386	(2,868,757)	851,328	512,311	22
Cash & Equivalents at End of Year	\$1,764,009	\$1,171,639	\$317,386	(\$2,868,757)	\$851,328	23

334 E

**Rochester Telephone Corporation
Distribution of Telephone Revenues
Years ended December 31,**

	2010	2009	2008	2007	2006
1 Revenues	\$263,791,764	\$287,285,493	\$301,683,576	\$321,185,560	\$323,806,026
2 Access Lines	228,522	251,260	275,184	309,187	415,139
DOLLAR AMOUNTS					
3 Wages and Benefits	\$43,239,985	\$46,550,939	\$55,309,820	\$68,188,871	\$68,343,244
4 Depreciation and Amortization	69,199,706	69,960,582	68,643,556	68,662,256	69,411,916
5 Other Operations Expense	112,030,329	96,752,274	89,705,967	86,676,029	97,588,609
6 Total Operation Expenses	224,470,019	213,263,795	213,659,343	223,527,156	235,343,770
7 Income Taxes - Operating Taxes	(12,707)	11,057,241	28,072,845	29,301,532	21,823,725
8 Other Taxes - Operating Taxes	20,275,136	21,085,940	20,683,254	20,195,685	21,440,996
9 Capital Costs	19,059,316	41,878,516	39,268,134	48,161,186	45,197,536
10 Total	\$263,791,764	\$287,285,493	\$301,683,576	\$321,185,560	\$323,806,026
PERCENT OF REVENUES					
11 Wages and Benefits	16.4	16.2	18.3	21.2	21.1
12 Depreciation and Amortization	26.2	24.4	22.8	21.4	21.4
13 Other Operations Expense	42.5	33.7	29.7	27.0	30.1
14 Income Taxes - Operating Taxes	(0.0)	3.8	9.3	9.1	6.7
15 Other Taxes - Operating Taxes	7.7	7.3	6.9	6.3	6.6
16 Capital Costs	7.2	14.6	13.0	15.0	14.0
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	189.22	185.27	200.99	220.54	164.63
19 Depreciation and Amortization	302.81	278.44	249.45	222.07	167.20
20 Other Operations Expense	490.24	385.07	325.99	280.34	235.07
21 Income Taxes - Operating Taxes	(0.06)	44.01	102.01	94.77	52.57
22 Other Taxes - Operating Taxes	88.72	83.92	75.16	65.32	51.65
23 Capital Costs	83.40	166.67	142.70	155.77	108.87
24 Total	1,154.34	1,143.38	1,096.30	1,038.81	779.99

Rochester Telephone Corporation
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$136,310,383	\$135,030,667	\$133,658,997	\$136,846,452	\$134,322,206	1
Central Office Assets	613,644,327	605,209,992	597,141,766	583,833,229	573,969,306	2
Information Origination/Termination	15,032,753	15,032,753	17,895,274	17,917,954	17,910,383	3
Cable And Wire Facilities	706,222,259	702,446,053	691,639,459	676,534,760	665,562,668	4
Amortizable Assets	12,080,937	12,078,642	12,061,718	11,937,767	12,012,348	5
Total Plant In Service	1,483,290,659	1,469,798,107	1,452,397,214	1,427,070,162	1,403,776,911	6
Property Held For Future Use						7
Plant Under Construction	12,085,833	7,956,050	10,738,344	20,759,589	16,771,092	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	2,205	2,205				11
Goodwill						12
Total Telecommunications Plant	1,495,378,697	1,477,756,362	1,463,135,558	1,447,829,751	1,420,548,003	13
Less Acc. Prov. For Depreciation & Amort.	1,124,224,180	1,062,397,661	1,003,489,506	950,712,655	892,159,241	14
Net Total Utility Plant	\$371,154,517	\$415,358,701	\$459,646,052	\$497,117,096	\$528,388,762	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.36	2.33	1.59	1.05	1.97	16
Total Capitalization	\$715,210,589	\$706,245,103	\$673,900,736	\$689,078,648	\$710,896,174	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	2.34	7.23	11.49	14.03	12.31	22
Com. Stock Dividends as a % of Earnings			130.5%	137.5%		23
Return on Common Equity	1.3%	4.7%	7.3%	8.3%	6.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	870.8%	545.6%	863.2%	501.4%	-26130.3%	25
CWIP as a % of Plant	0.8%	0.5%	0.7%	1.4%	1.2%	26

Current Assets	68,904,013	117,601,818	83,614,552	88,732,690	95,731,712
Current Liabilities	50,601,153	50,549,785	52,680,812	84,614,450	48,661,833
Total Capitalization	715,210,589	706,245,103	673,900,736	689,078,648	710,896,174
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	715,210,589	706,245,103	673,900,736	689,078,648	710,896,174
Short-Term Debt					
Pretax Income	21,154,784	59,288,507	85,323,377	94,197,545	74,549,505
Interest Expense	9,054,562	8,203,246	7,428,441	6,713,539	6,057,574
Common Dividends Paid			65,000,000	80,000,000	
Net Income (Excl. Preferred Stock Dividends)	8,965,487	32,344,367	49,822,091	58,182,474	46,668,206
Internal Cash	154,155,251	101,140,354	133,101,079	189,430,541	103,646,504
Cash Outflows for Construction	(17,701,859)	(18,536,055)	(15,420,113)	(37,780,577)	396,653
CWIP	12,085,833	7,956,050	10,738,344	20,759,589	16,771,092
Total Plant	1,495,378,697	1,477,756,363	1,463,135,558	1,447,829,751	1,420,548,003
Shares Outstanding					
Number of Employees	505	525	608	723	904

Frontier Communications of Seneca Gorham
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$973,431	\$1,495,043	\$2,677,753	\$1,435,115	\$2,993,454	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	771,103	802,886	814,600	1,013,529	1,377,895	2
Changes in Deferred Income Taxes	27,852	652,412	396,350	(764,614)	(129,372)	3
Changes in Working Capital	851,004	(16,136)	(1,140,302)	657,490	534,626	4
Capitalized AFDC - Equity						5
Other	(73,408)	(20,527)	(1,176,984)	1,119,570	(91,412)	6
Total Non-Cash Items	1,576,551	1,418,634	(1,106,336)	2,025,975	1,691,737	7
Net Cash Provided From Operating Activities	<u>2,549,981</u>	<u>2,913,677</u>	<u>1,571,417</u>	<u>3,461,090</u>	<u>4,685,191</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(634,767)	(568,150)	(425,639)	(737,730)	(596,969)	9
Purchase of Other Investments	(1,878,192)	(2,270,075)	2,070,446	(667,217)	(4,041,926)	10
Sale of Other Investments						11
Other	(42,479)	(86,885)	(240,532)	45,035		12
Net Cash Provided From Investing Activities	<u>(2,555,438)</u>	<u>(2,925,110)</u>	<u>1,404,275</u>	<u>(1,359,912)</u>	<u>(4,638,895)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid			(3,000,000)	(2,100,000)		18
Other Financing						19
Net Cash Provided From Financing Activities			<u>(3,000,000)</u>	<u>(2,100,000)</u>		20
Net Increase (Decrease) in Cash & Equivalents	(5,457)	(11,432)	(24,308)	1,178	46,296	21
Cash & Equivalents at Beginning of Year	4,511	15,944	40,252	39,074	(7,222)	22
Cash & Equivalents at End of Year	(\$945)	\$4,511	\$15,944	\$40,252	\$39,074	23

319 E

**Frontier Communications of Seneca Gorham
Distribution of Telephone Revenues
Years ended December 31,**

	2010	2009	2008	2007	2006
1 Revenues	\$5,206,041	\$5,748,541	\$5,959,624	\$6,546,922	\$6,742,684
2 Access Lines	6,374	6,755	7,216	7,877	8,439
DOLLAR AMOUNTS					
3 Wages and Benefits	\$523,515	\$500,519	\$491,188	\$427,399	\$370,199
4 Depreciation and Amortization	771,103	802,886	814,600	1,013,529	1,502,905
5 Other Operations Expense	2,177,854	1,899,214	1,878,985	2,066,302	2,081,394
6 Total Operation Expenses	3,472,472	3,202,618	3,184,773	3,507,230	3,954,499
7 Income Taxes - Operating Taxes	128,032	764,125	1,460,606	743,259	1,566,703
8 Other Taxes - Operating Taxes	247,313	362,710	322,555	324,144	339,391
9 Capital Costs	1,358,224	1,419,088	991,690	1,972,289	882,091
10 Total	\$5,206,041	\$5,748,541	\$5,959,624	\$6,546,922	\$6,742,684
PERCENT OF REVENUES					
11 Wages and Benefits	10.1	8.7	8.2	6.5	5.5
12 Depreciation and Amortization	14.8	14.0	13.7	15.5	22.3
13 Other Operations Expense	41.8	33.0	31.5	31.6	30.9
14 Income Taxes - Operating Taxes	2.5	13.3	24.5	11.4	23.2
15 Other Taxes - Operating Taxes	4.8	6.3	5.4	5.0	5.0
16 Capital Costs	26.1	24.7	16.6	30.1	13.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	82.13	74.10	68.07	54.26	43.87
19 Depreciation and Amortization	120.98	118.86	112.89	128.67	178.09
20 Other Operations Expense	341.68	281.16	260.39	262.32	246.64
21 Income Taxes - Operating Taxes	20.09	113.12	202.41	94.36	185.65
22 Other Taxes - Operating Taxes	38.80	53.70	44.70	41.15	40.22
23 Capital Costs	213.09	210.08	137.43	250.39	104.53
24 Total	816.76	851.01	825.89	831.14	798.99

**Frontier Communications of Seneca Gorham
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,**

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,963,546	\$1,905,303	\$1,924,076	\$1,908,648	\$1,813,943	1
Central Office Assets	11,678,758	11,511,208	11,348,050	11,090,654	10,878,449	2
Information Origination/Termination	69,302	69,302	54,492	52,030	46,958	3
Cable And Wire Facilities	11,964,458	11,775,903	11,400,035	11,048,365	10,736,463	4
Amortizable Assets						5
Total Plant In Service	25,676,064	25,261,716	24,726,653	24,099,697	23,475,813	6
Property Held For Future Use						7
Plant Under Construction	386,373	165,954	132,868	334,183	270,029	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	26,062,437	25,427,670	24,859,521	24,433,880	23,745,842	13
Less Acc. Prov. For Depreciation & Amort.	21,573,258	20,844,630	20,128,627	19,554,560	18,593,642	14
Net Total Utility Plant	\$4,489,179	\$4,583,040	\$4,730,894	\$4,879,320	\$5,152,200	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.21	2.16	2.20	1.00	1.64	16
Total Capitalization	\$11,906,553	\$10,933,122	\$9,438,079	\$9,760,326	\$10,425,206	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	37.02	65.57	-138.95	24.97	179.21	22
Com. Stock Dividends as a % of Earnings			112.5%	146.3%		23
Return on Common Equity	8.4%	14.5%	27.8%	14.2%	33.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	575.8%	670.9%	591.9%	469.2%	784.8%	25
CWIP as a % of Plant	1.5%	0.7%	0.5%	1.4%	1.1%	26

Current Assets	1,309,830	2,026,038	2,025,079	1,930,944	1,683,997
Current Liabilities	1,080,261	940,014	919,257	1,927,856	1,025,938
Total Capitalization	11,906,553	10,933,122	9,438,079	9,760,326	10,425,206
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	11,906,553	10,933,122	9,438,079	9,760,326	10,425,206
Short-Term Debt					
Pretax Income	1,480,089	2,355,500	4,098,000	2,257,309	4,574,734
Interest Expense	39,977	35,921	(29,492)	90,389	25,527
Common Dividends Paid			3,000,000	2,100,000	
Net Income (Excl. Preferred Stock Dividends)	957,816	1,480,545	2,666,886	1,435,115	2,993,454
Internal Cash	3,654,821	3,811,862	2,519,265	3,461,090	4,685,191
Cash Outflows for Construction	(634,767)	(568,150)	(425,639)	(737,730)	(596,969)
CWIP	386,373	165,954	132,867	334,183	270,029
Total Plant	26,062,437	25,427,669	24,859,520	24,433,880	23,745,842
Shares Outstanding	100	100	100	100	100
Number of Employees	9	9	9	9	9

**Frontier Communications of Sylvan Lake
Statement of Cash Flows
For the Year Ended December 31,**

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$127,981	\$892,749	\$1,627,068	\$2,339,430	\$2,266,665	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,806,573	2,514,667	3,059,689	3,034,273	2,654,685	2
Changes in Deferred Income Taxes	171,690	272,018	(585,583)	(274,527)	20,371	3
Changes in Working Capital	465,014	(326,757)	499,708	367,498	744,515	4
Capitalized AFDC - Equity						5
Other	(167,510)	161,740	(90,170)	52,148	(28,419)	6
Total Non-Cash Items	2,275,767	2,621,668	2,883,644	3,179,391	3,391,152	7
Net Cash Provided From Operating Activities	<u>2,403,748</u>	<u>3,514,417</u>	<u>4,510,711</u>	<u>5,518,822</u>	<u>5,657,817</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(342,734)	(302,450)	(312,504)	(748,198)	(678,216)	9
Purchase of Other Investments	(1,815,569)	(365,174)	(981,138)	(1,494,397)	(4,978,691)	10
Sale of Other Investments						11
Other	(249,643)	(307,123)	(265,422)	(287,630)		12
Net Cash Provided From Investing Activities	<u>(2,407,946)</u>	<u>(974,747)</u>	<u>(1,559,064)</u>	<u>(2,530,225)</u>	<u>(5,656,907)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid		(2,500,000)	(3,000,000)	(3,000,000)		18
Other Financing						19
Net Cash Provided From Financing Activities		<u>(2,500,000)</u>	<u>(3,000,000)</u>	<u>(3,000,000)</u>		20
Net Increase (Decrease) in Cash & Equivalents	(4,198)	39,670	(48,353)	(11,404)	910	21
Cash & Equivalents at Beginning of Year	2,364	(37,307)	11,046	22,449	21,539	22
Cash & Equivalents at End of Year	(\$1,834)	\$2,364	(\$37,307)	\$11,046	\$22,449	23

**Frontier Communications of Sylvan Lake
Distribution of Telephone Revenues
Years ended December 31,**

	2010	2009	2008	2007	2006
1 Revenues	\$7,386,531	\$8,837,853	\$10,193,931	\$12,040,485	\$12,880,069
2 Access Lines	8,301	9,283	10,821	13,072	15,589
DOLLAR AMOUNTS					
3 Wages and Benefits	\$861,923	\$996,744	\$1,092,341	\$968,424	\$1,017,653
4 Depreciation and Amortization	1,806,573	2,514,667	3,059,689	3,034,273	3,010,657
5 Other Operations Expense	3,967,860	3,609,484	3,985,527	4,801,441	5,352,438
6 Total Operation Expenses	6,636,356	7,120,894	8,137,558	8,804,138	9,380,748
7 Income Taxes - Operating Taxes	(364,910)	364,203	906,720	1,206,771	1,131,668
8 Other Taxes - Operating Taxes	596,289	688,435	587,721	689,201	736,895
9 Capital Costs	518,796	664,321	561,933	1,340,375	1,630,758
10 Total	\$7,386,531	\$8,837,853	\$10,193,931	\$12,040,485	\$12,880,069
PERCENT OF REVENUES					
11 Wages and Benefits	11.7	11.3	10.7	8.0	7.9
12 Depreciation and Amortization	24.5	28.5	30.0	25.2	23.4
13 Other Operations Expense	53.7	40.8	39.1	39.9	41.6
14 Income Taxes - Operating Taxes	(4.9)	4.1	8.9	10.0	8.8
15 Other Taxes - Operating Taxes	8.1	7.8	5.8	5.7	5.7
16 Capital Costs	7.0	7.5	5.5	11.1	12.7
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	103.83	107.37	100.95	74.08	65.28
19 Depreciation and Amortization	217.63	270.89	282.75	232.12	193.13
20 Other Operations Expense	478.00	388.83	368.31	367.31	343.35
21 Income Taxes - Operating Taxes	(43.96)	39.23	83.79	92.32	72.59
22 Other Taxes - Operating Taxes	71.83	74.16	54.31	52.72	47.27
23 Capital Costs	62.50	71.56	51.93	102.54	104.61
24 Total	889.84	952.05	942.05	921.09	826.23

**Frontier Communications of Sylvan Lake
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,**

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,386,238	\$2,423,683	\$2,476,053	\$2,544,426	\$2,501,854	1
Central Office Assets	22,692,607	22,550,130	22,417,753	22,245,110	22,121,830	2
Information Origination/Termination	268,547	261,720	251,958	240,206	220,234	3
Cable And Wire Facilities	26,666,837	26,529,575	26,386,635	25,967,488	25,608,782	4
Amortizable Assets						5
Total Plant In Service	52,014,229	51,765,108	51,532,399	50,997,230	50,452,700	6
Property Held For Future Use			56,888	56,888	56,888	7
Plant Under Construction	387,468	293,855	167,226	389,893	362,330	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	52,401,697	52,058,963	51,756,513	51,444,011	50,871,918	13
Less Acc. Prov. For Depreciation & Amort.	41,593,758	40,036,826	37,829,281	35,035,016	32,158,656	14
Net Total Utility Plant	\$10,807,939	\$12,022,137	\$13,927,232	\$16,408,995	\$18,713,262	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.10	1.42	1.16	1.34	1.48	16
Total Capitalization	\$23,287,928	\$23,159,948	\$24,767,199	\$26,140,131	\$26,800,701	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	7.19	-2.63	-1.38	-2.56	-4.39	22
Com. Stock Dividends as a % of Earnings		281.9%	184.6%	128.5%		23
Return on Common Equity	0.6%	3.7%	6.4%	8.8%	8.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	1051.0%	1594.9%	1927.9%	969.1%	834.2%	25
CWIP as a % of Plant	0.7%	0.6%	0.3%	0.8%	0.7%	26

Current Assets	1,387,473	1,715,120	2,244,739	3,027,047	2,717,400
Current Liabilities	1,262,931	1,210,275	1,928,364	2,260,011	1,830,544
Total Capitalization	23,287,928	23,159,948	24,767,199	26,140,131	26,800,701
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	23,287,928	23,159,948	24,767,199	26,140,131	26,800,701
Short-Term Debt					
Pretax Income	157,053	1,028,544	1,468,346	2,545,048	2,764,465
Interest Expense	21,841	(391,696)	(1,063,226)	(995,958)	(629,585)
Common Dividends Paid		2,500,000	3,000,000	3,000,000	
Net Income (Excl. Preferred Stock Dividends)	129,712	886,741	1,624,853	2,334,235	2,262,382
Internal Cash	3,601,967	4,823,724	6,024,654	7,250,939	5,657,817
Cash Outflows for Construction	(342,734)	(302,450)	(312,504)	(748,198)	(678,215)
CWIP	387,468	293,855	167,226	389,893	362,330
Total Plant	52,401,697	52,058,963	51,756,513	51,444,011	50,871,918
Shares Outstanding	200	200	200	200	200
Number of Employees	9	10	11	11	13

Germantown Telephone Company, Inc.
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$148,595)	(\$58,480)	\$617,816	(\$35,964)	\$286,329	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	231,857	455,213	581,177	570,472	621,117	2
Changes in Deferred Income Taxes	145,713	17,700	(34,925)	(59,039)	(125,130)	3
Changes in Working Capital	670,599	27,294	144,267	(236,757)	(52,949)	4
Capitalized AFDC - Equity						5
Other	(34,048)	(128,210)	(1,115,794)	372,678	(147,473)	6
Total Non-Cash Items	1,014,121	371,997	(425,275)	647,354	295,565	7
Net Cash Provided From Operating Activities	<u>865,526</u>	<u>313,518</u>	<u>192,541</u>	<u>611,390</u>	<u>581,894</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(768,638)	(436,079)	(508,100)	(415,681)	(419,664)	9
Purchase of Other Investments				359,857	(17,449)	10
Sale of Other Investments	(119)	5,078	(5,331)	(3,664)	(4,790)	11
Other	(28,527)	(47,593)	(47,705)	(46,395)	(46,395)	12
Net Cash Provided From Investing Activities	<u>(797,284)</u>	<u>(478,594)</u>	<u>(561,136)</u>	<u>(105,883)</u>	<u>(488,299)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt				(469,359)	(96,279)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(156,000)	(12,000)	(262,000)	(16,427)	(517,193)	18
Other Financing	(55,656)	119,958	(103,275)	(104,473)	90,101	19
Net Cash Provided From Financing Activities	<u>(211,656)</u>	<u>107,958</u>	<u>(365,275)</u>	<u>(590,259)</u>	<u>(523,371)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(143,414)	(57,118)	(733,870)	(84,752)	(429,776)	21
Cash & Equivalents at Beginning of Year	655,921	713,039	1,446,909	1,531,661	1,961,437	22
Cash & Equivalents at End of Year	\$512,507	\$655,921	\$713,039	\$1,446,909	\$1,531,661	23

Germantown Telephone Company, Inc.
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$2,396,164	\$2,609,842	\$2,647,217	\$2,943,156	\$3,210,575
2 Access Lines	2,361	2,497	2,597	2,684	2,781
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,264,050	\$1,200,596	\$1,407,384	\$1,335,145	\$1,502,040
4 Depreciation and Amortization	231,857	455,215	581,178	573,361	627,781
5 Other Operations Expense	1,141,079	1,146,626	1,261,903	1,204,948	1,139,504
6 Total Operation Expenses	2,636,986	2,802,438	3,250,465	3,113,454	3,269,325
7 Income Taxes - Operating Taxes	(91,374)	(28,783)	(247,012)	(121,445)	(103,544)
8 Other Taxes - Operating Taxes	118,004	122,559	116,216	124,354	129,985
9 Capital Costs	(267,453)	(286,372)	(472,453)	(173,207)	(85,191)
10 Total	\$2,396,164	\$2,609,842	\$2,647,217	\$2,943,156	\$3,210,575
PERCENT OF REVENUES					
11 Wages and Benefits	52.8	46.0	53.2	45.4	46.8
12 Depreciation and Amortization	9.7	17.4	22.0	19.5	19.6
13 Other Operations Expense	47.6	43.9	47.7	40.9	35.5
14 Income Taxes - Operating Taxes	(3.8)	(1.1)	(9.3)	(4.1)	(3.2)
15 Other Taxes - Operating Taxes	4.9	4.7	4.4	4.2	4.0
16 Capital Costs	(11.2)	(11.0)	(17.8)	(5.9)	(2.7)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	535.39	480.82	541.93	497.45	540.11
19 Depreciation and Amortization	98.20	182.30	223.79	213.62	225.74
20 Other Operations Expense	483.30	459.20	485.91	448.94	409.75
21 Income Taxes - Operating Taxes	(38.70)	(11.53)	(95.11)	(45.25)	(37.23)
22 Other Taxes - Operating Taxes	49.98	49.08	44.75	46.33	46.74
23 Capital Costs	(113.28)	(114.69)	(181.92)	(64.53)	(30.63)
24 Total	1,014.89	1,045.19	1,019.34	1,096.56	1,154.47

Germantown Telephone Company, Inc.
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,803,372	\$1,795,538	\$1,788,081	\$1,741,133	\$1,676,490	1
Central Office Assets	2,066,769	3,408,618	3,361,476	3,521,867	3,611,619	2
Information Origination/Termination	181,672	181,672	181,672	181,672	181,672	3
Cable And Wire Facilities	4,475,491	4,064,176	3,689,358	3,667,970	3,607,308	4
Amortizable Assets	398,040	396,059	396,059	376,464	376,464	5
Total Plant In Service	8,925,344	9,846,062	9,416,646	9,489,106	9,453,553	6
Property Held For Future Use						7
Plant Under Construction	315,881	166,786	369,300	102,503	13,887	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	9,241,224	10,012,848	9,785,946	9,591,609	9,467,440	13
Less Acc. Prov. For Depreciation & Amort.	5,948,867	7,257,391	7,006,276	6,744,192	6,473,630	14
Net Total Utility Plant	\$3,292,357	\$2,755,458	\$2,779,670	\$2,847,417	\$2,993,810	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.05	3.83	4.40	11.48	3.99	16
Total Capitalization	\$8,440,724	\$8,782,054	\$8,773,366	\$8,485,711	\$9,076,415	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt					5.2%	18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	94.8%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	#DIV/0!	-721.01	#DIV/0!	-4.39	8.63	22
Com. Stock Dividends as a % of Earnings	-105.0%	-20.5%	42.4%	-45.7%	180.6%	23
Return on Common Equity	-1.7%	-0.7%	7.2%	-0.4%	3.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	112.6%	71.9%	72.2%	147.1%	138.7%	25
CWIP as a % of Plant	3.4%	1.7%	3.8%	1.1%	0.1%	26

Current Assets	969,277	1,191,809	1,308,035	2,010,418	2,230,983
Current Liabilities	926,595	311,552	297,443	175,057	559,260
Total Capitalization	8,440,724	8,782,054	8,773,366	8,485,711	9,076,415
Long-Term Debt					469,359
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	8,440,724	8,782,054	8,773,366	8,485,711	8,607,056
Short-Term Debt					
Pretax Income	(216,341)	(165,920)	323,881	(98,512)	230,366
Interest Expense		230		22,445	26,689
Common Dividends Paid	156,000	12,000	262,000	16,427	517,193
Net Income (Excl. Preferred Stock Dividends)	(148,595)	(58,480)	617,816	(35,964)	286,329
Internal Cash	865,526	313,518	192,541	611,390	581,894
Cash Outflows for Construction	(768,638)	(436,079)	(266,797)	(415,681)	(419,664)
CWIP	315,881	166,786	369,300	102,503	13,887
Total Plant	9,241,224	10,012,848	9,785,946	9,591,609	9,467,440
Shares Outstanding	800	800	800	800	800
Number of Employees	16	15	14	17	19

Hancock Telephone Company
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$152,452)	(\$99,741)	(\$93,730)	(\$110,572)	(\$112,416)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	270,547	292,721	300,995	299,073	289,497	2
Changes in Deferred Income Taxes	(17,695)	(71,278)	(56,104)	(20,295)	(57,369)	3
Changes in Working Capital	(53,520)	(322,585)	230,718	(53,838)	(83,667)	4
Capitalized AFDC - Equity						5
Other	(693)	8,999	(39,035)	(34,950)	(123,002)	6
Total Non-Cash Items	198,639	(92,143)	436,574	189,990	25,459	7
Net Cash Provided From Operating Activities	<u>46,187</u>	<u>(191,884)</u>	<u>342,844</u>	<u>79,418</u>	<u>(86,957)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(76,414)	(101,256)	(400,237)	(121,467)	(241,741)	9
Purchase of Other Investments						10
Sale of Other Investments	2,948		(40)	60,840	1,257,806	11
Other	(90,016)	(100,993)	(80,273)	(78,211)	474,562	12
Net Cash Provided From Investing Activities	<u>(163,482)</u>	<u>(202,249)</u>	<u>(480,550)</u>	<u>(138,838)</u>	<u>1,490,627</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(122,764)	(130,484)	(121,592)	(113,340)	(105,654)	14
Common Stock					(950,752)	15
Preferred Stock						16
Short-Term Debt	26,000	410,000				17
Dividends Paid			(17,460)	(17,460)	(240,000)	18
Other Financing	119,357	121,512	204,784	134,083	93,973	19
Net Cash Provided From Financing Activities	<u>22,593</u>	<u>401,028</u>	<u>65,732</u>	<u>3,283</u>	<u>(1,486,083)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(94,702)	6,895	(71,974)	(56,137)	(82,413)	21
Cash & Equivalents at Beginning of Year	155,050	148,155	220,129	276,266	358,679	22
Cash & Equivalents at End of Year	\$60,348	\$155,050	\$148,155	\$220,129	\$276,266	23

Hancock Telephone Company
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$1,688,590	\$1,809,792	\$1,895,944	\$1,895,494	\$2,007,650
2 Access Lines	1,517	1,567	1,648	1,732	1,754
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,068,352	\$1,068,340	\$1,134,478	\$1,096,493	\$1,049,176
4 Depreciation and Amortization	255,104	281,275	299,759	297,837	288,261
5 Other Operations Expense	566,893	536,014	599,315	614,332	676,334
6 Total Operation Expenses	1,890,349	1,885,629	2,033,552	2,008,662	2,013,771
7 Income Taxes - Operating Taxes	(112,772)	(74,185)	(91,111)	(65,410)	(32,185)
8 Other Taxes - Operating Taxes	84,852	90,236	92,804	89,365	91,105
9 Capital Costs	(173,839)	(91,888)	(139,301)	(137,123)	(65,041)
10 Total	\$1,688,590	\$1,809,792	\$1,895,944	\$1,895,494	\$2,007,650
PERCENT OF REVENUES					
11 Wages and Benefits	63.3	59.0	59.8	57.8	52.3
12 Depreciation and Amortization	15.1	15.5	15.8	15.7	14.4
13 Other Operations Expense	33.6	29.6	31.6	32.4	33.7
14 Income Taxes - Operating Taxes	(6.7)	(4.1)	(4.8)	(3.5)	(1.6)
15 Other Taxes - Operating Taxes	5.0	5.0	4.9	4.7	4.5
16 Capital Costs	(10.3)	(5.1)	(7.3)	(7.2)	(3.2)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	704.25	681.77	688.40	633.08	598.16
19 Depreciation and Amortization	168.16	179.50	181.89	171.96	164.34
20 Other Operations Expense	373.69	342.06	363.66	354.70	385.60
21 Income Taxes - Operating Taxes	(74.34)	(47.34)	(55.29)	(37.77)	(18.35)
22 Other Taxes - Operating Taxes	55.93	57.59	56.31	51.60	51.94
23 Capital Costs	(114.59)	(58.64)	(84.53)	(79.17)	(37.08)
24 Total	1,113.11	1,154.94	1,150.45	1,094.40	1,144.61

Hancock Telephone Company
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,617,662	\$1,614,722	\$1,613,195	\$1,612,517	\$1,582,652	1
Central Office Assets	1,422,446	1,385,204	1,533,953	1,507,076	1,487,125	2
Information Origination/Termination	63,377	63,377	63,402	63,443	63,615	3
Cable And Wire Facilities	2,120,980	2,100,997	2,094,220	2,079,925	2,076,109	4
Amortizable Assets						5
Total Plant In Service	5,224,465	5,164,300	5,304,770	5,262,961	5,209,501	6
Property Held For Future Use						7
Plant Under Construction			357,589			8
Tel. Acquisition	72,459	72,459	72,459	72,459	72,459	9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	5,296,924	5,236,759	5,734,818	5,335,420	5,281,960	13
Less Acc. Prov. For Depreciation & Amort.	3,885,735	3,629,725	3,937,556	3,638,676	3,348,004	14
Net Total Utility Plant	\$1,411,189	\$1,607,034	\$1,797,262	\$1,696,744	\$1,933,956	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.08	1.12	1.21	1.93	1.98	16
Total Capitalization	\$2,513,866	\$2,763,082	\$2,583,307	\$2,816,089	\$3,057,461	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	1.0%	2.9%	7.9%	11.9%	14.9%	18
Preferred Stock						19
Common Stock & Retained Earnings	79.4%	77.8%	87.1%	83.8%	81.4%	20
Short-Term Debt	19.6%	19.3%	5.0%	4.3%	3.7%	21
Pretax Coverage of Interest Expense	-10.14	-4.78	-5.35	-3.57	2.36	22
Com. Stock Dividends as a % of Earnings			-18.6%	-15.8%	-213.5%	23
Return on Common Equity	-7.4%	-4.5%	-4.1%	-4.6%	-3.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	60.4%	-189.5%	85.7%	65.4%	-36.0%	25
CWIP as a % of Plant			6.2%			26

Current Assets	1,470,535	1,504,192	1,413,035	1,395,445	1,439,179
Current Liabilities	1,362,747	1,348,213	1,171,001	722,357	727,107
Total Capitalization	2,513,866	2,763,082	2,583,307	2,816,089	3,057,461
Long-Term Debt	25,041	80,751	203,867	334,337	455,937
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,997,000	2,149,452	2,249,193	2,360,383	2,488,415
Short-Term Debt	491,825	532,879	130,247	121,369	113,109
Pretax Income	(240,138)	(145,765)	(156,079)	(133,852)	106,706
Interest Expense	23,673	30,506	29,180	37,460	45,173
Common Dividends Paid			17,460	17,460	240,000
Net Income (Excl. Preferred Stock Dividends)	(152,452)	(99,741)	(93,730)	(110,572)	(112,416)
Internal Cash	46,187	(191,884)	342,843	79,418	(86,957)
Cash Outflows for Construction	(76,414)	(101,256)	(400,237)	(121,467)	(241,741)
CWIP			357,589		
Total Plant	5,296,924	5,236,759	5,734,818	5,335,420	5,281,960
Shares Outstanding	873	873	873	873	873
Number of Employees	9	10	10	10	10

Margaretville Telephone Co., Inc.
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$65,923	\$118,781	\$742,811	\$173,614	\$355,269	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	475,000	431,047	475,698	518,841	543,378	2
Changes in Deferred Income Taxes	(24,319)	1,848	45,469	(117,206)	143,635	3
Changes in Working Capital	(60,859)	(239,722)	(152,691)	(210,719)	728,693	4
Capitalized AFDC - Equity						5
Other	(16,390)	(47,111)	(719,272)	(165,001)	(817,480)	6
Total Non-Cash Items	373,432	146,062	(350,796)	25,915	598,226	7
Net Cash Provided From Operating Activities	<u>439,355</u>	<u>264,843</u>	<u>392,015</u>	<u>199,529</u>	<u>953,495</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(251,135)	(260,931)	(389,633)	(431,664)	(663,367)	9
Purchase of Other Investments	309,136	227,080	14,077	3,998	(122,255)	10
Sale of Other Investments	(3,586)	(1,284)	1,248	(3,646)	817,353	11
Other						12
Net Cash Provided From Investing Activities	<u>54,415</u>	<u>(35,135)</u>	<u>(374,308)</u>	<u>(431,312)</u>	<u>31,731</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(31,859)	(81,127)	(77,571)	(73,831)	(70,241)	14
Common Stock	(618,703)	(300,000)				15
Preferred Stock						16
Short-Term Debt					(375,000)	17
Dividends Paid			(227,500)	(227,500)	(227,500)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(650,562)</u>	<u>(381,127)</u>	<u>(305,071)</u>	<u>(301,331)</u>	<u>(672,741)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(156,792)	(151,419)	(287,364)	(533,114)	312,485	21
Cash & Equivalents at Beginning of Year	496,567	647,986	935,351	1,468,465	1,155,980	22
Cash & Equivalents at End of Year	\$339,775	\$496,567	\$647,986	\$935,351	\$1,468,465	23

Margaretville Telephone Co., Inc.
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$2,245,736	\$2,406,946	\$2,482,030	\$2,687,746	\$2,671,498
2 Access Lines	3,378	3,608	3,882	4,184	4,375
DOLLAR AMOUNTS					
3 Wages and Benefits	\$942,713	\$976,910	\$1,084,003	\$1,196,534	\$1,099,683
4 Depreciation and Amortization	464,658	420,705	473,546	518,328	542,864
5 Other Operations Expense	844,304	893,603	945,806	792,164	853,896
6 Total Operation Expenses	2,251,675	2,291,218	2,503,355	2,507,026	2,496,443
7 Income Taxes - Operating Taxes	(45,432)	(2,874)	(56,577)	25,134	9,126
8 Other Taxes - Operating Taxes	120,944	122,649	138,587	156,555	142,930
9 Capital Costs	(81,451)	(4,047)	(103,335)	(969)	22,999
10 Total	\$2,245,736	\$2,406,946	\$2,482,030	\$2,687,746	\$2,671,498
PERCENT OF REVENUES					
11 Wages and Benefits	42.0	40.6	43.7	44.5	41.2
12 Depreciation and Amortization	20.7	17.5	19.1	19.3	20.3
13 Other Operations Expense	37.6	37.1	38.1	29.5	32.0
14 Income Taxes - Operating Taxes	(2.0)	(0.1)	(2.3)	0.9	0.3
15 Other Taxes - Operating Taxes	5.4	5.1	5.6	5.8	5.4
16 Capital Costs	(3.6)	(0.2)	(4.2)	(0.0)	0.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	279.07	270.76	279.24	285.98	251.36
19 Depreciation and Amortization	137.55	116.60	121.99	123.88	124.08
20 Other Operations Expense	249.94	247.67	243.64	189.33	195.18
21 Income Taxes - Operating Taxes	(13.45)	(0.80)	(14.57)	6.01	2.09
22 Other Taxes - Operating Taxes	35.80	33.99	35.70	37.42	32.67
23 Capital Costs	(24.11)	(1.12)	(26.62)	(0.23)	5.26
24 Total	664.81	667.11	639.37	642.39	610.63

Margaretville Telephone Co., Inc.
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,006,782	\$1,929,633	\$1,944,720	\$1,949,099	\$1,885,685	1
Central Office Assets	4,430,614	4,401,627	4,323,903	4,290,194	4,228,078	2
Information Origination/Termination	145,154	145,154	145,154	145,154	145,154	3
Cable And Wire Facilities	5,808,990	5,725,023	5,630,842	5,213,493	5,147,845	4
Amortizable Assets	290	290	290	290	290	5
Total Plant In Service	12,391,830	12,201,727	12,044,909	11,598,230	11,407,052	6
Property Held For Future Use						7
Plant Under Construction			2,019	183,915	1,009	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	12,391,830	12,201,727	12,046,928	11,782,145	11,408,061	13
Less Acc. Prov. For Depreciation & Amort.	10,073,838	9,649,813	9,326,696	8,967,713	8,509,735	14
Net Total Utility Plant	\$2,317,992	\$2,551,914	\$2,720,232	\$2,814,432	\$2,898,326	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	6.91	7.02	2.77	3.11	3.07	16
Total Capitalization	\$6,748,491	\$7,331,044	\$7,593,030	\$7,166,619	\$7,291,853	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	1.9%	2.2%	3.2%	4.4%	5.4%	18
Preferred Stock						19
Common Stock & Retained Earnings	98.1%	97.8%	96.8%	95.6%	94.6%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	17.23	17.71	41.02	7.03	25.73	22
Com. Stock Dividends as a % of Earnings	938.5%	252.6%	30.6%	131.0%	64.0%	23
Return on Common Equity	1.0%	1.6%	10.5%	2.5%	5.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	174.9%	101.5%	100.6%	46.2%	143.7%	25
CWIP as a % of Plant			0.0%	1.6%	0.0%	26

Current Assets	1,084,615	1,191,852	1,481,825	1,552,394	2,052,968
Current Liabilities	156,852	169,796	534,012	499,698	669,255
Total Capitalization	6,748,491	7,331,044	7,593,030	7,166,619	7,291,853
Long-Term Debt	128,294	160,153	241,280	318,851	392,682
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	6,620,197	7,170,891	7,351,750	6,847,768	6,899,171
Short-Term Debt					
Pretax Income	20,370	122,160	705,949	250,524	559,538
Interest Expense	1,182	6,899	17,208	35,660	21,745
Common Dividends Paid	618,703	300,000	227,500	227,500	227,500
Net Income (Excl. Preferred Stock Dividends)	65,923	118,781	742,811	173,614	355,269
Internal Cash	439,355	264,842	392,015	199,529	953,495
Cash Outflows for Construction	(251,135)	(260,931)	(389,633)	(431,664)	(663,367)
CWIP			2,019	183,915	1,009
Total Plant	12,391,830	12,201,727	12,046,928	11,782,145	11,408,061
Shares Outstanding	1,300	1,300	1,300	1,300	1,300
Number of Employees	18	17	17	21	21

Middleburgh Telephone Company
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$94,619)	(\$112,647)	(\$142,570)	\$174,466	(\$65,301)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	753,774	867,453	920,907	1,550,327	1,496,254	2
Changes in Deferred Income Taxes	15,787	92,856	164,187	(253,905)	537,886	3
Changes in Working Capital	147,225	27,519	(275,789)	(781,040)	607,615	4
Capitalized AFDC - Equity						5
Other	176,607	104,762	42,649	223,405	(1,385,668)	6
Total Non-Cash Items	1,093,393	1,092,590	851,954	738,787	1,256,087	7
Net Cash Provided From Operating Activities	<u>998,774</u>	<u>979,943</u>	<u>709,384</u>	<u>913,253</u>	<u>1,190,786</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,218,047)	(1,126,897)	(775,500)	(994,661)	(1,043,702)	9
Purchase of Other Investments				(300,000)	(375,000)	10
Sale of Other Investments	(16,252)	5,123	4,816	81,557	1,970,182	11
Other						12
Net Cash Provided From Investing Activities	<u>(1,234,299)</u>	<u>(1,121,774)</u>	<u>(770,684)</u>	<u>(1,213,104)</u>	<u>551,480</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(72,323)	(284,866)	(271,148)	(256,627)	(242,881)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(98,600)	(98,600)	(98,600)	(98,600)	(98,600)	18
Other Financing					(285,714)	19
Net Cash Provided From Financing Activities	<u>(170,923)</u>	<u>(383,466)</u>	<u>(369,748)</u>	<u>(355,227)</u>	<u>(627,195)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(406,448)	(525,297)	(431,048)	(655,078)	1,115,071	21
Cash & Equivalents at Beginning of Year	1,585,978	2,111,275	2,542,323	3,197,401	2,082,330	22
Cash & Equivalents at End of Year	\$1,179,530	\$1,585,978	\$2,111,275	\$2,542,323	\$3,197,401	23

Middleburgh Telephone Company
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$4,433,141	\$4,569,064	\$4,670,397	\$5,716,151	\$5,081,086
2 Access Lines	5,846	6,038	6,376	6,778	7,094
DOLLAR AMOUNTS					
3 Wages and Benefits	\$2,114,713	\$2,114,856	\$2,101,875	\$2,100,032	\$2,210,423
4 Depreciation and Amortization	753,199	841,381	920,907	1,550,327	1,496,254
5 Other Operations Expense	979,977	1,017,626	1,064,024	1,002,375	966,517
6 Total Operation Expenses	3,847,889	3,973,863	4,086,806	4,652,734	4,673,194
7 Income Taxes - Operating Taxes	64,639	73,993	56,570	148,226	(443,215)
8 Other Taxes - Operating Taxes	301,695	310,325	319,357	325,835	387,838
9 Capital Costs	218,918	210,883	207,664	589,356	463,269
10 Total	\$4,433,141	\$4,569,064	\$4,670,397	\$5,716,151	\$5,081,086
PERCENT OF REVENUES					
11 Wages and Benefits	47.7	46.3	45.0	36.7	43.5
12 Depreciation and Amortization	17.0	18.4	19.7	27.1	29.4
13 Other Operations Expense	22.1	22.3	22.8	17.5	19.0
14 Income Taxes - Operating Taxes	1.5	1.6	1.2	2.6	(8.7)
15 Other Taxes - Operating Taxes	6.8	6.8	6.8	5.7	7.6
16 Capital Costs	4.9	4.6	4.4	10.3	9.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	361.74	350.26	329.65	309.83	311.59
19 Depreciation and Amortization	128.84	139.35	144.43	228.73	210.92
20 Other Operations Expense	167.63	168.54	166.88	147.89	136.24
21 Income Taxes - Operating Taxes	11.06	12.25	8.87	21.87	(62.48)
22 Other Taxes - Operating Taxes	51.61	51.40	50.09	48.07	54.67
23 Capital Costs	37.45	34.93	32.57	86.95	65.30
24 Total	758.32	756.72	732.50	843.34	716.25

Middleburgh Telephone Company
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,556,657	\$3,455,598	\$3,385,012	\$3,135,067	\$3,036,643	1
Central Office Assets	7,944,444	7,144,469	6,928,713	6,653,180	6,862,705	2
Information Origination/Termination	67,071	67,832	69,264	70,966	73,454	3
Cable And Wire Facilities	11,236,945	11,050,186	10,864,426	10,583,427	10,259,077	4
Amortizable Assets						5
Total Plant In Service	22,805,117	21,718,085	21,247,415	20,442,640	20,231,879	6
Property Held For Future Use						7
Plant Under Construction	443,639	467,618	53,970	246,046	176,779	8
Tel. Acquisition						9
Other Plant	(50)	(50)	(50)	(50)	(50)	10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	23,248,706	22,185,653	21,301,335	20,688,636	20,408,608	13
Less Acc. Prov. For Depreciation & Amort.	17,847,674	17,136,424	16,510,528	15,751,168	14,810,807	14
Net Total Utility Plant	\$5,401,032	\$5,049,229	\$4,790,807	\$4,937,468	\$5,597,801	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	12.10	10.20	18.66	12.44	4.33	16
Total Capitalization	\$9,308,149	\$9,573,691	\$10,069,804	\$10,582,122	\$10,762,883	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	12.1%	12.5%	14.7%	16.6%	18.7%	18
Preferred Stock						19
Common Stock & Retained Earnings	87.9%	87.5%	85.3%	83.4%	81.3%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	0.14	0.20	0.19	3.10	1.42	22
Com. Stock Dividends as a % of Earnings	-104.2%	-87.5%	-69.2%	56.5%	-151.0%	23
Return on Common Equity	-1.1%	-1.3%	-1.6%	2.0%	-0.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	82.0%	87.0%	91.5%	91.8%	114.1%	25
CWIP as a % of Plant	1.9%	2.1%	0.3%	1.2%	0.9%	26

Current Assets	2,389,302	2,933,408	3,414,352	3,699,444	4,239,915
Current Liabilities	197,406	287,627	182,964	297,435	979,110
Total Capitalization	9,308,149	9,573,691	10,069,804	10,582,122	10,762,883
Long-Term Debt	1,126,773	1,199,096	1,483,962	1,755,110	2,011,737
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	8,181,376	8,374,595	8,585,842	8,827,012	8,751,146
Short-Term Debt					
Pretax Income	13,085	22,254	33,275	471,730	201,702
Interest Expense	91,917	111,893	171,965	152,131	142,378
Common Dividends Paid	98,600	98,600	98,600	98,600	98,600
Net Income (Excl. Preferred Stock Dividends)	(94,619)	(112,647)	(142,570)	174,466	(65,301)
Internal Cash	998,774	979,943	709,384	913,254	1,190,786
Cash Outflows for Construction	(1,218,047)	(1,126,897)	(775,500)	(994,661)	(1,043,702)
CWIP	443,639	467,618	53,970	246,046	176,779
Total Plant	23,248,706	22,185,653	21,301,335	20,688,636	20,408,608
Shares Outstanding	580	580	580	580	580
Number of Employees	32	35	36	36	39

New York Telephone Company
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$1,484,168,850)	(\$591,174,690)	(\$860,599,054)	(\$911,515,356)	(\$818,803,311)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,217,966,993	1,229,000,198	1,333,465,921	1,404,258,778	1,526,072,099	2
Changes in Deferred Income Taxes	91,524,748	125,181,991	(181,696,747)	(244,036,543)	(89,796,242)	3
Changes in Working Capital	(58,124,000)	(108,720,527)	(287,495,633)	28,061,187	(330,229,479)	4
Capitalized AFDC - Equity						5
Other	1,471,761,988	219,939,052	419,042,839	553,732,375	259,887,158	6
Total Non-Cash Items	2,723,129,730	1,465,400,714	1,283,316,379	1,742,015,797	1,365,933,536	7
Net Cash Provided From Operating Activities	<u>1,238,960,880</u>	<u>874,226,024</u>	<u>422,717,325</u>	<u>830,500,441</u>	<u>547,130,225</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,203,835,048)	(1,304,557,987)	(1,369,455,620)	(1,328,229,759)	(1,340,333,601)	9
Purchase of Other Investments	(243,900)	(2,877,094)	1,383,730	(26,361,051)	(6,795,438)	10
Sale of Other Investments	64,649,720	53,638,000	(55,269,478)	75,476,889	(95,574,447)	11
Other	(10,799,820)	(79,173,000)				12
Net Cash Provided From Investing Activities	<u>(1,150,229,048)</u>	<u>(1,332,970,081)</u>	<u>(1,423,341,368)</u>	<u>(1,279,113,921)</u>	<u>(1,442,703,486)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(400,000,000)		(250,000,000)		(1,038,778)	14
Common Stock			6,938			15
Preferred Stock						16
Short-Term Debt	318,184,404	451,691,329	785,343,805	(1,562,357,241)	907,673,006	17
Dividends Paid						18
Other Financing	(6,916,237)	7,052,729	465,273,302	2,010,968,085	(11,095,065)	19
Net Cash Provided From Financing Activities	<u>(88,731,833)</u>	<u>457,771,844</u>	<u>534,180,601</u>	<u>433,175,257</u>	<u>893,489,236</u>	20
Net Increase (Decrease) in Cash & Equivalents	(1)	(972,213)	(466,443,441)	(15,438,222)	(2,084,025)	21
Cash & Equivalents at Beginning of Year	1	1,231,034	467,674,475	483,112,697	485,196,722	22
Cash & Equivalents at End of Year	(\$0)	\$258,820	\$1,231,034	\$467,674,475	\$483,112,697	23

New York Telephone Company
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$4,982,344,773	\$5,175,956,679	\$5,453,306,123	\$5,446,265,183	\$5,845,018,008
2 Access Lines	4,665,881	5,277,272	5,992,778	6,801,105	7,585,762
DOLLAR AMOUNTS					
3 Wages and Benefits	\$3,975,787,157	\$2,936,291,598	\$2,904,729,672	\$3,355,944,666	\$3,417,769,417
4 Depreciation and Amortization	1,217,966,993	1,229,000,198	1,333,465,921	1,404,258,778	1,526,072,772
5 Other Operations Expense	2,046,021,754	2,127,242,426	1,974,468,596	1,752,622,955	1,688,534,298
6 Total Operation Expenses	7,239,775,904	6,292,534,222	6,212,664,189	6,512,826,400	6,632,376,487
7 Income Taxes - Operating Taxes	(986,825,930)	(677,380,007)	(541,454,956)	(532,448,533)	(454,528,305)
8 Other Taxes - Operating Taxes	420,077,795	450,691,662	466,543,046	481,126,927	524,368,813
9 Capital Costs	(1,690,682,996)	(889,889,198)	(684,446,156)	(1,015,239,610)	(857,198,986)
10 Total	\$4,982,344,773	\$5,175,956,679	\$5,453,306,123	\$5,446,265,183	\$5,845,018,008
PERCENT OF REVENUES					
11 Wages and Benefits	79.8	56.7	53.3	61.6	58.5
12 Depreciation and Amortization	24.4	23.7	24.5	25.8	26.1
13 Other Operations Expense	41.1	41.1	36.2	32.2	28.9
14 Income Taxes - Operating Taxes	(19.8)	(13.1)	(9.9)	(9.8)	(7.8)
15 Other Taxes - Operating Taxes	8.4	8.7	8.6	8.8	9.0
16 Capital Costs	(33.9)	(17.2)	(12.6)	(18.6)	(14.7)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	852.10	556.40	484.71	493.44	450.55
19 Depreciation and Amortization	261.04	232.89	222.51	206.48	201.18
20 Other Operations Expense	438.51	403.10	329.47	257.70	222.59
21 Income Taxes - Operating Taxes	(211.50)	(128.36)	(90.35)	(78.29)	(59.92)
22 Other Taxes - Operating Taxes	90.03	85.40	77.85	70.74	69.13
23 Capital Costs	(362.35)	(168.63)	(114.21)	(149.28)	(113.00)
24 Total	1,067.83	980.80	909.98	800.79	770.52

Notes:

(1) In 1996 and 1997, New York Tel's expenses increased primarily due to the cost related to pension enhancements, and various tax, benefit and legal obligations (\$523M in 1994; \$519M in 1995; \$100M in 1996; and \$263M in 1997 - pretax).

(2) New York Telephone's expenses increased in 1997 by \$397M due to the costs related to consolidations and the merger with Bell Atlantic.

**New York Telephone Company
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,**

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,362,887,657	\$3,457,685,558	\$3,493,101,498	\$3,455,344,153	\$3,614,141,113	1
Central Office Assets	11,298,110,583	11,634,028,203	11,544,489,127	11,732,866,459	12,203,683,512	2
Information Origination/Termination	257,751,813	326,827,625	376,661,037	441,041,359	467,923,570	3
Cable And Wire Facilities	14,197,055,055	15,358,946,511	14,606,858,045	13,814,431,763	12,987,726,754	4
Amortizable Assets	283,809,331	311,500,828	321,423,702	386,716,275	535,079,061	5
Total Plant In Service	29,399,614,439	31,088,988,725	30,342,533,410	29,830,400,009	29,808,554,010	6
Property Held For Future Use			1,757,345		1,856,610	7
Plant Under Construction	270,657,792	216,957,298	181,377,665	235,450,947	373,710,957	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	15,397,450	13,007,288	16,435,541	18,717,181	27,171,406	11
Goodwill						12
Total Telecommunications Plant	29,685,669,681	31,318,953,310	30,542,103,962	30,084,568,137	30,211,292,983	13
Less Acc. Prov. For Depreciation & Amort.	19,126,125,850	20,840,004,083	20,202,690,440	19,735,045,854	19,706,082,848	14
Net Total Utility Plant	\$10,559,543,832	\$10,478,949,227	\$10,339,413,522	\$10,349,522,283	\$10,505,210,134	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.21	0.22	0.34	0.43	0.34	16
Total Capitalization	\$5,017,865,064	\$6,723,324,529	\$6,703,395,963	\$7,030,850,843	\$7,470,658,523	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	44.9%	33.5%	39.5%	37.7%	38.8%	18
Preferred Stock						19
Common Stock & Retained Earnings	-17.0%	11.5%	18.0%	29.4%	12.6%	20
Short-Term Debt	72.1%	55.1%	42.5%	32.9%	48.6%	21
Pretax Coverage of Interest Expense	-6.20	-3.27	-3.73	-3.79	-2.85	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	3612.3%	-59.9%	-52.7%	-82.4%	-91.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	102.9%	67.0%	30.9%	62.5%	40.8%	25
CWIP as a % of Plant	0.9%	0.7%	0.6%	0.8%	1.2%	26

Current Assets	970,776,212	1,061,263,345	1,467,431,405	1,680,677,520	1,792,344,737
Current Liabilities	4,614,761,501	4,806,996,212	4,363,676,084	3,948,883,272	5,245,892,135
Total Capitalization	5,017,865,064	6,723,324,529	6,703,395,963	7,030,850,843	7,470,658,523
Long-Term Debt	2,250,735,680	2,251,102,617	2,649,688,104	2,651,160,078	2,900,371,877
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	(852,802,724)	770,630,761	1,203,798,402	2,064,589,184	942,958,806
Short-Term Debt	3,619,932,108	3,701,591,151	2,849,909,457	2,315,101,582	3,627,327,840
Pretax Income	(2,114,458,214)	(962,842,087)	(1,101,597,409)	(1,397,068,859)	(1,107,866,656)
Interest Expense	341,143,136	294,758,451	295,536,035	368,219,306	388,495,098
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(1,484,168,850)	(591,174,690)	(860,599,054)	(1,239,620,202)	(1,053,576,799)
Internal Cash	1,238,960,880	874,226,024	422,717,325	830,500,441	547,130,225
Cash Outflows for Construction	(1,203,835,048)	(1,304,557,987)	(1,369,455,620)	(1,328,229,759)	(1,340,333,601)
CWIP	270,657,792	216,957,298	181,377,665	235,450,947	373,710,957
Total Plant	29,685,669,681	31,318,953,310	30,542,103,962	30,084,568,139	30,211,292,983
Shares Outstanding	1	1	1	1	1
Number of Employees	16,397	19,673	20,548	22,562	24,461

Newport Telephone Company, Inc.
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$276,516)	(\$331,421)	\$368,490	\$169,739	\$176,587	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	\$513,969	591,808	612,513	584,293	540,696	2
Changes in Deferred Income Taxes	(42,935)	(29,970)	227,896	(302,369)	(559,147)	3
Changes in Working Capital	137,153	(452,405)	(61,510)	227,368	203,280	4
Capitalized AFDC - Equity						5
Other	76,635	(197,966)	(784,097)	(89,467)	(462,253)	6
Total Non-Cash Items	684,822	(88,533)	(5,198)	419,825	(277,424)	7
Net Cash Provided From Operating Activities	<u>408,306</u>	<u>(419,954)</u>	<u>363,292</u>	<u>589,564</u>	<u>(100,837)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(182,098)	(185,359)	(432,320)	(373,590)	(480,565)	9
Purchase of Other Investments	(293,526)	(274,465)	(1,585,789)	(269,628)	(1,174,331)	10
Sale of Other Investments	303,507	953,389	1,484,383	458,908	1,915,887	11
Other				1,700,000		12
Net Cash Provided From Investing Activities	<u>(172,117)</u>	<u>493,565</u>	<u>(533,726)</u>	<u>1,515,690</u>	<u>260,991</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(53,095)	(37,551)	(35,597)	(146,774)	(139,638)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid				(1,700,000)		18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(53,095)</u>	<u>(37,551)</u>	<u>(35,597)</u>	<u>(1,846,774)</u>	<u>(139,638)</u>	20
Net Increase (Decrease) in Cash & Equivalents	183,094	36,060	(206,031)	258,480	20,516	21
Cash & Equivalents at Beginning of Year	195,578	159,518	365,549	107,069	86,553	22
Cash & Equivalents at End of Year	\$378,672	\$195,578	\$159,518	\$365,549	\$107,069	23

Newport Telephone Company, Inc.
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$2,540,848	\$2,524,657	\$2,922,394	\$2,877,436	\$2,735,299
2 Access Lines	2,987	3,147	3,267	3,424	3,527
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,442,021	\$1,493,698	\$1,485,758	\$1,458,840	\$1,429,756
4 Depreciation and Amortization	511,246	563,765	588,068	583,106	539,509
5 Other Operations Expense	733,077	784,829	380,355	805,562	888,095
6 Total Operation Expenses	2,686,344	2,842,292	2,454,181	2,847,508	2,857,360
7 Income Taxes - Operating Taxes	(108,054)	(211,335)	43,995	(91,389)	(134,760)
8 Other Taxes - Operating Taxes	168,103	174,985	172,104	197,290	234,877
9 Capital Costs	(205,545)	(281,285)	252,114	(75,973)	(222,178)
10 Total	\$2,540,848	\$2,524,657	\$2,922,394	\$2,877,436	\$2,735,299
PERCENT OF REVENUES					
11 Wages and Benefits	56.8	59.2	50.8	50.7	52.3
12 Depreciation and Amortization	20.1	22.3	20.1	20.3	19.7
13 Other Operations Expense	28.9	31.1	13.0	28.0	32.5
14 Income Taxes - Operating Taxes	(4.3)	(8.4)	1.5	(3.2)	(4.9)
15 Other Taxes - Operating Taxes	6.6	6.9	5.9	6.9	8.6
16 Capital Costs	(8.1)	(11.1)	8.6	(2.6)	(8.1)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	482.77	474.64	454.78	426.06	405.37
19 Depreciation and Amortization	171.16	179.14	180.00	170.30	152.97
20 Other Operations Expense	245.42	249.39	116.42	235.27	251.80
21 Income Taxes - Operating Taxes	(36.17)	(67.15)	13.47	(26.69)	(38.21)
22 Other Taxes - Operating Taxes	56.28	55.60	52.68	57.62	66.59
23 Capital Costs	(68.81)	(89.38)	77.17	(22.19)	(62.99)
24 Total	850.64	802.24	894.52	840.37	775.53

Newport Telephone Company, Inc.
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,662,111	\$2,680,058	\$2,680,058	\$2,668,041	\$2,682,246	1
Central Office Assets	3,159,974	3,120,567	2,978,869	3,037,118	2,930,585	2
Information Origination/Termination	83,613	85,061	86,816	87,408	88,440	3
Cable And Wire Facilities	5,321,102	5,237,149	5,171,167	4,877,137	4,785,771	4
Amortizable Assets	45	45	45	45	45	5
Total Plant In Service	11,226,845	11,122,880	10,916,955	10,669,749	10,487,087	6
Property Held For Future Use						7
Plant Under Construction	46,095	30,436	70,137	237,143	104,782	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	11,272,940	11,153,316	10,987,092	10,906,892	10,591,869	13
Less Acc. Prov. For Depreciation & Amort.	8,576,991	8,101,865	7,533,546	7,268,678	6,719,462	14
Net Total Utility Plant	\$2,695,949	\$3,051,451	\$3,453,546	\$3,638,214	\$3,872,407	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	6.05	-9.97	0.92	1.41	1.48	16
Total Capitalization	\$4,241,557	\$4,533,378	\$4,945,639	\$4,895,312	\$6,559,523	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	17.7%	17.8%	17.0%	17.9%	15.6%	18
Preferred Stock						19
Common Stock & Retained Earnings	82.3%	82.2%	83.0%	82.1%	84.4%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	-6.46	-7.69	5.27	1.89	3.38	22
Com. Stock Dividends as a % of Earnings				1001.5%		23
Return on Common Equity	-7.7%	-8.5%	9.1%	3.6%	3.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	224.2%	-226.6%	84.0%	157.8%	-21.0%	25
CWIP as a % of Plant	0.4%	0.3%	0.6%	2.2%	1.0%	26

Current Assets	718,253	550,811	527,331	760,370	543,476
Current Liabilities	118,714	(55,241)	571,502	538,561	368,096
Total Capitalization	4,241,557	4,533,378	4,945,639	4,895,312	6,559,523
Long-Term Debt	752,292	805,387	842,938	878,535	1,025,309
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	3,489,265	3,727,991	4,102,701	4,016,777	5,534,214
Short-Term Debt					
Pretax Income	(327,638)	(498,391)	448,547	193,729	312,856
Interest Expense	50,738	64,847	85,150	102,271	92,597
Common Dividends Paid				1,700,000	
Net Income (Excl. Preferred Stock Dividends)	(276,516)	(331,421)	368,490	169,739	176,587
Internal Cash	408,306	(419,954)	363,292	589,564	(100,837)
Cash Outflows for Construction	(182,098)	(185,359)	(432,320)	(373,590)	(480,565)
CWIP	46,095	30,436	70,137	237,143	104,782
Total Plant	11,272,940	11,153,316	10,987,092	10,906,892	10,591,869
Shares Outstanding	23	23	23	23	23
Number of Employees	20	20	23	23	23

Nicholville Telephone Company, Inc.
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$13,909)	(\$227,115)	(\$121,323)	(\$528,063)	\$10,909	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	290,941	299,350	445,273	532,424	467,305	2
Changes in Deferred Income Taxes	(168,238)	(291,898)	1,963	9,313	(233,602)	3
Changes in Working Capital	264,186	845,153	(9,423)	95,027	(107,705)	4
Capitalized AFDC - Equity						5
Other	(54,657)	15,410	(187,623)	139,899	(83,674)	6
Total Non-Cash Items	332,232	868,015	250,190	776,663	42,324	7
Net Cash Provided From Operating Activities	<u>318,323</u>	<u>640,900</u>	<u>128,867</u>	<u>248,600</u>	<u>53,233</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(82,982)	(49,231)	(348,421)	(334,523)	(315,150)	9
Purchase of Other Investments	(10,209)	(588,362)	63,916	(73,422)	(111,835)	10
Sale of Other Investments	13,725			(2,502)	1,152,044	11
Other						12
Net Cash Provided From Investing Activities	<u>(79,466)</u>	<u>(637,593)</u>	<u>(284,505)</u>	<u>(410,447)</u>	<u>725,059</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(241,363)	(226,692)	(212,970)	(200,221)	(188,288)	14
Common Stock						15
Preferred Stock				(13,324)	77,436	16
Short-Term Debt	22,685	(10,134)	(26,774)	(8,067)	(8,225)	17
Dividends Paid	(8,067)	(8,067)	(8,067)		3,092	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(226,745)</u>	<u>(244,893)</u>	<u>(247,811)</u>	<u>(221,612)</u>	<u>(115,985)</u>	20
Net Increase (Decrease) in Cash & Equivalents	12,112	(241,586)	(403,449)	(383,459)	662,307	21
Cash & Equivalents at Beginning of Year	115,986	357,572	761,021	1,144,480	482,173	22
Cash & Equivalents at End of Year	\$128,098	\$115,986	\$357,572	\$761,021	\$1,144,480	23

Nicholville Telephone Company, Inc.
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$2,157,188	\$2,277,533	\$2,457,366	\$2,793,775	\$3,127,839
2 Access Lines	1,556	1,706	1,865	2,201	2,401
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,036,957	\$1,227,171	\$1,284,388	\$1,439,605	\$1,374,597
4 Depreciation and Amortization	259,412	265,627	410,645	525,701	466,186
5 Other Operations Expense	727,037	815,898	896,038	923,781	840,918
6 Total Operation Expenses	2,023,406	2,308,696	2,591,071	2,889,087	2,681,701
7 Income Taxes - Operating Taxes	(54,461)	(104,313)	(119,544)	(185,621)	(225,044)
8 Other Taxes - Operating Taxes	139,883	151,966	147,005	152,317	194,619
9 Capital Costs	48,360	(78,816)	(\$161,166)	(\$62,008)	\$476,563
10 Total	\$2,157,188	\$2,277,533	\$2,457,366	\$2,793,775	\$3,127,839
PERCENT OF REVENUES					
11 Wages and Benefits	48.1	53.9	52.3	51.5	43.9
12 Depreciation and Amortization	12.0	11.7	16.7	18.8	14.9
13 Other Operations Expense	33.7	35.8	36.5	33.1	26.9
14 Income Taxes - Operating Taxes	(2.5)	(4.6)	(4.9)	(6.6)	(7.2)
15 Other Taxes - Operating Taxes	6.5	6.7	6.0	5.5	6.2
16 Capital Costs	2.2	(3.5)	(6.6)	(2.2)	15.2
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	666.42	719.33	688.68	654.07	572.51
19 Depreciation and Amortization	166.72	155.70	220.19	238.85	194.16
20 Other Operations Expense	467.25	478.25	480.45	419.71	350.24
21 Income Taxes - Operating Taxes	(35.00)	(61.14)	(64.10)	(84.33)	(93.73)
22 Other Taxes - Operating Taxes	89.90	89.08	78.82	69.20	81.06
23 Capital Costs	31.08	(46.20)	(86.42)	(28.17)	198.49
24 Total	1,386.37	1,335.01	1,317.62	1,269.32	1,302.72

Nicholville Telephone Company, Inc.
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,866,695	\$2,997,056	\$2,970,852	\$2,880,796	\$2,862,643	1
Central Office Assets	1,766,772	1,786,517	3,214,924	3,009,596	2,721,253	2
Information Origination/Termination	205,230	205,230	207,958	207,958	207,958	3
Cable And Wire Facilities	5,012,230	4,972,331	4,961,191	4,928,981	4,910,105	4
Amortizable Assets	150	150	150	150	150	5
Total Plant In Service	9,851,077	9,961,285	11,355,075	11,027,481	10,702,109	6
Property Held For Future Use						7
Plant Under Construction	1,128	27,666	11,508	34,338	75,958	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	9,852,205	9,988,951	11,366,583	11,061,819	10,778,067	13
Less Acc. Prov. For Depreciation & Amort.	7,573,937	7,491,166	8,647,472	8,223,424	7,729,236	14
Net Total Utility Plant	\$2,278,268	\$2,497,785	\$2,719,111	\$2,838,395	\$3,048,831	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.76	1.02	3.52	2.88	4.16	16
Total Capitalization	\$2,925,064	\$3,165,718	\$3,659,026	\$4,028,744	\$4,777,836	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	45.0%	47.4%	47.6%	48.8%	45.6%	18
Preferred Stock	3.4%	3.2%	2.7%	2.5%	2.1%	19
Common Stock & Retained Earnings	43.7%	41.1%	42.5%	41.9%	46.5%	20
Short-Term Debt	7.9%	8.4%	7.1%	6.9%	5.8%	21
Pretax Coverage of Interest Expense	0.47	-1.56	-0.45	-1.62	2.05	22
Com. Stock Dividends as a % of Earnings	-10.4%	-0.9%	-1.6%	-0.4%	45.3%	23
Return on Common Equity	-1.5%	-16.3%	-7.9%	-27.3%	0.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	383.6%	1301.8%	37.0%	74.5%	16.9%	25
CWIP as a % of Plant	0.0%	0.3%	0.1%	0.3%	0.7%	26

Current Assets	687,668	625,151	1,597,013	2,286,080	2,600,358
Current Liabilities	910,728	611,056	453,391	792,997	625,519
Total Capitalization	2,925,064	3,165,718	3,659,026	4,028,744	4,777,836
Long-Term Debt	1,316,784	1,498,984	1,741,894	1,965,865	2,179,824
Preferred Stock	100,000	100,000	100,000	100,000	100,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,278,290	1,300,266	1,556,749	1,686,723	2,222,269
Short-Term Debt	229,990	266,468	260,383	276,156	275,743
Pretax Income	59,631	(200,916)	(72,071)	(313,123)	335,522
Interest Expense	125,740	128,662	161,465	193,655	163,445
Common Dividends Paid	2,067	2,067	2,067	2,067	2,225
Net Income (Excl. Preferred Stock Dividends)	(19,909)	(233,115)	(127,323)	(533,479)	4,909
Internal Cash	318,323	640,900	128,867	249,184	53,233
Cash Outflows for Construction	(82,982)	(49,231)	(348,421)	(334,523)	(315,150)
CWIP	1,128	27,666	11,508	34,338	75,958
Total Plant	9,852,205	9,988,951	11,366,583	11,061,819	10,778,067
Shares Outstanding	689	689	689	689	689
Number of Employees	16	17	17	15	16

Ogden Telephone Company
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$568,674	\$1,501,054	\$1,972,992	\$1,654,407	\$2,955,460	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	2,128,298	2,095,799	2,079,198	2,064,042	2,027,715	2
Changes in Deferred Income Taxes	(78,672)	164,329	323,689	(399,161)	(209,857)	3
Changes in Working Capital	398,933	408,710	(947,123)	428,156	607,224	4
Capitalized AFDC - Equity						5
Other	(672,113)	(628,873)	(1,250,390)	3,066,064	(507,779)	6
Total Non-Cash Items	1,776,447	2,039,966	205,374	5,159,101	1,917,303	7
Net Cash Provided From Operating Activities	<u>2,345,121</u>	<u>3,541,020</u>	<u>2,178,366</u>	<u>6,813,508</u>	<u>4,872,763</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(519,557)	(704,079)	(986,135)	(1,289,962)	(1,354,015)	9
Purchase of Other Investments	(1,813,512)	(2,805,521)	(1,009,525)	(2,569,822)	(3,554,807)	10
Sale of Other Investments				7,348		11
Other	(58,490)	(101,597)	(224,132)			12
Net Cash Provided From Investing Activities	<u>(2,391,559)</u>	<u>(3,611,197)</u>	<u>(2,219,792)</u>	<u>(3,852,436)</u>	<u>(4,908,822)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	49,946	46,399	44,838	(2,958,083)	41,184	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing						19
Net Cash Provided From Financing Activities	<u>49,946</u>	<u>46,399</u>	<u>44,838</u>	<u>(2,958,083)</u>	<u>41,184</u>	20
Net Increase (Decrease) in Cash & Equivalents	3,509	(23,778)	3,412	2,989	5,125	21
Cash & Equivalents at Beginning of Year	(5,041)	18,736	15,325	12,335	7,210	22
Cash & Equivalents at End of Year	(\$1,532)	(\$5,041)	\$18,736	\$15,325	\$12,335	23

**Ogden Telephone Company
Distribution of Telephone Revenues
Years ended December 31,**

	2010	2009	2008	2007	2006
1 Revenues	\$8,019,602	\$8,773,815	\$8,515,619	\$9,167,205	\$10,003,962
2 Access Lines	12,225	13,484	14,723	16,310	18,293
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,091,261	\$1,074,064	\$973,887	\$970,481	\$1,007,809
4 Depreciation and Amortization	2,128,298	2,095,799	2,079,198	2,064,042	2,027,715
5 Other Operations Expense	3,251,254	2,425,845	2,222,234	2,156,158	2,286,128
6 Total Operation Expenses	6,470,813	5,595,709	5,275,319	5,190,682	5,321,652
7 Income Taxes - Operating Taxes	26,752	638,431	1,094,237	838,254	1,507,943
8 Other Taxes - Operating Taxes	627,711	689,284	673,155	688,689	868,196
9 Capital Costs	894,326	1,850,391	1,472,908	2,449,580	2,306,172
10 Total	\$8,019,602	\$8,773,815	\$8,515,619	\$9,167,205	\$10,003,962
PERCENT OF REVENUES					
11 Wages and Benefits	13.6	12.2	11.4	10.6	10.1
12 Depreciation and Amortization	26.5	23.9	24.4	22.5	20.3
13 Other Operations Expense	40.5	27.6	26.1	23.5	22.9
14 Income Taxes - Operating Taxes	0.3	7.3	12.8	9.1	15.1
15 Other Taxes - Operating Taxes	7.8	7.9	7.9	7.5	8.7
16 Capital Costs	11.2	21.1	17.3	26.7	23.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	89.26	79.65	66.15	59.50	55.09
19 Depreciation and Amortization	174.09	155.43	141.22	126.55	110.85
20 Other Operations Expense	265.95	179.91	150.94	132.20	124.97
21 Income Taxes - Operating Taxes	2.19	47.35	74.32	51.40	82.43
22 Other Taxes - Operating Taxes	51.35	51.12	45.72	42.22	47.46
23 Capital Costs	73.16	137.23	100.04	150.19	126.07
24 Total	656.00	650.68	578.39	562.06	546.87

Ogden Telephone Company
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,268,439	\$3,260,102	\$3,292,234	\$3,222,397	\$3,139,418	1
Central Office Assets	20,133,459	19,838,454	19,621,585	19,204,732	18,980,738	2
Information Origination/Termination	134,008	134,008	134,008	134,008	134,008	3
Cable And Wire Facilities	23,202,493	22,938,735	22,387,806	21,596,891	20,867,249	4
Amortizable Assets						5
Total Plant In Service	46,738,399	46,171,299	45,435,633	44,158,028	43,121,413	6
Property Held For Future Use						7
Plant Under Construction	291,899	339,440	371,028	662,500	463,507	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant					210,874	11
Goodwill						12
Total Telecommunications Plant	47,030,298	46,510,739	45,806,661	44,820,527	43,795,794	13
Less Acc. Prov. For Depreciation & Amort.	35,826,594	33,756,769	31,762,567	29,907,502	28,101,341	14
Net Total Utility Plant	\$11,203,704	\$12,753,970	\$14,044,094	\$14,913,025	\$15,694,453	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.76	0.97	1.19	0.78	0.96	16
Total Capitalization	\$32,908,082	\$32,969,960	\$32,063,459	\$30,650,442	\$29,524,521	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	1.5%	3.6%	5.6%	7.8%	10.0%	18
Preferred Stock						19
Common Stock & Retained Earnings	96.4%	94.5%	92.5%	90.3%	88.2%	20
Short-Term Debt	2.0%	1.9%	1.9%	1.8%	1.8%	21
Pretax Coverage of Interest Expense	8.67	17.59	21.32	11.18	19.67	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	1.8%	4.9%	6.9%	6.2%	12.0%	24
Internal Cash Generated as a % of Cash Outflows for Construction	591.9%	597.3%	279.9%	581.7%	359.9%	25
CWIP as a % of Plant	0.6%	0.7%	0.8%	1.5%	1.1%	26

Current Assets	1,597,088	2,059,585	2,493,566	1,818,185	2,081,424
Current Liabilities	2,102,217	2,129,618	2,094,979	2,323,817	2,173,628
Total Capitalization	32,908,082	32,969,960	32,063,459	30,650,442	29,524,521
Long-Term Debt	502,624	1,172,862	1,803,554	2,398,108	2,958,083
Preferred Stock			-	-	
Common Stock and Retained Earnings (Excl. Preferred Stock)	31,735,079	31,166,405	29,665,351	27,692,359	26,037,952
Short-Term Debt	670,379	630,693	594,553	559,975	528,487
Pretax Income	920,000	2,499,663	3,218,140	2,737,546	4,702,524
Interest Expense	106,132	142,130	150,911	244,885	239,121
Common Dividends Paid			-	-	
Net Income (Excl. Preferred Stock Dividends)	568,674	1,501,055	1,972,992	1,654,407	2,955,460
Internal Cash	3,075,391	4,205,753	2,759,755	7,504,165	4,872,763
Cash Outflows for Construction	(519,557)	(704,079)	(986,135)	(1,289,962)	(1,354,013)
CWIP	291,899	339,440	371,029	662,500	463,507
Total Plant	47,030,298	46,510,741	45,806,661	44,820,528	43,795,794
Shares Outstanding	131,026	131,026	131,026	131,026	131,026
Number of Employees	15	15	15	22	16

Oneida County Rural Telephone Company
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$146,937	(\$135,817)	(\$172,718)	\$47,451	(\$285,240)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	599,794	606,765	711,120	854,507	881,426	2
Changes in Deferred Income Taxes	77,363	(32,734)	73,378	31,488	(160,601)	3
Changes in Working Capital	(51,092)	100,202	(516,649)	(6,888)	(564,474)	4
Capitalized AFDC - Equity						5
Other	(161,638)	7,734	108,730	(185,907)	97,639	6
Total Non-Cash Items	464,427	681,967	376,579	693,200	253,990	7
Net Cash Provided From Operating Activities	<u>611,364</u>	<u>546,150</u>	<u>203,861</u>	<u>740,651</u>	<u>(31,250)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(165,484)	(27,176)	(211,467)	(547,158)	(768,629)	9
Purchase of Other Investments	(568,998)	(664,594)	(705,539)	(771,423)	(722,798)	10
Sale of Other Investments	311,241	389,057	331,210	421,124	745,119	11
Other						12
Net Cash Provided From Investing Activities	<u>(423,241)</u>	<u>(302,713)</u>	<u>(585,796)</u>	<u>(897,457)</u>	<u>(746,308)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(208,051)		(704,121)	(123,155)	(200,529)	14
Common Stock		(100)				15
Preferred Stock	(1,400)	(608,024)				16
Short-Term Debt						17
Dividends Paid	(3,813)	(3,888)	(3,888)	(3,888)	(3,888)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(213,264)</u>	<u>(612,012)</u>	<u>(708,009)</u>	<u>(127,043)</u>	<u>(204,417)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(25,141)	(368,575)	(1,089,944)	(283,849)	(981,975)	21
Cash & Equivalents at Beginning of Year	1,039,444	1,408,019	2,497,963	2,781,812	3,763,788	22
Cash & Equivalents at End of Year	\$1,014,304	\$1,039,444	\$1,408,019	\$2,497,963	\$2,781,812	23

Oneida County Rural Telephone Company
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$3,410,376	\$2,452,351	\$2,798,051	\$3,002,841	\$3,270,731
2 Access Lines	2,327	2,635	2,972	3,289	3,543
DOLLAR AMOUNTS					
3 Wages and Benefits	\$820,433	\$886,315	\$1,140,599	\$1,070,661	\$1,509,393
4 Depreciation and Amortization	586,851	606,765	711,121	848,036	881,470
5 Other Operations Expense	1,448,320	839,430	995,728	963,887	1,082,757
6 Total Operation Expenses	2,855,604	2,332,510	2,847,448	2,882,584	3,473,620
7 Income Taxes - Operating Taxes	22,077	(176,050)	(168,630)	(96,712)	(197,305)
8 Other Taxes - Operating Taxes	211,266	218,124	218,582	226,760	238,947
9 Capital Costs	321,429	77,767	(99,349)	(9,791)	(244,531)
10 Total	\$3,410,376	\$2,452,351	\$2,798,051	\$3,002,841	\$3,270,731
PERCENT OF REVENUES					
11 Wages and Benefits	24.1	36.1	40.8	35.7	46.1
12 Depreciation and Amortization	17.2	24.7	25.4	28.2	27.0
13 Other Operations Expense	42.5	34.2	35.6	32.1	33.1
14 Income Taxes - Operating Taxes	0.6	(7.2)	(6.0)	(3.2)	(6.0)
15 Other Taxes - Operating Taxes	6.2	8.9	7.8	7.6	7.3
16 Capital Costs	9.4	3.2	(3.6)	(0.3)	(7.5)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	352.57	336.36	383.78	325.53	426.02
19 Depreciation and Amortization	252.19	230.27	239.27	257.84	248.79
20 Other Operations Expense	622.40	318.57	335.04	293.06	305.60
21 Income Taxes - Operating Taxes	9.49	(66.81)	(56.74)	(29.40)	(55.69)
22 Other Taxes - Operating Taxes	90.79	82.78	73.55	68.94	67.44
23 Capital Costs	138.13	29.51	(33.43)	(2.98)	(69.02)
24 Total	1,465.57	930.68	941.47	913.00	923.15

**Oneida County Rural Telephone Company
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,**

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,549,096	\$4,049,758	\$4,036,724	\$3,933,448	\$3,956,233	1
Central Office Assets	4,693,772	5,784,550	5,782,304	5,858,395	5,403,487	2
Information Origination/Termination	13,057	13,582	14,921	15,997	16,780	3
Cable And Wire Facilities	5,484,906	5,444,078	5,422,768	5,387,198	5,359,247	4
Amortizable Assets	43,125	43,125	43,125	43,125	43,125	5
Total Plant In Service	13,783,956	15,335,093	15,299,842	15,238,163	14,778,872	6
Property Held For Future Use						7
Plant Under Construction	441	142	8,095	36,814	5,978	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	13,784,397	15,335,235	15,307,937	15,274,977	14,784,850	13
Less Acc. Prov. For Depreciation & Amort.	9,238,403	10,289,963	9,674,772	9,133,130	8,351,912	14
Net Total Utility Plant	\$4,545,994	\$5,045,272	\$5,633,165	\$6,141,847	\$6,432,938	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.58	2.39	2.04	28.74	25.44	16
Total Capitalization	\$13,198,841	\$13,544,827	\$13,473,195	\$15,981,141	\$16,151,234	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	27.9%	28.8%	33.4%	32.6%	33.0%	18
Preferred Stock	0.3%	0.3%	0.3%	0.2%	0.2%	19
Common Stock & Retained Earnings	71.8%	71.0%	66.3%	67.2%	66.8%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	21
Pretax Coverage of Interest Expense	1.73	-0.56	-0.07	1.03	-0.55	22
Com. Stock Dividends as a % of Earnings	1.2%	-1.3%	-1.0%	4.0%	-0.6%	23
Return on Common Equity	1.5%	-1.5%	-1.8%	0.4%	-2.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	369.4%	2009.7%	96.4%	135.4%	-4.1%	25
CWIP as a % of Plant	0.0%	0.0%	0.1%	0.2%	0.0%	26

Current Assets	2,815,018	2,400,833	2,852,666	3,538,118	3,868,368
Current Liabilities	1,780,064	1,004,993	1,398,433	123,121	152,030
Total Capitalization	13,198,841	13,544,827	13,473,195	15,981,141	16,151,234
Long-Term Debt	3,687,392	3,895,443	4,503,467	5,207,588	5,330,743
Preferred Stock	33,350	34,750	34,850	34,850	34,850
Common Stock and Retained Earnings (Excl. Preferred Stock)	9,478,099	9,614,634	8,934,878	10,738,703	10,785,641
Short-Term Debt					
Pretax Income	591,887	(122,869)	(17,101)	284,711	(136,712)
Interest Expense	342,802	221,073	256,600	275,112	246,806
Common Dividends Paid	1,797	1,797	1,797	1,797	1,797
Net Income (Excl. Preferred Stock Dividends)	144,921	(137,908)	(174,809)	45,360	(285,240)
Internal Cash	611,364	546,151	203,861	740,652	(31,250)
Cash Outflows for Construction	(165,484)	(27,176)	(211,467)	(547,158)	(768,629)
CWIP	441	142	8,095	36,814	5,978
Total Plant	13,784,397	15,335,235	15,307,937	15,274,977	14,784,850
Shares Outstanding	1,702	1,702	1,702	1,702	1,702
Number of Employees	13	14	18	17	19

Ontario Telephone Company, Inc.
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$21,788)	\$125,635	\$169,036	\$315,013	\$246,703	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	600,324	593,297	587,210	510,884	546,813	2
Changes in Deferred Income Taxes	(23,940)	38,557	(33,538)	25,600	(224,164)	3
Changes in Working Capital	(157,022)	(340,757)	(515,976)	(244,579)	(117,202)	4
Capitalized AFDC - Equity						5
Other	39,549	104,266	(28,905)	(193,543)	72,869	6
Total Non-Cash Items	458,911	395,363	8,791	98,362	278,316	7
Net Cash Provided From Operating Activities	<u>437,123</u>	<u>520,998</u>	<u>177,827</u>	<u>413,375</u>	<u>525,019</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(303,696)	(168,764)	(276,929)	145,255	(1,897,949)	9
Purchase of Other Investments	(555,531)	(569,994)	(601,579)	(620,548)	(1,154,111)	10
Sale of Other Investments	1,167,019	590,403	665,033	712,453	1,651,580	11
Other	49,476					12
Net Cash Provided From Investing Activities	<u>357,268</u>	<u>(148,355)</u>	<u>(213,475)</u>	<u>237,160</u>	<u>(1,400,480)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(357,530)	(308,516)	(207,692)	(233,471)	385,715	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(39,533)			(13,134)	21,772	17
Dividends Paid	(43,686)	(43,532)	(43,466)	(70,828)	(71,118)	18
Other Financing			(113,614)	(148,837)	(118,662)	19
Net Cash Provided From Financing Activities	<u>(440,749)</u>	<u>(352,048)</u>	<u>(364,772)</u>	<u>(466,270)</u>	<u>113,591</u>	20
Net Increase (Decrease) in Cash & Equivalents	353,642	20,595	(400,420)	184,265	(761,870)	21
Cash & Equivalents at Beginning of Year	310,926	290,331	690,752	506,487	1,268,357	22
Cash & Equivalents at End of Year	\$664,568	\$310,926	\$290,331	\$690,752	\$506,487	23

Ontario Telephone Company, Inc.
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$3,296,261	\$3,480,943	\$3,369,015	\$3,330,312	\$3,461,813
2 Access Lines	2,587	2,938	3,517	3,944	4,512
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,181,208	\$998,944	\$1,071,224	\$1,016,615	\$1,031,368
4 Depreciation and Amortization	599,124	592,098	586,010	510,884	545,613
5 Other Operations Expense	1,395,821	1,331,990	1,251,269	1,347,010	1,398,297
6 Total Operation Expenses	3,176,153	2,923,032	2,908,503	2,874,509	2,975,278
7 Income Taxes - Operating Taxes	(24,095)	(20,593)	(28,844)	24,980	(62,973)
8 Other Taxes - Operating Taxes	155,480	244,892	259,494	253,169	254,400
9 Capital Costs	(11,277)	333,612	229,862	177,654	295,108
10 Total	\$3,296,261	\$3,480,943	\$3,369,015	\$3,330,312	\$3,461,813
PERCENT OF REVENUES					
11 Wages and Benefits	35.8	28.7	31.8	30.5	29.8
12 Depreciation and Amortization	18.2	17.0	17.4	15.3	15.8
13 Other Operations Expense	42.3	38.3	37.1	40.4	40.4
14 Income Taxes - Operating Taxes	(0.7)	(0.6)	(0.9)	0.8	(1.8)
15 Other Taxes - Operating Taxes	4.7	7.0	7.7	7.6	7.3
16 Capital Costs	(0.3)	9.6	6.8	5.3	8.5
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	456.59	340.01	304.58	257.76	228.58
19 Depreciation and Amortization	231.59	201.53	166.62	129.53	120.92
20 Other Operations Expense	539.55	453.37	355.78	341.53	309.91
21 Income Taxes - Operating Taxes	(9.31)	(7.01)	(8.20)	6.33	(13.96)
22 Other Taxes - Operating Taxes	60.10	83.35	73.78	64.19	56.38
23 Capital Costs	(4.36)	113.55	65.36	45.04	65.41
24 Total	1,274.16	1,184.80	957.92	844.40	767.25

Ontario Telephone Company, Inc.
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,449,951	\$2,331,420	\$2,253,115	\$2,174,248	\$2,155,509	1
Central Office Assets	3,716,579	3,659,465	3,629,737	3,501,152	5,791,187	2
Information Origination/Termination	117,318	97,796	95,198	95,343	79,947	3
Cable And Wire Facilities	6,452,762	6,347,519	6,287,254	6,234,076	6,019,505	4
Amortizable Assets						5
Total Plant In Service	12,736,610	12,436,200	12,265,304	12,004,819	14,046,148	6
Property Held For Future Use						7
Plant Under Construction	111,995	84,217	93,755	101,804	987,108	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	12,848,605	12,520,417	12,359,059	12,106,623	15,033,256	13
Less Acc. Prov. For Depreciation & Amort.	5,206,547	4,596,333	4,033,379	3,475,124	5,765,631	14
Net Total Utility Plant	\$7,642,058	\$7,924,084	\$8,325,680	\$8,631,499	\$9,267,625	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.72	2.43	2.07	1.73	1.46	16
Total Capitalization	\$10,300,084	\$10,634,446	\$10,631,080	\$10,768,664	\$10,939,984	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	8.0%	9.7%	11.7%	13.4%	15.3%	18
Preferred Stock						19
Common Stock & Retained Earnings	88.9%	86.1%	84.2%	82.4%	80.4%	20
Short-Term Debt	3.1%	4.2%	4.2%	4.2%	4.3%	21
Pretax Coverage of Interest Expense	0.36	2.82	2.28	3.57	1.18	22
Com. Stock Dividends as a % of Earnings	-200.5%	34.6%	25.7%	22.5%	28.8%	23
Return on Common Equity	-0.2%	1.4%	1.9%	3.6%	2.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	143.9%	282.3%	83.5%	-271.2%	27.7%	25
CWIP as a % of Plant	0.9%	0.7%	0.8%	0.8%	6.6%	26

Current Assets	3,827,380	2,962,936	2,541,291	2,597,085	1,934,434
Current Liabilities	1,406,200	1,219,503	1,228,592	1,502,769	1,322,376
Total Capitalization	10,300,084	10,634,446	10,631,080	10,768,664	10,939,984
Long-Term Debt	826,116	1,032,648	1,239,180	1,445,712	1,671,429
Preferred Stock			-	-	-
Common Stock and Retained Earnings (Excl. Preferred Stock)	9,156,205	9,155,878	8,946,154	8,876,045	8,800,760
Short-Term Debt	317,763	445,920	445,747	446,907	467,795
Pretax Income	25,285	254,264	241,012	473,073	143,759
Interest Expense	71,013	90,072	105,514	132,460	121,921
Common Dividends Paid	43,686	43,531	43,466	70,829	71,118
Net Income (Excl. Preferred Stock Dividends)	(21,788)	125,635	169,036	315,013	246,703
Internal Cash	437,123	476,425	231,285	393,919	525,019
Cash Outflows for Construction	(303,696)	(168,764)	(276,929)	145,255	(1,897,949)
CWIP	111,995	84,217	93,755	101,804	987,108
Total Plant	12,848,605	12,520,417	12,359,059	12,106,623	15,033,256
Shares Outstanding	230,000	230,000	230,000	230,000	230,000
Number of Employees	22	20	21	21	21

Oriskany Falls Telephone Corporation
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$31,819	\$48,597	\$83,745	\$96,084	\$93,634	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	96,163	87,812	53,696	54,162	55,309	2
Changes in Deferred Income Taxes	57,134	(21,888)	(5,528)	(6,319)	1,813	3
Changes in Working Capital	(75,305)	10,306	8,372	15,153	4,096	4
Capitalized AFDC - Equity						5
Other	(5,951)	5,235	8,813	850	(2,061)	6
Total Non-Cash Items	72,041	81,465	65,353	63,846	59,157	7
Net Cash Provided From Operating Activities	<u>103,860</u>	<u>130,062</u>	<u>149,098</u>	<u>159,930</u>	<u>152,791</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(361,997)	(165,784)	(28,420)	(23,284)	(27,052)	9
Purchase of Other Investments			0			10
Sale of Other Investments	10,171		(500)	2,870		11
Other					(1,231)	12
Net Cash Provided From Investing Activities	<u>(351,826)</u>	<u>(165,784)</u>	<u>(28,920)</u>	<u>(20,414)</u>	<u>(28,283)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing	(607,000)		1,272	1,320		19
Net Cash Provided From Financing Activities	<u>(607,000)</u>	<u>0</u>	<u>1,272</u>	<u>1,320</u>	<u>0</u>	20
Net Increase (Decrease) in Cash & Equivalents	(854,966)	(35,722)	121,450	140,836	124,508	21
Cash & Equivalents at Beginning of Year	1,611,138	1,646,859	1,525,410	1,384,573	1,260,065	22
Cash & Equivalents at End of Year	\$756,171	\$1,611,138	\$1,646,859	\$1,525,410	\$1,384,573	23

Oriskany Falls Telephone Corporation
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$444,547	\$432,157	\$417,114	\$439,660	\$447,005
2 Access Lines	436	474	501	606	658
DOLLAR AMOUNTS					
3 Wages and Benefits	\$96,698	\$0			
4 Depreciation and Amortization	96,163	87,805	\$53,696	\$54,163	\$55,309
5 Other Operations Expense	158,071	247,554	238,530	274,118	274,528
6 Total Operation Expenses	350,932	335,359	292,226	328,281	329,837
7 Income Taxes - Operating Taxes	23,962	22,696	34,399	30,687	31,269
8 Other Taxes - Operating Taxes	25,268	32,357	31,552	30,697	34,904
9 Capital Costs	44,385	41,745	58,937	49,995	50,995
10 Total	\$444,547	\$432,157	\$417,114	\$439,660	\$447,005
PERCENT OF REVENUES					
11 Wages and Benefits	21.8	0.0	0.0	0.0	0.0
12 Depreciation and Amortization	21.6	20.3	12.9	12.3	12.4
13 Other Operations Expense	35.6	57.3	57.2	62.3	61.4
14 Income Taxes - Operating Taxes	5.4	5.3	8.2	7.0	7.0
15 Other Taxes - Operating Taxes	5.7	7.5	7.6	7.0	7.8
16 Capital Costs	10.0	9.7	14.1	11.4	11.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	221.78	0.00	0.00	0.00	0.00
19 Depreciation and Amortization	220.56	185.24	107.18	89.38	84.06
20 Other Operations Expense	362.55	522.27	476.11	452.34	417.22
21 Income Taxes - Operating Taxes	54.96	47.88	68.66	50.64	47.52
22 Other Taxes - Operating Taxes	57.95	68.26	62.98	50.65	53.05
23 Capital Costs	101.80	88.07	117.64	82.50	77.50
24 Total	1,019.60	911.72	832.56	725.51	679.34

Oriskany Falls Telephone Corporation
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$139,798	\$365,959	\$169,858	\$169,858	\$167,763	1
Central Office Assets	342,254	377,125	416,178	420,675	414,511	2
Information Origination/Termination			14	294	607	3
Cable And Wire Facilities	996,718	949,342	938,554	927,003	929,147	4
Amortizable Assets	10,884	10,246	11,926	10,330	17,860	5
Total Plant In Service	1,489,654	1,702,672	1,536,530	1,528,160	1,529,888	6
Property Held For Future Use						7
Plant Under Construction	2,240	32,084	20,506	10,308	99	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	1,491,894	1,734,756	1,557,036	1,538,468	1,529,987	13
Less Acc. Prov. For Depreciation & Amort.	636,427	1,134,953	1,035,205	991,859	949,631	14
Net Total Utility Plant	\$855,467	\$599,803	\$521,831	\$546,609	\$580,356	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	12.24	20.13	33.60	26.07	26.93	16
Total Capitalization	\$1,532,161	\$2,106,106	\$2,065,042	\$1,980,024	\$1,882,620	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	21
Pretax Coverage of Interest Expense	#DIV/0!	#DIV/0!	927.37	#DIV/0!	#DIV/0!	22
Com. Stock Dividends as a % of Earnings	1907.7%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	1.7%	2.3%	4.1%	5.0%	5.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	28.7%	78.5%	524.6%	686.9%	564.8%	25
CWIP as a % of Plant	0.2%	1.8%	1.3%	0.7%	0.0%	26

Current Assets	884,913	1,671,939	1,693,621	1,603,669	1,472,588
Current Liabilities	72,315	83,048	50,405	61,512	54,689
Total Capitalization	1,532,161	2,106,106	2,065,042	1,980,024	1,882,620
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,532,161	2,106,106	2,065,042	1,980,024	1,882,620
Short-Term Debt					
Pretax Income	49,030	74,859	131,687	151,588	147,862
Interest Expense			142		
Common Dividends Paid	607,000				
Net Income (Excl. Preferred Stock Dividends)	31,819	48,597	83,745	96,084	93,634
Internal Cash	103,860	130,063	149,097	159,931	152,795
Cash Outflows for Construction	(361,997)	(165,784)	(28,420)	(23,284)	(27,052)
CWIP	2,240	32,084	20,506	10,308	99
Total Plant	1,491,894	1,734,756	1,557,036	1,538,468	1,529,987
Shares Outstanding	100	100	151	149	149
Number of Employees	0	0	0	0	0

Pattersonville Telephone Company
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$81,476)	(\$106,973)	(\$101,087)	(\$32,797)	\$92,088	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	237,257	336,642	301,174	262,124	260,759	2
Changes in Deferred Income Taxes	(52,756)	(61,346)	(63,513)	(50,368)	58,599	3
Changes in Working Capital	(19,806)	(11,801)	20,782	95,564	(148,683)	4
Capitalized AFDC - Equity						5
Other	(33,237)	99,717	(92,453)	3,786	(7,237)	6
Total Non-Cash Items	131,458	363,213	165,990	311,106	163,438	7
Net Cash Provided From Operating Activities	<u>49,982</u>	<u>256,240</u>	<u>64,903</u>	<u>278,309</u>	<u>255,526</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(13,654)	(31,329)	(117,095)	(164,203)	(162,185)	9
Purchase of Other Investments						10
Sale of Other Investments						11
Other	(9,605)	(2,061)	(10,356)	(4,437)	(3,466)	12
Net Cash Provided From Investing Activities	<u>(23,259)</u>	<u>(33,390)</u>	<u>(127,451)</u>	<u>(168,640)</u>	<u>(165,651)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt					(55,376)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(42,000)		(16,800)	(126,000)	(336,000)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(42,000)</u>		<u>(16,800)</u>	<u>(126,000)</u>	<u>(391,376)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(15,277)	222,850	(79,348)	(16,331)	(301,501)	21
Cash & Equivalents at Beginning of Year	680,178	457,328	536,676	553,007	854,508	22
Cash & Equivalents at End of Year	\$664,901	\$680,178	\$457,328	\$536,676	\$553,007	23

**Pattersonville Telephone Company
Distribution of Telephone Revenues
Years ended December 31,**

	2010	2009	2008	2007	2006
1 Revenues	\$1,313,222	\$1,361,845	\$1,416,789	\$1,542,785	\$1,726,332
2 Access Lines	905	947	992	1,153	1,270
DOLLAR AMOUNTS					
3 Wages and Benefits	\$807,167	\$828,658	\$922,322	\$937,379	\$980,333
4 Depreciation and Amortization	237,257	336,642	301,174	262,124	260,759
5 Other Operations Expense	342,653	306,318	311,247	347,440	346,295
6 Total Operation Expenses	1,387,077	1,471,619	1,534,744	1,546,944	1,587,387
7 Income Taxes - Operating Taxes	(52,843)	(61,808)	(44,544)	(34,154)	8,430
8 Other Taxes - Operating Taxes	67,380	70,421	70,673	84,141	88,048
9 Capital Costs	(88,392)	(118,386)	(144,084)	(54,146)	42,467
10 Total	\$1,313,222	\$1,361,845	\$1,416,789	\$1,542,785	\$1,726,332
PERCENT OF REVENUES					
11 Wages and Benefits	61.5	60.8	65.1	60.8	56.8
12 Depreciation and Amortization	18.1	24.7	21.3	17.0	15.1
13 Other Operations Expense	26.1	22.5	22.0	22.5	20.1
14 Income Taxes - Operating Taxes	(4.0)	(4.5)	(3.1)	(2.2)	0.5
15 Other Taxes - Operating Taxes	5.1	5.2	5.0	5.5	5.1
16 Capital Costs	(6.7)	(8.7)	(10.2)	(3.5)	2.5
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	891.90	875.03	929.76	812.99	771.92
19 Depreciation and Amortization	262.16	355.48	303.60	227.34	205.32
20 Other Operations Expense	378.62	323.46	313.76	301.34	272.67
21 Income Taxes - Operating Taxes	(58.39)	(65.27)	(44.90)	(29.62)	6.64
22 Other Taxes - Operating Taxes	74.45	74.36	71.24	72.98	69.33
23 Capital Costs	(97.67)	(125.01)	(145.25)	(46.96)	33.44
24 Total	1,451.07	1,438.06	1,428.21	1,338.06	1,359.32

**Pattersonville Telephone Company
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,**

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$997,551	\$1,004,708	\$1,004,708	\$1,023,541	\$1,006,748	1
Central Office Assets	1,966,336	1,983,648	1,976,919	1,881,770	1,876,138	2
Information Origination/Termination	894	894	926	974	974	3
Cable And Wire Facilities	1,807,374	1,812,928	1,807,751	1,755,608	1,679,003	4
Amortizable Assets						5
Total Plant In Service	4,772,155	4,802,178	4,790,304	4,661,893	4,562,863	6
Property Held For Future Use						7
Plant Under Construction	14,809	21,560	3,782	62,246	50,826	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	4,786,964	4,823,738	4,794,085	4,724,139	4,613,690	13
Less Acc. Prov. For Depreciation & Amort.	4,266,680	4,089,455	3,756,550	3,512,881	3,308,947	14
Net Total Utility Plant	\$520,283	\$734,282	\$1,037,535	\$1,211,258	\$1,304,743	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	12.55	12.71	12.19	9.34	7.38	16
Total Capitalization	\$1,184,530	\$1,308,006	\$1,414,980	\$1,532,867	\$1,691,663	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	183.34	230.73	56.23	-32.83	58.17	22
Com. Stock Dividends as a % of Earnings	-51.5%		-16.6%	-384.2%	364.9%	23
Return on Common Equity	-6.5%	-7.9%	-6.9%	-2.0%	5.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	366.1%	817.9%	55.4%	169.5%	157.6%	25
CWIP as a % of Plant	0.3%	0.4%	0.1%	1.3%	1.1%	26

Current Assets	939,037	912,610	768,939	786,973	855,485
Current Liabilities	74,799	71,805	63,068	84,266	115,873
Total Capitalization	1,184,530	1,308,006	1,414,980	1,532,867	1,691,663
Long-Term Debt			-		
Preferred Stock			-		
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,184,530	1,308,006	1,414,980	1,532,867	1,691,663
Short-Term Debt			-		
Pretax Income	(134,480)	(168,692)	(144,694)	(61,720)	118,626
Interest Expense	(734)	(731)	(2,573)	1,880	2,039
Common Dividends Paid	42,000		16,800	126,000	336,000
Net Income (Excl. Preferred Stock Dividends)	(81,476)	(106,973)	(101,087)	(32,797)	92,088
Internal Cash	49,982	256,240	64,903	278,310	255,526
Cash Outflows for Construction	(13,654)	(31,329)	(117,095)	(164,203)	(162,185)
CWIP	14,809	21,560	3,782	62,246	50,826
Total Plant	4,786,964	4,823,738	4,794,085	4,724,139	4,613,690
Shares Outstanding	1,680	1,920	1,920	1,920	1,920
Number of Employees	8	8	8	9	10

Port Byron Telephone Company
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$83,942)	(\$50,799)	\$200,938	(\$76,119)	\$53,563	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	440,866	616,631	691,280	681,495	698,907	2
Changes in Deferred Income Taxes	(18,843)	(42,720)	65,738	(64,433)	(89,322)	3
Changes in Working Capital	102,870	(13,753)	(80,226)	175,385	62,639	4
Capitalized AFDC - Equity	0	0		0		5
Other	(56,731)	(17,037)	(273,775)	(57,426)	183,996	6
Total Non-Cash Items	468,162	543,121	403,017	735,021	856,220	7
Net Cash Provided From Operating Activities	<u>384,220</u>	<u>492,322</u>	<u>603,955</u>	<u>658,902</u>	<u>909,783</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(79,488)	(397,960)	(303,906)	(191,094)	(238,721)	9
Purchase of Other Investments	0	0				10
Sale of Other Investments	162,809	36,257	(11,466)	38,807	80,356	11
Other	0	0			3	12
Net Cash Provided From Investing Activities	<u>83,321</u>	<u>(361,703)</u>	<u>(315,372)</u>	<u>(152,287)</u>	<u>(158,362)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)	0					
Long-Term Debt	(32,274)	(35,209)	(35,208)	(35,208)	(35,209)	14
Common Stock	0	0				15
Preferred Stock	0	0				16
Short-Term Debt	0	0				17
Dividends Paid	0	0	(275,000)			18
Other Financing	(6,934)	(11,381)	(10,631)	15,035	(13,156)	19
Net Cash Provided From Financing Activities	<u>(39,208)</u>	<u>(46,590)</u>	<u>(320,839)</u>	<u>(20,173)</u>	<u>(48,365)</u>	20
Net Increase (Decrease) in Cash & Equivalents	428,333	84,029	(32,256)	486,442	703,056	21
Cash & Equivalents at Beginning of Year	1,461,907	1,377,878	1,410,134	923,692	220,636	22
Cash & Equivalents at End of Year	\$1,890,240	\$1,461,907	\$1,377,878	\$1,410,134	\$923,692	23

Port Byron Telephone Company
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$2,270,813	\$2,375,504	\$2,583,762	\$2,659,645	\$2,691,582
2 Access Lines	2,349	2,544	2,822	3,092	3,221
DOLLAR AMOUNTS					
3 Wages and Benefits	\$712,973	\$287,740	\$317,986	\$366,182	\$375,630
4 Depreciation and Amortization	440,866	616,629	691,279	681,495	698,907
5 Other Operations Expense	966,243	1,469,699	1,354,870	1,594,563	1,507,106
6 Total Operation Expenses	2,120,082	2,374,068	2,364,135	2,642,240	2,581,643
7 Income Taxes - Operating Taxes	6,406	(48,959)	22,853	(61,411)	(28,011)
8 Other Taxes - Operating Taxes	99,642	107,287	172,824	174,860	165,479
9 Capital Costs	44,683	(56,892)	23,950	(96,044)	(27,529)
10 Total	\$2,270,813	\$2,375,504	\$2,583,762	\$2,659,645	\$2,691,582
PERCENT OF REVENUES					
11 Wages and Benefits	31.4	12.1	12.3	13.8	14.0
12 Depreciation and Amortization	19.4	26.0	26.8	25.6	26.0
13 Other Operations Expense	42.6	61.9	52.4	60.0	56.0
14 Income Taxes - Operating Taxes	0.3	(2.1)	0.9	(2.3)	(1.0)
15 Other Taxes - Operating Taxes	4.4	4.5	6.7	6.6	6.1
16 Capital Costs	2.0	(2.4)	0.9	(3.6)	(1.0)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	303.52	113.11	112.68	118.43	116.62
19 Depreciation and Amortization	187.68	242.39	244.96	220.41	216.98
20 Other Operations Expense	411.34	577.71	480.11	515.71	467.90
21 Income Taxes - Operating Taxes	2.73	(19.24)	8.10	(19.86)	(8.70)
22 Other Taxes - Operating Taxes	42.42	42.17	61.24	56.55	51.38
23 Capital Costs	19.02	(22.36)	8.49	(31.06)	(8.55)
24 Total	966.71	933.77	915.58	860.17	835.64

Port Byron Telephone Company
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$780,407	\$883,551	\$939,437	\$891,901	\$934,481	1
Central Office Assets	3,606,721	3,596,360	3,857,184	3,857,895	3,745,746	2
Information Origination/Termination	38,738	0	3,079	7,527	10,192	3
Cable And Wire Facilities	5,736,781	5,726,406	5,712,375	5,713,494	5,672,395	4
Amortizable Assets	69,883	119,235	139,561	191,837	200,544	5
Total Plant In Service	10,232,530	10,325,552	10,651,636	10,662,654	10,563,358	6
Property Held For Future Use						7
Plant Under Construction	1,768	66,004	53,259	6,898	35,520	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	10,234,298	10,391,556	10,704,895	10,669,552	10,598,878	13
Less Acc. Prov. For Depreciation & Amort.	7,035,781	6,704,062	6,803,549	6,424,571	5,848,162	14
Net Total Utility Plant	\$3,198,517	\$3,687,494	\$3,901,346	\$4,244,981	\$4,750,716	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	6.55	4.73	5.01	3.86	3.57	16
Total Capitalization	\$4,695,504	\$4,818,382	\$4,874,308	\$4,994,209	\$5,090,501	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.2%	0.9%	1.7%	2.5%	3.2%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	99.1%	98.3%	97.3%	96.3%	95.8%	20
Short-Term Debt	0.8%	0.9%	0.9%	1.2%	1.0%	21
Pretax Coverage of Interest Expense	-645.43	-97.85	-30.00	-7.15	54.50	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	136.9%	0.0%	0.0%	23
Return on Common Equity	-1.8%	-1.1%	4.2%	-1.6%	1.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	483.4%	123.7%	198.7%	344.8%	381.1%	25
CWIP as a % of Plant	0.0%	0.6%	0.5%	0.1%	0.3%	26

Current Assets	2,284,792	2,014,417	1,861,145	1,968,155	1,567,752
Current Liabilities	349,004	425,530	371,713	509,499	438,923
Total Capitalization	4,695,504	4,818,382	4,874,308	4,994,209	5,090,501
Long-Term Debt	8,802	41,400	83,933	127,218	161,117
Preferred Stock	0	0			
Common Stock and Retained Earnings (Excl. Preferred Stock)	4,651,170	4,734,840	4,744,176	4,807,339	4,876,876
Short-Term Debt	35,532	42,142	46,199	59,652	52,508
Pretax Income	(146,512)	(96,485)	312,535	(104,451)	70,851
Interest Expense	227	986	(10,418)	14,612	1,300
Common Dividends Paid	0	0	275,000		
Net Income (Excl. Preferred Stock Dividends)	(83,942)	(50,799)	200,938	(76,119)	53,563
Internal Cash	384,220	492,322	603,955	658,902	909,783
Cash Outflows for Construction	(79,488)	(397,960)	(303,906)	(191,094)	(238,721)
CWIP	1,768	66,004	53,259	6,898	35,520
Total Plant	10,234,298	10,391,556	10,704,895	10,669,552	10,598,878
Shares Outstanding	1,330	1,330	1,330	1,330	1,330
Number of Employees	3	5	5	5	6

State Telephone Company
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$636,230	\$534,901	\$496,690	\$366,434	\$701,128	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	782,346	730,717	812,996	1,021,071	962,393	2
Changes in Deferred Income Taxes	401,647	(70,452)	10,259	(166,419)	(64,172)	3
Changes in Working Capital	(394,512)	317,509	28,242	(260,831)	(52,447)	4
Capitalized AFDC - Equity						5
Other						6
Total Non-Cash Items	789,481	977,774	851,497	593,821	845,774	7
Net Cash Provided From Operating Activities	<u>1,425,711</u>	<u>1,512,675</u>	<u>1,348,187</u>	<u>960,255</u>	<u>1,546,902</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(2,853,360)	(1,015,746)	(793,300)	(767,809)	(797,012)	9
Purchase of Other Investments						10
Sale of Other Investments	1,300			6,500		11
Other		(17,366)			(4,413)	12
Net Cash Provided From Investing Activities	<u>(2,852,060)</u>	<u>(1,033,112)</u>	<u>(793,300)</u>	<u>(761,309)</u>	<u>(801,425)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	1,500,000					14
Common Stock	(360,000)	(360,000)	(384,000)	(384,000)	(448,000)	15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing	(109,767)	33,341	(119,940)	129,829	(34,346)	19
Net Cash Provided From Financing Activities	<u>1,030,233</u>	<u>(326,659)</u>	<u>(503,940)</u>	<u>(254,171)</u>	<u>(482,346)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(396,116)	152,904	50,947	(55,225)	263,131	21
Cash & Equivalents at Beginning of Year	408,145	255,241	204,294	259,519	(3,612)	22
Cash & Equivalents at End of Year	\$12,029	\$408,145	\$255,241	\$204,294	\$259,519	23

**State Telephone Company
Distribution of Telephone Revenues
Years ended December 31,**

	2010	2009	2008	2007	2006
1 Revenues	\$4,960,404	\$4,643,978	\$4,572,331	\$4,604,023	\$5,024,413
2 Access Lines	6,616	6,799	7,190	7,457	7,874
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,864,194	\$1,851,425	\$1,806,761	\$1,748,794	\$1,882,512
4 Depreciation and Amortization	782,346	730,717	812,996	1,021,071	962,393
5 Other Operations Expense	1,186,083	1,230,100	1,235,350	1,222,218	1,173,783
6 Total Operation Expenses	3,832,623	3,812,242	3,855,107	3,992,083	4,018,688
7 Income Taxes - Operating Taxes	227,146	88,849	51,491	65,323	206,237
8 Other Taxes - Operating Taxes	273,060	261,936	245,372	170,535	246,202
9 Capital Costs	627,575	480,951	420,361	376,082	553,286
10 Total	\$4,960,404	\$4,643,978	\$4,572,331	\$4,604,023	\$5,024,413
PERCENT OF REVENUES					
11 Wages and Benefits	37.6	39.9	39.5	38.0	37.5
12 Depreciation and Amortization	15.8	15.7	17.8	22.2	19.2
13 Other Operations Expense	23.9	26.5	27.0	26.5	23.4
14 Income Taxes - Operating Taxes	4.6	1.9	1.1	1.4	4.1
15 Other Taxes - Operating Taxes	5.5	5.6	5.4	3.7	4.9
16 Capital Costs	12.7	10.4	9.2	8.2	11.0
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	281.77	272.31	251.29	234.52	239.08
19 Depreciation and Amortization	118.25	107.47	113.07	136.93	122.22
20 Other Operations Expense	179.27	180.92	171.82	163.90	149.07
21 Income Taxes - Operating Taxes	34.33	13.07	7.16	8.76	26.19
22 Other Taxes - Operating Taxes	41.27	38.53	34.13	22.87	31.27
23 Capital Costs	94.86	70.74	58.46	50.43	70.27
24 Total	749.76	683.04	635.93	617.41	638.10

State Telephone Company
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,287,537	\$2,296,676	\$2,098,527	\$2,075,991	\$2,059,658	1
Central Office Assets	7,599,009	6,665,813	6,729,684	6,555,628	6,299,225	2
Information Origination/Termination	2,536,921	1,621,987	333,945	333,945	333,945	3
Cable And Wire Facilities	9,816,256	9,670,764	9,267,322	8,738,879	8,271,806	4
Amortizable Assets						5
Total Plant In Service	22,239,723	20,255,240	18,429,478	17,704,443	16,964,634	6
Property Held For Future Use						7
Plant Under Construction	1,014,563					8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant		189,052	1,037,715	969,450	969,450	11
Goodwill						12
Total Telecommunications Plant	23,254,286	20,444,292	19,467,193	18,673,893	17,934,084	13
Less Acc. Prov. For Depreciation & Amort.	16,595,785	15,855,505	15,180,801	14,367,805	13,368,234	14
Net Total Utility Plant	\$6,658,501	\$4,588,787	\$4,286,392	\$4,306,088	\$4,565,850	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.60	3.26	11.65	13.95	4.62	16
Total Capitalization	\$6,903,272	\$4,639,465	\$4,487,046	\$4,554,539	\$4,849,774	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	78.3%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt	21.7%					21
Pretax Coverage of Interest Expense	80.49	17822.43	9137.35	7196.95	1418.76	22
Com. Stock Dividends as a % of Earnings	56.6%	67.3%	77.3%	104.8%	63.9%	23
Return on Common Equity	12.7%	11.7%	11.0%	7.8%	14.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	50.0%	148.9%	169.9%	125.1%	194.1%	25
CWIP as a % of Plant						26

Current Assets	923,842	1,198,595	1,159,768	1,070,475	1,195,039
Current Liabilities	1,550,997	368,200	99,532	76,748	258,760
Total Capitalization	6,903,272	4,639,465	4,487,046	4,554,539	4,849,774
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	5,403,272	4,639,465	4,487,046	4,554,539	4,849,774
Short-Term Debt	1,500,000				
Pretax Income	874,237	623,785	548,241	431,817	908,005
Interest Expense	10,861	35	60	60	640
Common Dividends Paid	360,000	360,000	384,000	384,000	448,000
Net Income (Excl. Preferred Stock Dividends)	636,230	534,901	496,690	366,434	701,128
Internal Cash	1,425,711	1,512,675	1,348,187	960,255	1,546,902
Cash Outflows for Construction	(2,853,360)	(1,015,746)	(793,300)	(767,809)	(797,012)
CWIP	1,014,563				
Total Plant	23,254,286	20,444,292	19,467,193	18,673,893	17,934,084
Shares Outstanding	8,000	8,000	8,000	8,000	8,000
Number of Employees	25	25	26	25	25

Taconic Telephone Corp.
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$3,964,560	\$2,911,273	\$2,298,751	\$5,182,383	\$9,622,378	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	884,190	899,773	1,279,172	1,823,488	3,962,525	2
Changes in Deferred Income Taxes	639,060	692,586	0	811,281	(439,480)	3
Changes in Working Capital	902,661	47,224	1,976,709	3,635,075	2,630	4
Capitalized AFDC - Equity	0	0	0	0		5
Other	(5,051,560)	(3,814,218)	(290,194)	1,222,065	(1,097,505)	6
Total Non-Cash Items	(2,625,649)	(2,174,635)	2,965,687	7,491,910	2,428,170	7
Net Cash Provided From Operating Activities	<u>1,338,911</u>	<u>736,638</u>	<u>5,264,438</u>	<u>12,674,293</u>	<u>12,050,547</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,338,911)	(736,638)	(2,156,247)	(311,256)	(2,411,514)	9
Purchase of Other Investments	0		0			10
Sale of Other Investments						11
Other				1,312,055	(868,024)	12
Net Cash Provided From Investing Activities	<u>(1,338,911)</u>	<u>(736,638)</u>	<u>(2,156,247)</u>	<u>1,000,799</u>	<u>(3,279,538)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid			(3,115,000)	(13,908,755)	(8,715,000)	18
Other Financing			7,029			19
Net Cash Provided From Financing Activities	<u>0</u>	<u>0</u>	<u>(3,107,971)</u>	<u>(13,908,755)</u>	<u>(8,715,000)</u>	20
Net Increase (Decrease) in Cash & Equivalents	0	(0)	220	(233,664)	56,010	21
Cash & Equivalents at Beginning of Year	1,220	1,220	1,000	234,664	178,654	22
Cash & Equivalents at End of Year	\$1,220	\$1,220	\$1,220	\$1,000	\$234,664	23

Taconic Telephone Corp.
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$16,473,681	\$17,171,217	\$18,006,670	\$18,239,042	\$19,751,231
2 Access Lines	22,005	23,105	22,572	26,277	25,547
DOLLAR AMOUNTS					
3 Wages and Benefits	\$3,439,910	\$3,634,114	\$4,006,112	\$3,998,105	\$4,250,902
4 Depreciation and Amortization	2,638,257	2,631,331	2,769,964	2,666,490	4,169,811
5 Other Operations Expense	8,628,353	8,129,985	7,672,752	8,381,760	7,796,177
6 Total Operation Expenses	14,706,520	14,395,430	14,448,828	15,046,355	16,216,890
7 Income Taxes - Operating Taxes	(5,320)	1,681,348	1,159,138	1,638,229	1,513,451
8 Other Taxes - Operating Taxes	855,462	742,623	836,535	830,974	844,518
9 Capital Costs	917,019	351,816	1,562,169	723,484	1,176,372
10 Total	\$16,473,681	\$17,171,217	\$18,006,670	\$18,239,042	\$19,751,231
PERCENT OF REVENUES					
11 Wages and Benefits	20.9	21.2	22.2	21.9	21.5
12 Depreciation and Amortization	16.0	15.3	15.4	14.6	21.1
13 Other Operations Expense	52.4	47.3	42.6	46.0	39.5
14 Income Taxes - Operating Taxes	(0.0)	9.8	6.4	9.0	7.7
15 Other Taxes - Operating Taxes	5.2	4.3	4.6	4.6	4.3
16 Capital Costs	5.6	2.0	8.7	4.0	6.0
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	156.32	157.29	177.48	152.15	166.40
19 Depreciation and Amortization	119.89	113.89	122.72	101.48	163.22
20 Other Operations Expense	392.11	351.87	339.92	318.98	305.17
21 Income Taxes - Operating Taxes	(0.24)	72.77	51.35	62.34	59.24
22 Other Taxes - Operating Taxes	38.88	32.14	37.06	31.62	33.06
23 Capital Costs	41.67	15.23	69.21	27.53	46.05
24 Total	748.63	743.18	797.74	694.11	773.13

Taconic Telephone Corp.
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$9,055,799	\$8,943,051	\$8,854,587	\$8,498,938	\$8,307,203	1
Central Office Assets	29,068,076	28,656,337	28,134,712	27,838,776	27,854,149	2
Information Origination/Termination	1,465	1,465	1,465	1,465	1,465	3
Cable And Wire Facilities	33,552,911	32,987,982	32,481,297	32,025,164	30,987,500	4
Amortizable Assets						5
Total Plant In Service	71,678,251	70,588,835	69,472,061	68,364,343	67,150,317	6
Property Held For Future Use	10,665	10,665	10,664	11,175	11,175	7
Plant Under Construction	300,352	652,450	1,181,966	576,385	1,479,155	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	349,300	349,300	349,300	351,026	351,026	11
Goodwill						12
Total Telecommunications Plant	72,338,568	71,601,250	71,013,991	69,302,929	68,991,673	13
Less Acc. Prov. For Depreciation & Amort.	51,440,686	51,158,089	50,407,696	49,554,744	47,731,255	14
Net Total Utility Plant	\$20,897,882	\$20,443,160	\$20,606,296	\$19,748,185	\$21,260,417	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.98	1.20	0.96	1.19	1.94	16
Total Capitalization	\$19,192,590	\$19,837,397	\$21,031,124	\$20,630,994	\$29,357,367	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	21
Pretax Coverage of Interest Expense	64.34	35.06	36.05	92.62	136.81	22
Com. Stock Dividends as a % of Earnings	0.0%	-408.5%	-302.2%	268.4%	90.6%	23
Return on Common Equity	9.1%	4.9%	7.4%	20.7%	33.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	215.2%	100.0%	244.1%	4070.7%	499.6%	25
CWIP as a % of Plant	0.4%	0.9%	1.7%	0.1%	2.1%	26

Current Assets	6,562,289	6,787,293	7,880,576	4,628,293	9,514,319
Current Liabilities	6,702,630	5,650,436	8,207,381	3,874,807	4,909,089
Total Capitalization	19,192,590	19,837,397	21,031,124	20,630,994	29,357,367
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	19,192,590	19,837,397	21,031,124	20,630,994	29,357,367
Short-Term Debt					
Pretax Income	2,455,361	2,009,600	2,710,263	8,588,416	14,132,716
Interest Expense	38,161	57,317	75,184	92,723	103,298
Common Dividends Paid		(4,105,000)	(4,628,000)	13,908,755	8,715,000
Net Income (Excl. Preferred Stock Dividends)	1,778,470	1,004,978	1,531,482	5,182,471	9,622,378
Internal Cash	2,881,279	736,637	5,264,438	12,670,384	12,049,047
Cash Outflows for Construction	(1,338,911)	(736,638)	(2,156,247)	(311,256)	(2,411,513)
CWIP	300,352	652,450	1,181,966	576,385	1,479,155
Total Plant	72,338,568	71,601,254	71,013,991	693,029,828	68,991,673
Shares Outstanding	60,219	60,219	60,219	60,219	60,219
Number of Employees	54	60	66	68	76

Township Telephone Company, Inc.
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$707,512)	(\$223,997)	\$732,667	(\$274,419)	\$528,118	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	632,950	1,022,736	1,206,825	1,212,965	1,007,695	2
Changes in Deferred Income Taxes	(212,641)	(134,059)	429,797	51,215	(442,719)	3
Changes in Working Capital	143,661	121,741	50,669	86,359	350,355	4
Capitalized AFDC - Equity	0	0				5
Other	16,137	7,855	(1,449,856)	(80,925)	1,197,950	6
Total Non-Cash Items	580,107	1,018,273	237,435	1,269,614	2,113,281	7
Net Cash Provided From Operating Activities	<u>(127,405)</u>	<u>794,276</u>	<u>970,102</u>	<u>995,195</u>	<u>2,641,399</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(43,025)	(315,631)	(562,349)	(611,115)	(826,828)	9
Purchase of Other Investments	0	0				10
Sale of Other Investments	554,343	(77,489)	(106,627)	(131,639)	35,384	11
Other	0	0				12
Net Cash Provided From Investing Activities	<u>511,318</u>	<u>(393,120)</u>	<u>(668,976)</u>	<u>(742,754)</u>	<u>(791,444)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid			(349,000)			18
Other Financing	(3,656)	(13,048)	(57,117)	(3,053)	(1,724)	19
Net Cash Provided From Financing Activities	<u>(3,656)</u>	<u>(13,048)</u>	<u>(406,117)</u>	<u>(3,053)</u>	<u>(1,724)</u>	20
Net Increase (Decrease) in Cash & Equivalents	380,257	388,108	(104,991)	249,388	1,848,231	21
Cash & Equivalents at Beginning of Year	2,622,609	2,234,501	2,339,492	2,090,104	241,873	22
Cash & Equivalents at End of Year	\$3,002,866	\$2,622,609	\$2,234,501	\$2,339,492	\$2,090,104	23

Township Telephone Company, Inc.
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$2,855,049	\$3,299,414	\$3,526,705	\$3,776,815	\$3,840,479
2 Access Lines	3,304	3,671	4,110	4,734	5,353
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,020,197	\$444,855	\$505,491	\$606,140	\$543,825
4 Depreciation and Amortization	633,673	1,022,736	1,206,705	1,227,592	1,007,695
5 Other Operations Expense	1,287,096	2,015,449	1,944,404	2,189,397	2,167,923
6 Total Operation Expenses	2,940,966	3,483,040	3,656,600	4,023,129	3,719,443
7 Income Taxes - Operating Taxes	(87,470)	(126,903)	(93,686)	(188,999)	(38,098)
8 Other Taxes - Operating Taxes	163,901	179,243	212,054	206,135	217,399
9 Capital Costs	(162,348)	(235,966)	(248,263)	(263,450)	(58,265)
10 Total	\$2,855,049	\$3,299,414	\$3,526,705	\$3,776,815	\$3,840,479
PERCENT OF REVENUES					
11 Wages and Benefits	35.7	13.5	14.3	16.0	14.2
12 Depreciation and Amortization	22.2	31.0	34.2	32.5	26.2
13 Other Operations Expense	45.1	61.1	55.1	58.0	56.4
14 Income Taxes - Operating Taxes	(3.1)	(3.8)	(2.7)	(5.0)	(1.0)
15 Other Taxes - Operating Taxes	5.7	5.4	6.0	5.5	5.7
16 Capital Costs	(5.7)	(7.2)	(7.0)	(7.0)	(1.5)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	308.78	121.18	122.99	128.04	101.59
19 Depreciation and Amortization	191.79	278.60	293.60	259.31	188.25
20 Other Operations Expense	389.56	549.02	473.09	462.48	404.99
21 Income Taxes - Operating Taxes	(26.47)	(34.57)	(22.79)	(39.92)	(7.12)
22 Other Taxes - Operating Taxes	49.61	48.83	51.59	43.54	40.61
23 Capital Costs	(49.14)	(64.28)	(60.40)	(55.65)	(10.88)
24 Total	864.12	898.78	858.08	797.81	717.44

Township Telephone Company, Inc.
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,228,629	\$1,329,878	\$1,387,121	\$1,399,083	\$1,341,898	1
Central Office Assets	6,766,142	7,252,023	7,612,095	7,579,813	7,145,550	2
Information Origination/Termination	30,557		2,157	24,162	27,338	3
Cable And Wire Facilities	9,642,951	9,642,479	9,538,912	9,409,671	9,243,172	4
Amortizable Assets	91,248	135,531	171,183	153,593	220,972	5
Total Plant In Service	17,759,527	18,359,911	18,711,468	18,566,322	17,978,930	6
Property Held For Future Use						7
Plant Under Construction	118,631	52,932	79,807	82,751	281,582	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	5,449	5,449	5,449	5,449	5,449	11
Goodwill						12
Total Telecommunications Plant	17,883,607	18,418,292	18,796,724	18,654,522	18,265,961	13
Less Acc. Prov. For Depreciation & Amort.	11,030,958	10,421,373	10,170,192	9,490,141	8,631,366	14
Net Total Utility Plant	\$6,852,649	\$7,996,919	\$8,626,532	\$9,164,381	\$9,634,595	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	6.61	5.46	6.08	5.36	6.18	16
Total Capitalization	\$7,890,309	\$8,599,469	\$8,751,925	\$8,425,375	\$8,702,847	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	0.0%	0.0%	0.1%	0.2%	0.2%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	99.9%	99.8%	99.7%	99.6%	20
Short-Term Debt	0.0%	0.0%	0.1%	0.2%	0.3%	21
Pretax Coverage of Interest Expense	-7556.78	-401.52	-15.46	-3.86	64.69	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	47.6%	0.0%	0.0%	23
Return on Common Equity	-8.6%	-2.6%	8.6%	-3.2%	6.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-296.1%	251.6%	172.5%	162.8%	319.5%	25
CWIP as a % of Plant	0.7%	0.3%	0.4%	0.4%	1.5%	26

Current Assets	3,398,824	3,248,960	2,853,568	3,239,578	2,959,969
Current Liabilities	514,543	595,586	469,271	604,342	478,761
Total Capitalization	7,890,309	8,599,469	8,751,925	8,425,375	8,702,847
Long-Term Debt		855	4,511	14,140	13,350
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	7,889,454	8,594,958	8,734,366	8,398,255	8,667,141
Short-Term Debt	855	3,656	13,048	12,980	22,356
Pretax Income	(1,088,177)	(343,698)	1,121,578	(340,732)	825,718
Interest Expense	144	856	(72,547)	88,373	12,765
Common Dividends Paid			349,000		
Net Income (Excl. Preferred Stock Dividends)	(707,512)	(223,997)	732,667	(274,419)	528,118
Internal Cash	(127,405)	794,276	970,102	995,195	2,641,399
Cash Outflows for Construction	(43,025)	(315,631)	(562,349)	(611,115)	(826,828)
CWIP	118,631	52,932	79,807	82,751	281,582
Total Plant	17,883,607	18,418,292	18,796,724	18,654,522	18,265,961
Shares Outstanding	100	100	100	100	100
Number of Employees	3	5	7	10	11

Trumansburg Home Telephone Company
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$516,232	(\$181,489)	\$110,615	\$111,430	\$260,951	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	\$1,111,070	1,077,815	1,033,417	1,271,563	1,105,255	2
Changes in Deferred Income Taxes	58,417	22,633	162,862	(154,958)	(39,609)	3
Changes in Working Capital	(839,238)	(431,203)	395,312	1,183,659	350,207	4
Capitalized AFDC - Equity						5
Other	(479,827)	477,327	98,481	(765,238)	(339,067)	6
Total Non-Cash Items	(149,578)	1,146,572	1,690,072	1,535,026	1,076,786	7
Net Cash Provided From Operating Activities	<u>366,654</u>	<u>965,083</u>	<u>1,800,687</u>	<u>1,646,456</u>	<u>1,337,737</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(664,193)	(397,545)	(524,783)	(894,143)	(2,036,776)	9
Purchase of Other Investments	(1,582,737)	(1,309,587)	(2,353,102)	(3,702,143)	(3,422,123)	10
Sale of Other Investments	2,444,118	1,223,054	1,894,938	3,363,481	2,248,788	11
Other	178,713	243,942	(707,816)	(1,309,318)		12
Net Cash Provided From Investing Activities	<u>375,901</u>	<u>(240,136)</u>	<u>(1,690,763)</u>	<u>(2,542,123)</u>	<u>(3,210,111)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(565,444)	(648,522)	(392,543)	(451,021)	1,142,857	14
Common Stock						15
Preferred Stock						16
Short-Term Debt				(10,833)	30,758	17
Dividends Paid	(53,818)	(53,749)	(53,559)	(69,223)	(69,463)	18
Other Financing	(14,319)	(7,642)	(182,944)	(239,570)	(174,784)	19
Net Cash Provided From Financing Activities	<u>(633,581)</u>	<u>(709,913)</u>	<u>(629,046)</u>	<u>(770,647)</u>	<u>722,779</u>	20
Net Increase (Decrease) in Cash & Equivalents	108,974	15,034	(519,122)	(1,666,314)	(220,227)	21
Cash & Equivalents at Beginning of Year	1,196,954	1,181,920	1,701,042	3,367,356	3,587,583	22
Cash & Equivalents at End of Year	\$1,305,928	\$1,196,954	\$1,181,920	\$1,701,042	\$3,367,356	23

Trumansburgh Home Telephone Company
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$5,386,343	\$5,630,624	\$5,459,150	\$5,538,251	\$5,328,024
2 Access Lines	4,364	4,752	5,273	5,680	6,166
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,636,542	\$1,555,512	\$1,492,766	\$1,549,697	\$1,306,470
4 Depreciation and Amortization	1,108,670	1,090,497	1,031,017	1,269,163	1,102,855
5 Other Operations Expense	2,089,037	2,103,118	2,136,200	2,299,170	2,204,386
6 Total Operation Expenses	4,834,249	4,749,127	4,659,983	5,118,030	4,613,711
7 Income Taxes - Operating Taxes	44,172	145,383	50,905	(128,850)	(26,654)
8 Other Taxes - Operating Taxes	287,643	424,008	420,063	397,785	401,583
9 Capital Costs	220,279	312,106	328,199	151,286	339,384
10 Total	\$5,386,343	\$5,630,624	\$5,459,150	\$5,538,251	\$5,328,024
PERCENT OF REVENUES					
11 Wages and Benefits	30.4	27.6	27.3	28.0	24.5
12 Depreciation and Amortization	20.6	19.4	18.9	22.9	20.7
13 Other Operations Expense	38.8	37.4	39.1	41.5	41.4
14 Income Taxes - Operating Taxes	0.8	2.6	0.9	(2.3)	(0.5)
15 Other Taxes - Operating Taxes	5.3	7.5	7.7	7.2	7.5
16 Capital Costs	4.1	5.5	6.0	2.7	6.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	375.01	327.34	283.10	272.83	211.88
19 Depreciation and Amortization	254.05	229.48	195.53	223.44	178.86
20 Other Operations Expense	478.70	442.58	405.12	404.78	357.51
21 Income Taxes - Operating Taxes	10.12	30.59	9.65	(22.68)	(4.32)
22 Other Taxes - Operating Taxes	65.91	89.23	79.66	70.03	65.13
23 Capital Costs	50.48	65.68	62.24	26.63	55.04
24 Total	1,234.27	1,184.90	1,035.30	975.04	864.10

**Trumansburg Home Telephone Company
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,**

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,446,370	\$2,360,382	\$2,334,434	\$2,318,118	\$2,244,544	1
Central Office Assets	9,569,350	9,358,752	9,669,033	8,824,262	8,421,135	2
Information Origination/Termination	144,186	143,268	131,019	132,922	133,352	3
Cable And Wire Facilities	13,313,748	13,198,659	13,113,885	12,894,200	12,506,789	4
Amortizable Assets						5
Total Plant In Service	25,473,654	25,061,061	25,248,371	24,169,501	23,305,820	6
Property Held For Future Use						7
Plant Under Construction	323,583	89,557	176,176	730,694	884,072	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	25,797,237	25,150,618	25,424,547	24,900,195	24,189,892	13
Less Acc. Prov. For Depreciation & Amort.	15,836,462	14,784,017	14,207,800	13,315,881	12,326,395	14
Net Total Utility Plant	\$9,960,775	\$10,366,601	\$11,216,747	\$11,584,314	\$11,863,497	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.32	1.01	0.76	1.01	1.99	16
Total Capitalization	\$15,347,300	\$15,228,164	\$15,508,824	\$16,114,257	\$16,951,500	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	10.4%	13.1%	15.4%	17.3%	19.4%	18
Preferred Stock						19
Common Stock & Retained Earnings	85.4%	82.1%	79.2%	77.6%	76.0%	20
Short-Term Debt	4.2%	4.8%	5.3%	5.1%	4.7%	21
Pretax Coverage of Interest Expense	5.99	0.19	1.68	2.05	2.82	22
Com. Stock Dividends as a % of Earnings	10.4%	-29.6%	45.2%	62.1%	26.6%	23
Return on Common Equity	4.0%	-1.5%	1.0%	0.9%	2.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	55.2%	242.8%	343.1%	184.1%	65.7%	25
CWIP as a % of Plant	1.3%	0.4%	0.7%	2.9%	3.7%	26

Current Assets	4,774,083	3,532,927	2,493,551	3,486,400	4,920,137
Current Liabilities	3,617,677	3,510,034	3,298,939	3,468,062	2,466,799
Total Capitalization	15,347,300	15,228,164	15,508,824	16,114,257	16,951,500
Long-Term Debt	1,595,916	1,994,896	2,393,876	2,792,856	3,285,714
Preferred Stock			-		
Common Stock and Retained Earnings (Excl. Preferred Stock)	13,106,689	12,504,758	12,288,749	12,501,639	12,877,028
Short-Term Debt	644,695	728,510	826,199	819,762	788,758
Pretax Income	773,158	27,379	368,194	530,006	624,183
Interest Expense	128,986	142,750	218,671	258,543	221,013
Common Dividends Paid	53,818	53,747	53,559	69,224	69,464
Net Income (Excl. Preferred Stock Dividends)	516,232	(181,489)	118,614	111,430	260,951
Internal Cash	366,654	965,083	1,800,687	1,646,456	1,337,737
Cash Outflows for Construction	(664,193)	(397,545)	(524,783)	(894,143)	(2,036,776)
CWIP	323,583	89,557	176,176	730,694	884,072
Total Plant	25,797,237	25,150,618	25,424,547	24,900,195	24,189,892
Shares Outstanding	480,000	480,000	480,000	480,000	480,000
Number of Employees	21	19	21	22	20

Vernon Telephone Company, Inc.
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	(\$57,159)	\$2,089	(\$16,925)	(\$101,212)	\$34,019	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	380,864	524,127	535,205	532,657	530,156	2
Changes in Deferred Income Taxes	(32,621)	(23,641)	59,678	(1,615)	(8,180)	3
Changes in Working Capital	98,758	(80,847)	25,440	183,529	(93,411)	4
Capitalized AFDC - Equity	0	0	0	0		5
Other	(9,756)	(6,197)	(113,364)	(28,965)	95,900	6
Total Non-Cash Items	437,245	413,442	506,959	685,606	524,465	7
Net Cash Provided From Operating Activities	<u>380,086</u>	<u>415,531</u>	<u>490,034</u>	<u>584,394</u>	<u>558,484</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(159,937)	(90,460)	(135,761)	(206,377)	(260,072)	9
Purchase of Other Investments	0	0	0	0		10
Sale of Other Investments	78,184	17,171	4,866	13,311	(363)	11
Other	0	0		0		12
Net Cash Provided From Investing Activities	<u>(81,753)</u>	<u>(73,289)</u>	<u>(130,895)</u>	<u>(193,066)</u>	<u>(260,435)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing	(979)	(2,347)	48,733	4,778	(10,194)	19
Net Cash Provided From Financing Activities	<u>(979)</u>	<u>(2,347)</u>	<u>48,733</u>	<u>4,778</u>	<u>(10,194)</u>	20
Net Increase (Decrease) in Cash & Equivalents	297,354	339,895	407,872	396,106	287,855	21
Cash & Equivalents at Beginning of Year	1,520,876	1,180,981	773,109	377,003	89,148	22
Cash & Equivalents at End of Year	\$1,818,230	\$1,520,876	\$1,180,981	\$773,109	\$377,003	23

Vernon Telephone Company, Inc.
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$1,704,708	\$1,884,933	\$1,907,394	\$2,018,520	\$2,257,563
2 Access Lines	1,939	2,088	2,298	2,484	2,621
DOLLAR AMOUNTS					
3 Wages and Benefits	565,683	\$319,951	\$456,757	\$511,094	\$557,772
4 Depreciation and Amortization	381,182	524,127	535,205	538,834	529,655
5 Other Operations Expense	639,712	961,598	931,511	1,077,029	1,070,867
6 Total Operation Expenses	1,586,577	1,805,676	1,923,473	2,126,957	2,158,294
7 Income Taxes - Operating Taxes	12,997	(2,167)	(43,999)	(81,936)	(36,631)
8 Other Taxes - Operating Taxes	81,438	86,730	112,602	111,606	132,097
9 Capital Costs	23,696	(5,306)	(84,682)	(138,107)	3,803
10 Total	\$1,704,708	\$1,884,933	\$1,907,394	\$2,018,520	\$2,257,563
PERCENT OF REVENUES					
11 Wages and Benefits	33.2	17.0	23.9	25.3	24.7
12 Depreciation and Amortization	22.4	27.8	28.1	26.7	23.5
13 Other Operations Expense	37.5	51.0	48.8	53.4	47.4
14 Income Taxes - Operating Taxes	0.8	(0.1)	(2.3)	(4.1)	(1.6)
15 Other Taxes - Operating Taxes	4.8	4.6	5.9	5.5	5.9
16 Capital Costs	1.4	(0.3)	(4.4)	(6.8)	0.2
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	291.74	153.23	198.76	205.75	212.81
19 Depreciation and Amortization	196.59	251.02	232.90	216.92	202.08
20 Other Operations Expense	329.92	460.54	405.36	433.59	408.57
21 Income Taxes - Operating Taxes	6.70	(1.04)	(19.15)	(32.99)	(13.98)
22 Other Taxes - Operating Taxes	42.00	41.54	49.00	44.93	50.40
23 Capital Costs	12.22	(2.54)	(36.85)	(55.60)	1.45
24 Total	879.17	902.75	830.02	812.61	861.34

Vernon Telephone Company, Inc.
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$818,054	\$871,605	\$929,421	\$973,563	\$938,099	1
Central Office Assets	3,119,519	3,070,988	3,049,838	3,028,720	2,880,118	2
Information Origination/Termination	54,472	0	1,632	7,106	7,933	3
Cable And Wire Facilities	4,191,831	4,211,027	4,191,840	4,218,460	4,174,989	4
Amortizable Assets	43,078	129,160	167,667	194,242	217,526	5
Total Plant In Service	8,226,954	8,282,780	8,340,398	8,422,091	8,218,665	6
Property Held For Future Use						7
Plant Under Construction	94,886	3,054	46,459	2,142	18,551	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill	1,709,839	1,709,839	1,709,839	1,709,839	1,709,839	12
Total Telecommunications Plant	10,031,679	9,995,673	10,096,696	10,134,072	9,947,055	13
Less Acc. Prov. For Depreciation & Amort.	5,915,780	5,580,663	5,230,848	4,863,914	4,337,306	14
Net Total Utility Plant	\$4,115,899	\$4,415,010	\$4,865,848	\$5,270,158	\$5,609,749	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	7.39	4.66	4.54	3.41	2.69	16
Total Capitalization	\$5,044,837	\$5,103,119	\$5,006,512	\$4,974,704	\$5,071,138	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.0%	0.0%	0.0%	0.1%	0.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	100.0%	99.9%	99.9%	99.8%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.0%	0.2%	21
Pretax Coverage of Interest Expense	-3811.43	19.33	8.72	-31.32	34.78	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	-1.1%	0.0%	-0.3%	-2.0%	0.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	237.6%	459.4%	361.0%	283.2%	214.7%	25
CWIP as a % of Plant	0.9%	0.0%	0.5%	0.0%	0.2%	26

Current Assets	2,022,357	1,970,341	1,426,060	1,120,091	881,566
Current Liabilities	273,759	422,383	314,105	328,390	327,434
Total Capitalization	5,044,837	5,103,119	5,006,512	4,974,704	5,071,138
Long-Term Debt			978	3,327	
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	5,044,837	5,102,140	5,003,186	4,969,028	5,062,643
Short-Term Debt		979	2,348	2,349	8,495
Pretax Income	(87,663)	3,614	(25,468)	(158,719)	14,293
Interest Expense	23	187	(2,919)	5,067	411
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(57,159)	2,089	(16,925)	(101,212)	34,019
Internal Cash	380,086	415,531	490,034	584,394	558,484
Cash Outflows for Construction	(159,937)	(90,460)	(135,761)	(206,377)	(260,072)
CWIP	94,886	3,054	46,459	2,142	18,551
Total Plant	10,031,679	9,995,673	10,096,696	10,134,072	9,947,055
Shares Outstanding	100	100	100	100	100
Number of Employees	3	4	6	7	7

Warwick Valley Telephone Company
Statement of Cash Flows
For the Year Ended December 31,

	2010	2009	2008	2007	2006	
Cash Flows from Operating Activities						
Net Income	\$3,054,916	\$6,670,336	\$5,815,185	\$5,491,901	\$3,997,479	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	4,085,873	4,119,302	4,026,362	3,811,361	3,601,255	2
Changes in Deferred Income Taxes	(1,659,095)	(67,594)	(884,312)	(404,678)	4,049,316	3
Changes in Working Capital	2,951,025	(2,492,055)	(2,527,910)	1,243,592	4,205,162	4
Capitalized AFDC - Equity				(69,380)	(16,772)	5
Other	(9,166,355)	(19,413,453)	(16,448,130)	(11,330,945)	(10,775,145)	6
Total Non-Cash Items	(3,788,552)	(17,853,800)	(15,833,990)	(6,750,050)	1,063,816	7
Net Cash Provided From Operating Activities	<u>(733,636)</u>	<u>(11,183,464)</u>	<u>(10,018,805)</u>	<u>(1,258,149)</u>	<u>5,061,295</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,079,907)	(1,150,805)	(1,581,754)	(3,207,296)	(3,899,699)	9
Purchase of Other Investments		(1,487,000)				10
Sale of Other Investments			21,641	(4,113,253)	610,910	11
Other	12,554,529	12,586,033	10,357,057	9,023,273	9,150,000	12
Net Cash Provided From Investing Activities	<u>11,474,622</u>	<u>9,948,228</u>	<u>8,796,944</u>	<u>1,702,724</u>	<u>5,861,211</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(1,518,632)	(1,518,632)	(1,518,632)	(1,518,633)		14
Common Stock	50,106	128,877	34,532			15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(5,223,512)	4,710,742	4,264,024	(4,306,424)	(9,658,204)	18
Other Financing					(1,518,647)	19
Net Cash Provided From Financing Activities	<u>(6,692,038)</u>	<u>3,320,987</u>	<u>2,779,924</u>	<u>(5,825,057)</u>	<u>(11,176,851)</u>	20
Net Increase (Decrease) in Cash & Equivalents	4,048,948	2,085,751	1,558,063	(5,380,482)	(254,345)	21
Cash & Equivalents at Beginning of Year	9,284,431	7,198,680	5,640,617	11,021,099	11,275,444	22
Cash & Equivalents at End of Year	\$13,333,379	\$9,284,431	\$7,198,680	\$5,640,617	\$11,021,099	23

Warwick Valley Telephone Company
Distribution of Telephone Revenues
Years ended December 31,

	2010	2009	2008	2007	2006
1 Revenues	\$15,626,449	\$15,629,802	\$16,776,938	\$17,484,774	\$18,425,025
2 Access Lines	15,423	17,605	19,503	22,031	23,718
DOLLAR AMOUNTS					
3 Wages and Benefits	6,522,173	\$7,292,158	\$7,415,792	\$7,676,512	\$7,969,906
4 Depreciation and Amortization	4,067,126	4,106,702	4,001,162	3,798,761	3,590,189
5 Other Operations Expense	6,908,127	6,056,679	6,406,684	6,557,286	9,606,207
6 Total Operation Expenses	17,497,426	17,455,539	17,823,638	18,032,559	21,166,301
8 Income Taxes - Operating Taxes	3,117,273	2,885,656	2,782,178	2,636,907	(220,924)
9 Other Taxes - Operating Taxes	1,088,358	1,233,719	1,165,936	1,159,006	1,033,862
10 Capital Costs	(6,076,608)	(5,945,111)	(4,994,814)	(4,343,698)	(3,554,214)
11 Total	\$15,626,449	\$15,629,802	\$16,776,938	\$17,484,774	\$18,425,025
PERCENT OF REVENUES					
12 Wages and Benefits	41.7	46.7	44.2	43.9	43.3
13 Depreciation and Amortization	26.0	26.3	23.8	21.7	19.5
14 Other Operations Expense	44.2	38.8	38.2	37.5	52.1
16 Income Taxes - Operating Taxes	19.9	18.5	16.6	15.1	(1.2)
17 Other Taxes - Operating Taxes	7.0	7.9	6.9	6.6	5.6
18 Capital Costs	(38.9)	(38.0)	(29.8)	(24.8)	(19.3)
19 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
20 Wages and Benefits	422.89	414.21	380.24	348.44	336.03
21 Depreciation and Amortization	263.71	233.27	205.16	172.43	151.37
22 Other Operations Expense	447.91	344.03	328.50	297.64	405.02
24 Income Taxes - Operating Taxes	202.12	163.91	142.65	119.69	(9.31)
25 Other Taxes - Operating Taxes	70.57	70.08	59.78	52.61	43.59
26 Capital Costs	(394.00)	(337.69)	(256.10)	(197.16)	(149.85)
27 Total	1,013.19	887.80	860.22	793.64	776.84

Warwick Valley Telephone Company
Telecommunications Plant and Selected Ratios
For the Twelve Months Ended December 31,

	2010	2009	2008	2007	2006	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$9,676,768	\$9,687,136	\$9,682,317	\$9,667,212	\$8,291,861	1
Central Office Assets	30,124,610	29,758,313	29,203,750	28,261,066	27,664,413	2
Information Origination/Termination	1,832,947	1,822,654	1,815,013	1,773,741	1,736,005	3
Cable And Wire Facilities	29,644,607	28,885,001	28,312,847	27,200,037	26,640,620	4
Amortizable Assets						5
Total Plant In Service	71,278,932	70,153,104	69,013,928	66,902,057	64,332,899	6
Property Held For Future Use						7
Plant Under Construction	82,994	180,357	144,105	834,026	56,296	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	71,361,926	70,333,461	69,158,033	67,736,082	64,389,195	13
Less Acc. Prov. For Depreciation & Amort.	46,882,002	42,975,607	38,831,682	34,977,723	31,685,617	14
Net Total Utility Plant	\$24,479,924	\$27,357,854	\$30,326,351	\$32,758,359	\$32,703,577	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.24	1.23	1.36	1.17	1.74	16
Total Capitalization	\$38,945,381	\$41,757,965	\$40,588,917	\$43,632,503	\$41,504,797	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	2.9%	6.4%	10.3%	13.1%	17.4%	18
Preferred Stock	1.3%	1.2%	1.2%	1.1%	1.2%	19
Common Stock & Retained Earnings	91.9%	88.8%	84.7%	82.3%	77.8%	20
Short-Term Debt	3.9%	3.6%	3.7%	3.5%	3.7%	21
Pretax Coverage of Interest Expense	62.79	98.21	78.67	13.61	8.51	22
Com. Stock Dividends as a % of Earnings	171.6%	68.9%	74.1%	78.3%	242.5%	23
Return on Common Equity	8.3%	19.2%	16.5%	16.0%	11.0%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-66.2%	-952.1%	-633.4%	-39.2%	162.5%	25
CWIP as a % of Plant	0.1%	0.3%	0.2%	1.2%	0.1%	26

Current Assets	47,377,066	36,669,468	27,195,490	19,297,696	20,453,496
Current Liabilities	38,165,194	29,701,338	20,064,421	16,482,468	11,723,058
Total Capitalization	38,945,381	41,757,965	40,588,917	43,632,503	41,504,797
Long-Term Debt	1,138,974	2,657,606	4,176,238	5,694,870	7,213,503
Preferred Stock	500,000	500,000	500,000	500,000	500,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	35,787,774	37,081,726	34,394,046	35,919,000	32,272,662
Short-Term Debt	1,518,633	1,518,633	1,518,633	1,518,633	1,518,633
Pretax Income	6,272,086	9,883,674	8,708,052	8,722,292	6,762,540
Interest Expense	99,897	100,640	110,689	641,020	794,733
Common Dividends Paid	5,198,512	4,735,742	4,289,024	4,281,424	9,633,204
Net Income (Excl. Preferred Stock Dividends)	3,029,916	6,872,378	5,790,185	5,466,901	3,972,479
Internal Cash	(714,887)	(10,956,422)	(10,018,807)	(1,258,149)	6,335,832
Cash Outflows for Construction	(1,079,907)	(1,150,805)	(1,581,754)	(3,207,296)	(3,899,699)
CWIP	82,994	180,357	144,105	834,026	56,296
Total Plant	71,361,926	70,333,461	69,158,032	67,736,082	64,389,195
Shares Outstanding	5,975,000	59,908,000	5,985,463	5,985,463	5,985,463
Number of Employees	111	110	106	102	83