

Table 1 T

Telecommunication Industry (Total)
Comparative Balance Sheet
For the Year Ended December 31,
(\$000s)

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$531,070	\$516,782	\$474,013	\$611,349	\$584,572
2 Accounts Receivable (Net)	1,362,283	1,216,082	2,555,861	2,891,003	2,183,188
3 Current Deferred Income Taxes	498	336	331,006	335,021	331,586
4 Other Current Assets	282,712	279,558	388,468	559,972	428,013
5 Total Current Assets	2,176,563	2,012,758	3,749,349	4,397,345	3,527,359
NON-CURRENT ASSETS					
6 Investments	396,053	309,262	703,894	(197,890)	226,602
7 Unamortized Debt Issuance Costs	13,522	14,879	61,337	105,077	131,272
8 Deferred Charges	248,406	674,406	674,151	709,141	739,828
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	8,968	8,758	1,618,529	1,951,154	1,612,899
11 Other Non-Current Assets	833,422	837,128	810,049	556,772	255,019
12 Total Non-Current Assets	1,500,372	1,844,434	3,867,959	3,124,254	2,965,620
REGULATED PLANT					
13 Total Telecommunications Plant	33,286,322	33,365,894	32,736,782	32,024,051	30,883,680
14 Less: Accumulated Depr and Amort.	21,226,826	20,390,940	18,796,098	17,761,593	16,183,169
15 Net Regulated Plant	12,059,495	12,974,955	13,940,683	14,262,458	14,700,512
16 Total Assets & Other Debits	\$15,736,430	\$16,832,147	\$21,557,992	\$21,784,057	\$21,193,491
CURRENT LIABILITIES					
17 Accounts Payable	\$1,161,759	\$1,460,835	\$3,680,996	\$1,826,825	\$5,848,780
18 Notes Payable	2,722,602	2,660,318	2,054,298	2,131,452	(277,911)
19 Advanced Billings	190,768	200,132	206,944	218,407	205,996
20 Customer Deposits	8,339	9,228	9,857	7,085	7,726
21 Current Maturities - Long-Term Debt	7,714	207,301	155,618	359,952	48,444
22 Current Deferred Income Taxes	11,693	(88,518)	389,689	519,994	525,799
23 Other Current Liabilities	679,183	813,877	994,953	1,150,013	1,047,080
24 Total Current Liabilities	4,782,058	5,263,173	7,492,356	6,213,728	7,405,913
LONG-TERM DEBT					
25 Long-Term Debt	2,954,251	2,971,502	3,868,233	4,796,748	3,571,487
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC	25,482	27,957	87,884	94,311	100,620
27 Non-Current Deferred Taxes	436,008	639,400	2,202,339	2,311,717	1,977,745
28 Other Deferred Credits	294,015	885,933	712,434	785,594	970,315
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	4,459,565	4,540,819	4,013,944	3,795,526	2,487,325
31 Total Other Liab. and Def. Credits	5,215,071	6,094,110	7,016,601	6,987,147	5,536,004
STOCKHOLDER'S EQUITY					
32 Common Stock	29,566	29,566	29,566	32,988	32,962
33 Preferred Stock	927	1,013	1,013	1,015	1,020
34 Other Paid in Capital	2,682,325	2,116,346	2,106,606	2,098,691	2,103,131
35 Retained Earnings	72,232	356,436	1,043,616	1,652,485	2,542,972
36 Total Stockholder's Equity	2,785,051	2,503,361	3,180,802	3,785,180	4,680,086
37 Total Liab. and Stockholder's Equity	\$15,736,430	\$16,832,147	\$21,557,992	\$21,782,803	\$21,193,491

Telecommunication Industry (Total)
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,
(\$000s)

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services						1
Network Access Services	\$2,536,691	\$2,494,329	\$2,578,678	\$2,632,939	\$2,640,105	2
Long Distance Network Services	177,714	185,174	213,341	188,572	207,245	3
Miscellaneous Revenues	1,332,562	1,529,821	1,384,931	1,460,718	1,552,950	4
Less: Uncollectible Revenues	82,563	51,026	202,941	341,974	363,708	5
Total Operating Revenues	7,139,842	7,632,191	7,827,351	8,219,824	8,373,980	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	17,233	14,904	11,435	11,848	8,608	7
General Support Expenses	481,540	501,949	458,867	430,448	412,494	8
Central Office Switching	264,336	261,667	243,867	250,180	272,884	9
Operator Systems Expense	1,120	893	713	1,066	478	10
Central Office Transmission	135,887	130,098	126,758	122,493	139,085	11
Info. Origination/Termination	285,597	302,992	308,526	261,887	268,352	12
Cable & Wire Facilities	1,113,271	1,096,016	1,014,055	875,318	877,545	13
Total Plant Specific Operations	2,298,982	2,308,519	2,164,222	1,953,241	1,979,446	14
Other Plant, Property & Equipment	13,864	8,408	7,999	2,615	3,591	15
Network Operations	844,357	796,145	875,037	712,563	767,781	16
Access Expense	189,427	175,656	181,755	234,407	365,710	17
Depreciation and Amortization	1,831,106	2,298,959	2,289,236	2,328,730	2,189,365	18
Total Plant Non-Specific Operations	2,878,754	3,279,169	3,354,027	3,278,315	3,326,447	19
Marketing Expense	308,485	307,524	311,189	316,722	336,175	20
Services Expense	731,325	725,700	754,092	676,869	693,294	21
Total Customer Operations	1,039,809	1,033,224	1,065,281	993,591	1,029,469	22
Executive & Planning	49,703	84,949	70,442	72,576	80,773	23
General & Administrative	1,021,026	1,116,245	1,945,829	1,584,945	1,560,542	24
Provision - Uncollectible Notes Rec.		0	0	0	(5)	25
Other						26
Total Corporate Operations	1,070,729	1,201,195	2,016,270	1,657,521	1,641,311	27
Total Operations Expense	7,288,274	7,822,107	8,599,800	7,882,668	7,976,672	28
Other Operating Income & Expenses	310,840	(423)	(9,941)	(4,322)	8,230	29
State & Local Income Taxes	390	126	59	79	(41)	30
Other Taxes	557,259	622,347	722,231	623,262	587,005	31
Net Operating Income Before FIT	(395,242)	(812,812)	(1,504,679)	(290,507)	(181,426)	32
Investment Tax Credits - Net	2,472	10,017	3,151	6,256	9,879	33
Federal Income Taxes	(9,407)	(484,355)	(520,569)	(248,184)	32,954	34
Provision - Def. Operating Income Taxes - Net	(184,522)	148,362	(82,300)	84,683	(186,944)	35
Net Operating Income	(\$198,840)	(\$466,802)	(\$898,659)	(\$120,749)	(\$17,556)	36

Table 3 T

Telecommunication Industry (Total)
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,
(\$000s)

	2005	2004	2003	2002	2001
37 Net Operating Income					
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	\$795	\$487	\$303	\$282	\$270
39 Interest Income	20,122	33,356	11,286	17,649	92,222
40 Income - Sinking and Other Funds	63		1		
41 Allowance for Funds Used During Construction	18,925	9,896	13,865	33,814	46,676
42 Gains/Losses - Disposal of Property	105	385	48	(201)	42
43 Equity in Earnings of Affiliated Companies	48,867	118,310	41,618	83,751	35,535
44 Other Non-Operating Income	9,071	37,182	78,842	(2,629)	(217,881)
45 Special Charges	16,946	18,427	13,255	14,374	17,224
46 Total Non-Operating Income & Expenses	81,000	181,189	132,707	118,293	(60,359)
NON-OPERATING TAXES					
47 Federal Income Taxes	126	24,590	29,003	9,850	27,892
48 Other	24,562	2,704	5,097	5,854	3,580
49 Total Non-Operating Taxes	24,688	27,294	34,099	15,704	31,472
50 Income Available Before Interest Charges	(142,529)	(312,907)	(800,051)	(18,160)	(109,388)
INTEREST CHARGES					
51 Interest on Funded Debt	208,823	234,104	301,037	292,119	247,465
52 Other Interest Expense	151,751	79,969	134,244	118,147	141,000
53 Total Interest Charges	360,574	314,073	458,531	410,265	388,465
54 Income Before Extraordinary & Nonreg Items	(503,102)	(626,980)	(1,258,582)	(428,425)	(497,853)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items			(453,043)	86	9,398
56 Nonregulated Revenues	239,770	215,933	225,233	284,441	284,130
57 Total Extraordinary & Nonregulated Items	239,770	215,933	(227,810)	284,527	293,529
58 Net Income	(\$26,328)	(\$41,096)	(\$148,609)	(\$14,387)	(\$20,428)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$314,760	\$1,048,553	\$1,575,789	\$2,534,730	\$2,819,747
60 Transferred from Income	(312,199)	(455,148)	(556,706)	(167,489)	(196,710)
61 Appropriations					
Dividends Declared:					
62 Preferred Stock	51	54	54	54	54
63 Common Stock	18,389	100,117	207,162	222,987	80,263
64 Adjustments	(531)	(173,626)	230,467	(568,412)	(7,989)
65 Ending Year Balance	(16,189)	319,609	1,042,332	1,575,789	2,534,730
66 Appropriated/Undistr Affiliate Retained Earnings	88,422	36,827	1,333	26,400	8,242
67 Total Retained Earnings	\$72,232	\$356,436	\$1,043,665	\$1,602,189	\$2,542,972

Table 1 WT

Telecommunication Industry (Without New York Telephone)
Comparative Balance Sheet
For the Year Ended December 31,
(\$000s)

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$45,874	\$69,782	\$56,690	\$56,488	\$49,339
2 Accounts Receivable (Net)	230,626	225,058	1,257,420	1,146,308	165,030
3 Current Deferred Income Taxes	498	336	311	4,325	891
4 Other Current Assets	29,187	28,530	33,258	39,672	31,276
5 Total Current Assets	306,185	323,707	1,347,679	1,246,793	246,536
NON-CURRENT ASSETS					
6 Investments	44,276	(38,979)	357,579	(537,389)	(109,039)
7 Unamortized Debt Issuance Costs	386	437	491	423	449
8 Deferred Charges	10,779	11,155	10,359	9,901	11,420
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	8,968	8,758	8,043	340,668	2,413
11 Other Non-Current Assets	209,572	213,469	219,620	233,051	223,142
12 Total Non-Current Assets	273,981	194,839	596,093	46,654	128,385
REGULATED PLANT					
13 Total Telecommunications Plant	3,472,326	3,413,223	3,333,981	3,260,320	3,164,553
14 Less: Accumulated Depr and Amort.	2,070,638	1,932,258	1,777,718	1,626,905	1,506,595
15 Net Regulated Plant	1,401,689	1,480,965	1,556,263	1,633,415	1,657,958
16 Total Assets & Other Debits	\$1,981,855	\$1,999,511	\$3,500,035	\$2,926,862	\$2,032,879
CURRENT LIABILITIES					
17 Accounts Payable	\$118,252	\$192,279	\$1,714,667	\$70,781	\$99,753
18 Notes Payable	4,483	6,518	6,997	12,460	15,482
19 Advanced Billings	12,963	13,268	12,779	11,964	12,892
20 Customer Deposits	298	360	399	530	465
21 Current Maturities - Long-Term Debt	5,990	6,198	4,690	9,352	45,814
22 Current Deferred Income Taxes	(11)	(14)	326	948	940
23 Other Current Liabilities	18,173	24,008	26,916	17,175	53,999
24 Total Current Liabilities	160,149	242,616	1,766,774	123,209	229,346
LONG-TERM DEBT					
25 Long-Term Debt	55,009	74,990	78,498	661,672	375,525
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC	28	44	109	3,509	3,722
27 Non-Current Deferred Taxes	195,543	169,766	159,786	690,793	117,878
28 Other Deferred Credits	16,486	18,153	20,182	28,655	30,019
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	134,185	129,752	140,827	118,653	103,240
31 Total Other Liab. and Def. Credits	346,242	317,715	320,903	841,610	254,859
STOCKHOLDER'S EQUITY					
32 Common Stock	28,566	28,566	28,566	31,988	31,962
33 Preferred Stock	927	1,013	1,013	1,015	1,020
34 Other Paid in Capital	547,158	544,178	543,572	536,408	540,849
35 Retained Earnings	843,804	790,432	760,707	729,705	599,318
36 Total Stockholder's Equity	1,420,454	1,364,189	1,333,859	1,299,117	1,173,149
37 Total Liab. and Stockholder's Equity	\$1,981,855	\$1,999,511	\$3,500,035	\$2,925,608	\$2,032,879

Table 2 WT

Telecommunication Industry (Without New York Telephone)
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,
(\$000s)

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$343,882	\$349,594	\$352,074	\$353,236	\$360,153	1
Network Access Services	405,914	400,590	398,183	386,818	378,024	2
Long Distance Network Services	8,092	9,243	10,297	11,178	12,693	3
Miscellaneous Revenues	152,695	154,037	158,468	167,672	173,956	4
Less: Uncollectible Revenues	5,835	6,737	14,614	7,945	4,902	5
Total Operating Revenues	904,748	906,727	904,408	910,958	919,924	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	1,079	1,322	1,001	2,179	1,231	7
General Support Expenses	43,242	57,482	45,570	42,881	40,416	8
Central Office Switching	25,980	26,999	27,656	27,692	27,075	9
Operator Systems Expense	531	531	255	399	44	10
Central Office Transmission	13,691	12,765	12,223	11,219	11,947	11
Info. Origination/Termination	19,304	18,516	21,665	18,490	17,587	12
Cable & Wire Facilities	61,258	63,786	62,993	58,832	56,465	13
Total Plant Specific Operations	165,085	181,402	171,363	161,693	154,765	14
Other Plant, Property & Equipment	255	171	239	436	388	15
Network Operations	55,072	53,979	58,303	55,100	61,917	16
Access Expense	26,639	23,367	22,883	14,618	23,074	17
Depreciation and Amortization	179,417	179,860	135,936	173,050	173,528	18
Total Plant Non-Specific Operations	261,383	257,377	217,361	243,204	258,906	19
Marketing Expense	21,357	20,245	20,633	22,866	24,747	20
Services Expense	73,525	78,388	82,386	86,922	98,422	21
Total Customer Operations	94,881	98,633	103,019	109,788	123,169	22
Executive & Planning	20,969	53,225	19,907	21,964	22,510	23
General & Administrative	68,106	70,704	75,318	81,963	97,729	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	89,075	123,929	95,225	103,927	120,239	27
Total Operations Expense	610,425	661,341	586,968	618,612	657,079	28
Other Operating Income & Expenses	25	88	(42)	(108)	(75)	29
State & Local Income Taxes	171	107	202	165	198	30
Other Taxes	50,914	51,121	52,297	48,078	46,756	31
Net Operating Income Before FIT	243,264	194,245	264,900	243,996	215,817	32
Investment Tax Credits - Net	13	62	125	160	298	33
Federal Income Taxes	90,503	60,675	42,244	7,257	57,369	34
Provision - Def. Operating Income Taxes - Net	(8,485)	10,096	29,718	41,554	17,364	35
Net Operating Income	\$161,258	\$123,535	\$193,062	\$195,344	\$141,382	36

Table 3 WT

Telecommunication Industry (Without New York Telephone)
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,
(\$000s)

	2005	2004	2003	2002	2001
37 Net Operating Income	\$161,258	\$123,535	\$193,062	\$195,344	\$141,382
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	5,757	16,247	4,008	1,252	3,879
40 Income - Sinking and Other Funds	63		1		
41 Allowance for Funds Used During Construction	778	1,100	1,590	4,453	5,272
42 Gains/Losses - Disposal of Property	101	393	62	(199)	36
43 Equity in Earnings of Affiliated Companies	(739)	(2,276)	(4,099)	8,286	2,222
44 Other Non-Operating Income	8,389	12,498	8,183	1,267	(2,108)
45 Special Charges	191	1,855	3,407	1,688	2,110
46 Total Non-Operating Income & Expenses	14,158	26,108	6,339	13,370	7,191
NON-OPERATING TAXES					
47 Federal Income Taxes	3,075	4,189	(2,613)	1,858	(1,399)
48 Other	20	69	(763)	66	64
49 Total Non-Operating Taxes	3,095	4,258	(3,377)	1,924	(1,335)
50 Income Available Before Interest Charges	172,321	145,385	202,778	206,791	149,907
INTEREST CHARGES					
51 Interest on Funded Debt	4,534	5,168	5,682	6,778	9,825
52 Other Interest Expense	6,931	7,894	62,306	32,593	10,910
53 Total Interest Charges	11,465	13,063	67,988	39,371	20,735
54 Income Before Extraordinary & Nonreg Items	160,856	132,322	134,789	167,420	129,173
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items				(1)	
56 Nonregulated Revenues	(49)	(123)	(27)	46	228
57 Total Extraordinary & Nonregulated Items	(49)	(123)	(27)	45	228
58 Net Income	\$160,808	\$132,199	\$134,762	\$167,465	\$129,401
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$777,670	\$748,181	\$655,045	\$577,982	\$472,843
60 Transferred from Income	\$162,340	\$134,962	\$115,916	\$159,461	\$127,449
61 Appropriations					
Dividends Declared:					
62 Preferred Stock	\$51	\$54	\$54	\$54	\$54
63 Common Stock	\$105,748	\$100,117	\$27,162	\$32,987	\$14,263
64 Adjustments	(\$531)	(\$453)	(\$1,785)	(\$49,357)	(\$7,993)
65 Ending Year Balance	833,680	782,519	741,961	655,045	577,982
66 Appropriated/Undistr Affiliate Retained Earnings	9,903	7,914	18,796	24,363	21,336
67 Total Retained Earnings	\$843,583	\$790,432	\$760,756	\$679,408	\$599,318

Table 1 AT

Telecommunication Industry (Class A)
Comparative Balance Sheet
For the Year Ended December 31,
(\$000s)

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$485,615	\$447,839	\$419,455	\$564,399	\$539,363
2 Accounts Receivable (Net)	1,282,792	1,132,139	2,379,264	2,328,119	2,112,605
3 Current Deferred Income Taxes			330,696	333,685	330,696
4 Other Current Assets	268,220	265,374	372,700	543,311	412,583
5 Total Current Assets	2,036,627	1,845,352	3,502,115	3,769,513	3,395,246
NON-CURRENT ASSETS					
6 Investments	270,903	209,924	614,395	(131,728)	172,405
7 Unamortized Debt Issuance Costs	13,136	14,443	60,845	104,653	130,838
8 Deferred Charges	242,869	668,115	668,056	703,961	734,128
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes			1,610,486	1,893,104	1,610,486
11 Other Non-Current Assets	808,905	811,945	783,814	528,302	228,947
12 Total Non-Current Assets	1,335,814	1,704,426	3,737,596	3,098,293	2,876,805
REGULATED PLANT					
13 Total Telecommunications Plant	32,264,254	32,365,938	31,760,610	31,078,769	29,948,558
14 Less: Accumulated Depr and Amort.	20,616,772	19,823,080	18,270,778	17,281,563	15,724,104
15 Net Regulated Plant	11,647,481	12,542,858	13,489,832	13,797,206	14,224,454
16 Total Assets & Other Debits	\$15,019,923	\$16,092,636	\$20,729,544	\$20,665,012	\$20,496,505
CURRENT LIABILITIES					
17 Accounts Payable	\$1,124,397	\$1,409,329	\$3,523,032	\$1,802,644	\$5,815,984
18 Notes Payable	2,718,119	2,653,800	2,047,302	2,118,992	(293,393)
19 Advanced Billings	187,089	196,461	203,332	215,469	201,920
20 Customer Deposits	8,056	8,924	9,556	6,799	7,431
21 Current Maturities - Long-Term Debt	1,725	201,103	150,928	350,600	42,630
22 Current Deferred Income Taxes	11,703	(88,503)	389,363	519,793	524,859
23 Other Current Liabilities	670,170	800,533	981,109	1,141,906	1,035,431
24 Total Current Liabilities	4,721,259	5,181,646	7,304,622	6,156,202	7,334,862
LONG-TERM DEBT					
25 Long-Term Debt	2,899,241	2,896,512	3,789,734	4,360,222	3,481,093
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC	25,454	27,913	87,776	94,073	100,169
27 Non-Current Deferred Taxes	374,492	581,095	2,151,689	2,191,540	1,928,219
28 Other Deferred Credits	275,923	867,252	695,881	768,864	957,010
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	4,423,745	4,502,054	3,971,990	3,760,732	2,456,309
31 Total Other Liab. and Def. Credits	5,099,613	5,978,314	6,907,336	6,815,210	5,441,707
STOCKHOLDER'S EQUITY					
32 Common Stock	1,001	1,001	1,001	1,001	1,001
33 Preferred Stock					
34 Other Paid in Capital	2,586,404	2,023,405	2,014,271	2,013,519	2,013,519
35 Retained Earnings	(287,596)	11,757	712,580	1,318,858	2,224,321
36 Total Stockholder's Equity	2,299,809	2,036,163	2,727,852	3,333,379	4,238,841
37 Total Liab. and Stockholder's Equity	\$15,019,923	\$16,092,636	\$20,729,544	\$20,665,012	\$20,496,505

Table 2 AT

Telecommunication Industry (Class A)
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,
(\$000s)

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$3,077,417	\$3,372,888	\$3,752,278	\$4,179,880	\$4,238,084	1
Network Access Services	2,377,340	2,338,886	2,418,736	2,475,980	2,486,063	2
Long Distance Network Services	171,760	178,556	206,063	181,080	198,935	3
Miscellaneous Revenues	1,281,839	1,477,066	1,332,997	1,403,603	1,493,943	4
Less: Uncollectible Revenues	80,877	49,184	200,420	339,291	361,911	5
Total Operating Revenues	6,827,479	7,318,212	7,509,655	7,901,251	8,055,115	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	16,510	14,085	10,707	11,019	7,758	7
General Support Expenses	469,728	486,331	443,522	416,542	398,078	8
Central Office Switching	253,068	249,911	232,985	239,012	262,296	9
Operator Systems Expense	1,110	884	713	1,066	473	10
Central Office Transmission	129,503	124,242	119,864	116,282	133,419	11
Info. Origination/Termination	279,933	296,647	301,341	255,730	262,234	12
Cable & Wire Facilities	1,095,385	1,078,231	995,903	857,005	860,225	13
Total Plant Specific Operations	2,245,238	2,250,331	2,105,034	1,896,657	1,924,483	14
Other Plant, Property & Equipment	13,609	8,241	7,763	2,230	3,351	15
Network Operations	827,605	778,735	855,811	692,575	750,500	16
Access Expense	180,477	167,730	175,299	229,310	361,447	17
Depreciation and Amortization	1,776,499	2,242,903	2,241,442	2,275,410	2,134,487	18
Total Plant Non-Specific Operations	2,798,189	3,197,609	3,280,315	3,199,525	3,249,786	19
Marketing Expense	301,263	300,301	303,902	307,740	327,184	20
Services Expense	707,007	698,543	727,021	646,638	660,905	21
Total Customer Operations	1,008,269	998,844	1,030,923	954,378	988,090	22
Executive & Planning	35,189	65,387	56,190	56,734	64,934	23
General & Administrative	985,292	1,083,922	1,906,874	1,542,435	1,525,176	24
Provision - Uncollectible Notes Rec.		0	0	0	(5)	25
Other						26
Total Corporate Operations	1,020,481	1,149,309	1,963,064	1,599,169	1,590,105	27
Total Operations Expense	7,072,178	7,596,093	8,379,336	7,649,729	7,752,464	28
Other Operating Income & Expenses	310,815	(510)	(9,898)	(4,214)	8,306	29
State & Local Income Taxes	219	16	(143)	(86)	(239)	30
Other Taxes	541,103	605,133	705,616	606,086	569,213	31
Net Operating Income Before FIT	(475,207)	(883,540)	(1,585,052)	(358,691)	(258,017)	32
Investment Tax Credits - Net	2,459	9,956	3,026	6,096	9,582	33
Federal Income Taxes	(39,419)	(503,056)	(540,918)	(258,716)	6,884	34
Provision - Def. Operating Income Taxes - Net	(181,074)	143,928	(85,415)	81,408	(187,433)	35
Net Operating Income	(\$252,255)	(\$514,457)	(\$955,693)	(\$175,287)	(\$67,887)	36

Table 3 AT

Telecommunication Industry (Class A)
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,
(\$000s)

	2005	2004	2003	2002	2001
37 Net Operating Income	(\$252,255)	(\$514,457)	(\$955,693)	(\$175,287)	(\$67,887)
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	14,586	29,353	10,067	16,430	90,129
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	18,705	9,453	13,495	33,026	45,400
42 Gains/Losses - Disposal of Property	3	3	(14)	(2)	7
43 Equity in Earnings of Affiliated Companies	49,605	120,586	45,717	75,465	33,313
44 Other Non-Operating Income	(3,939)	22,958	68,354	(6,837)	(218,169)
45 Special Charges	16,984	17,615	11,350	13,747	16,395
46 Total Non-Operating Income & Expenses	61,977	164,739	126,267	104,336	(65,715)
NON-OPERATING TAXES					
47 Federal Income Taxes	(5,349)	18,785	29,354	7,902	27,589
48 Other	24,542	2,635	5,861	5,788	3,516
49 Total Non-Operating Taxes	19,193	21,421	35,215	13,690	31,106
50 Income Available Before Interest Charges	(209,471)	(371,138)	(864,640)	(84,641)	(164,708)
INTEREST CHARGES					
51 Interest on Funded Debt	204,289	228,936	295,355	286,058	240,645
52 Other Interest Expense	150,271	78,972	126,542	111,196	138,900
53 Total Interest Charges	354,560	307,908	421,897	397,254	379,544
54 Income Before Extraordinary & Nonreg Items	(564,031)	(679,046)	(1,286,537)	(481,895)	(544,252)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items			(453,043)	87	9,398
56 Nonregulated Revenues	239,819	216,056	225,261	284,395	283,902
57 Total Extraordinary & Nonregulated Items	239,819	216,056	(227,782)	284,482	293,300
58 Net Income	(\$324,212)	(\$462,990)	(\$1,514,319)	(\$197,413)	(\$250,952)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	(\$17,156)	\$730,043	\$1,266,525	\$2,237,415	\$2,561,896
60 Transferred from Income	(373,818)	(509,367)	(588,733)	(212,718)	(241,116)
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	(24,859)	64,660	180,000	190,000	66,000
64 Adjustments		(173,172)	232,251	(568,173)	(17,365)
65 Ending Year Balance	(366,115)	(17,156)	730,043	1,266,525	2,237,415
66 Appropriated/Undistr Affiliate Retained Earnings	78,518	28,913	(17,463)	2,037	(13,094)
67 Total Retained Earnings	(\$287,596)	\$11,757	\$712,580	\$1,268,562	\$2,224,321

Table 1 BT

Telecommunication Industry (Class B)
Comparative Balance Sheet
For the Year Ended December 31,
(\$000s)

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$45,456	\$68,943	\$54,558	\$46,950	\$45,209
2 Accounts Receivable (Net)	79,491	83,943	176,597	562,884	70,583
3 Current Deferred Income Taxes	498	336	311	1,336	891
4 Other Current Assets	14,491	14,185	15,768	16,661	15,430
5 Total Current Assets	139,936	167,406	247,234	627,832	132,113
NON-CURRENT ASSETS					
6 Investments	125,150	99,339	89,499	(66,162)	54,197
7 Unamortized Debt Issuance Costs	386	437	491	423	434
8 Deferred Charges	5,537	6,291	6,095	5,181	5,700
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	8,968	8,758	8,043	58,050	2,413
11 Other Non-Current Assets	24,517	25,183	26,235	28,470	26,071
12 Total Non-Current Assets	164,558	140,008	130,363	25,961	88,815
REGULATED PLANT					
13 Total Telecommunications Plant	1,022,068	999,957	976,172	945,282	935,122
14 Less: Accumulated Depr and Amort.	610,054	567,860	525,321	480,030	459,064
15 Net Regulated Plant	412,014	432,097	450,851	465,252	476,058
16 Total Assets & Other Debits	\$716,508	\$739,511	\$828,448	\$1,119,045	\$696,986
CURRENT LIABILITIES					
17 Accounts Payable	\$37,362	\$51,506	\$157,964	\$24,181	\$32,795
18 Notes Payable	4,483	6,518	6,997	12,460	15,482
19 Advanced Billings	3,678	3,671	3,612	2,938	4,076
20 Customer Deposits	283	305	301	286	294
21 Current Maturities - Long-Term Debt	5,990	6,198	4,690	9,352	5,814
22 Current Deferred Income Taxes	(11)	(14)	326	202	940
23 Other Current Liabilities	9,014	13,343	13,845	8,106	11,649
24 Total Current Liabilities	60,799	81,527	187,734	57,526	71,051
LONG-TERM DEBT					
25 Long-Term Debt	55,009	74,990	78,498	436,526	90,394
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC	28	44	109	238	450
27 Non-Current Deferred Taxes	61,516	58,305	50,650	120,176	49,525
28 Other Deferred Credits	18,093	18,681	16,553	16,729	13,305
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	35,821	38,766	41,954	34,794	31,016
31 Total Other Liab. and Def. Credits	115,457	115,796	109,266	171,937	94,297
STOCKHOLDER'S EQUITY					
32 Common Stock	28,565	28,565	28,565	31,987	31,961
33 Preferred Stock	927	1,013	1,013	1,015	1,020
34 Other Paid in Capital	95,921	92,941	92,335	85,172	89,612
35 Retained Earnings	359,829	344,678	331,036	333,627	318,651
36 Total Stockholder's Equity	485,242	467,198	452,950	451,801	441,245
37 Total Liab. and Stockholder's Equity	\$716,508	\$739,511	\$828,448	\$1,117,790	\$696,986

Table 2 BT

Telecommunication Industry (Class B)
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,
(\$000s)

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$98,021	\$101,005	\$101,064	\$99,688	\$99,304	1
Network Access Services	159,350	155,443	159,942	156,960	154,042	2
Long Distance Network Services	5,954	6,618	7,279	7,493	8,310	3
Miscellaneous Revenues	50,723	52,755	51,933	57,115	59,007	4
Less: Uncollectible Revenues	1,686	1,842	2,521	2,683	1,797	5
Total Operating Revenues	312,363	313,979	317,696	318,573	318,866	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	723	819	728	829	850	7
General Support Expenses	11,812	15,619	15,345	13,905	14,417	8
Central Office Switching	11,268	11,756	10,882	11,168	10,588	9
Operator Systems Expense	10	9	0	0	4	10
Central Office Transmission	6,384	5,856	6,895	6,210	5,666	11
Info. Origination/Termination	5,663	6,345	7,185	6,157	6,118	12
Cable & Wire Facilities	17,886	17,785	18,152	18,313	17,320	13
Total Plant Specific Operations	53,744	58,188	59,188	56,584	54,963	14
Other Plant, Property & Equipment	255	167	235	384	240	15
Network Operations	16,752	17,411	19,226	19,989	17,280	16
Access Expense	8,951	7,926	6,456	5,097	4,263	17
Depreciation and Amortization	54,606	56,056	47,794	53,320	54,878	18
Total Plant Non-Specific Operations	80,564	81,560	73,712	78,790	76,661	19
Marketing Expense	7,222	7,223	7,286	8,982	8,991	20
Services Expense	24,318	27,157	27,071	30,231	32,388	21
Total Customer Operations	31,540	34,380	34,358	39,213	41,379	22
Executive & Planning	14,515	19,563	14,251	15,842	15,839	23
General & Administrative	35,733	32,323	38,955	42,511	35,367	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	50,248	51,886	53,206	58,352	51,206	27
Total Operations Expense	216,096	226,014	220,464	232,939	224,209	28
Other Operating Income & Expenses	25	88	(42)	(108)	(76)	29
State & Local Income Taxes	171	110	202	165	198	30
Other Taxes	16,156	17,215	16,615	17,176	17,792	31
Net Operating Income Before FIT	79,965	70,728	80,373	68,184	76,592	32
Investment Tax Credits - Net	13	62	125	160	298	33
Federal Income Taxes	30,011	18,701	20,348	10,532	26,069	34
Provision - Def. Operating Income Taxes - Net	(3,448)	4,434	3,116	3,275	489	35
Net Operating Income	\$53,415	\$47,655	\$57,033	\$54,538	\$50,331	36

Table 3 BT

Telecommunication Industry (Class B)
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,
(\$000s)

	2005	2004	2003	2002	2001
37 Net Operating Income	\$53,415	\$47,655	\$57,033	\$54,538	\$50,331
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	795	487	303	282	270
39 Interest Income	5,536	4,002	1,219	1,219	2,093
40 Income - Sinking and Other Funds	63		1		
41 Allowance for Funds Used During Construction	220	443	370	787	1,277
42 Gains/Losses - Disposal of Property	101	381	62	(199)	36
43 Equity in Earnings of Affiliated Companies	(739)	(2,276)	(4,099)	8,286	2,222
44 Other Non-Operating Income	13,010	14,224	10,489	4,208	288
45 Special Charges	(38)	812	1,905	626	829
46 Total Non-Operating Income & Expenses	19,023	16,450	6,439	13,957	5,356
NON-OPERATING TAXES					
47 Federal Income Taxes	5,475	5,805	(350)	1,948	303
48 Other	20	69	(763)	66	64
49 Total Non-Operating Taxes	5,495	5,874	(1,116)	2,014	367
50 Income Available Before Interest Charges	66,943	58,231	64,589	66,481	55,320
INTEREST CHARGES					
51 Interest on Funded Debt	4,534	5,168	5,682	6,061	6,821
52 Other Interest Expense	1,480	996	7,702	6,951	2,100
53 Total Interest Charges	6,014	6,165	36,634	13,011	8,921
54 Income Before Extraordinary & Nonreg Items	60,929	52,066	27,954	53,470	46,399
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items				(1)	
56 Nonregulated Revenues	(49)	(123)	(27)	46	228
57 Total Extraordinary & Nonregulated Items	(49)	(123)	(27)	45	228
58 Net Income	\$60,880	\$51,944	\$27,927	\$53,515	\$46,627
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$331,916	\$318,510	\$309,264	\$297,315	\$257,851
60 Transferred from Income	61,619	54,219	32,027	45,229	44,405
61 Appropriations					
Dividends Declared:					
62 Preferred Stock	51	54	54	54	54
63 Common Stock	43,248	35,457	27,162	32,987	14,263
64 Adjustments	(531)	(453)	(1,785)	(239)	9,376
65 Ending Year Balance	349,925	336,765	312,289	309,264	297,315
66 Appropriated/Undistr Affiliate Retained Earnings	9,903	7,914	18,796	24,363	21,336
67 Total Retained Earnings	\$359,829	\$344,678	\$331,085	\$333,627	\$318,651

ALLTEL New York, Inc.
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$5,671,736	\$6,165,133	\$1,231,496	\$338,936	\$241,807
2 Accounts Receivable (Net)	5685823	5,700,495	7,563,360	7,867,237	8,831,220
3 Current Deferred Income Taxes					588,719
4 Other Current Assets	240,015	335,735	589,136	798,142	380,222
5 Total Current Assets	11,597,574	12,201,363	9,383,992	9,004,315	10,041,968
NON-CURRENT ASSETS					
6 Investments		36,000	36,000	36,000	36,000
7 Unamortized Debt Issuance Costs	60,350	71,776	83,201	95,733	108,632
8 Deferred Charges				(23,548)	9,935
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets	3,167,390	4,010,107	3,321,045	4,262,757	4,410,362
12 Total Non-Current Assets	3,227,740	4,117,883	3,440,246	4,370,942	4,564,929
REGULATED PLANT					
13 Total Telecommunications Plant	199,186,576	195,208,908	192,803,748	186,169,525	190,685,014
14 Less: Accumulated Depr and Amort.	120,746,036	114,021,473	107,836,078	97,343,835	99,528,135
15 Net Regulated Plant	78,440,540	81,187,435	84,967,670	88,825,690	91,156,879
16 Total Assets & Other Debits	\$93,265,854	\$97,506,681	\$97,791,908	\$102,200,947	\$105,763,776
CURRENT LIABILITIES					
17 Accounts Payable	\$1,437,016	\$2,587,020	\$2,493,049	\$3,273,743	\$4,551,082
18 Notes Payable					
19 Advanced Billings	912,108	985,418	1,002,353	489,114	1,461,141
20 Customer Deposits	24,140	14,090	14,450	10,543	4,746
21 Current Maturities - Long-Term Debt	2,272,400	2,272,400	2,272,400	2,272,400	2,272,400
22 Current Deferred Income Taxes					
23 Other Current Liabilities	1,828,494	1,230,700	1,784,952	2,314,275	2,656,288
24 Total Current Liabilities	6,474,158	7,089,628	7,567,204	8,360,075	10,945,657
LONG-TERM DEBT					
25 Long-Term Debt	8,456,800	10,729,200	13,001,600	16,190,664	19,583,932
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	16,868,887	18,613,527	16,960,510	17,139,068	17,357,418
28 Other Deferred Credits	1,244,072	1,456,738	2,127,005	2,415,734	627,361
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	471,871	681,856	115,437	1,258,726	1,549,498
31 Total Other Liab. and Def. Credits	18,584,830	20,752,121	19,202,952	20,813,528	19,534,277
STOCKHOLDER'S EQUITY					
32 Common Stock	16,705,393	16,705,393	16,705,393	16,705,393	16,705,393
33 Preferred Stock					
34 Other Paid in Capital	4,527,661	4,527,661	4,527,661	4,527,661	4,527,661
35 Retained Earnings	38,517,012	37,702,677	36,787,098	35,603,626	34,466,856
36 Total Stockholder's Equity	59,750,066	58,935,731	58,020,152	56,836,680	55,699,910
37 Total Liab. and Stockholder's Equity	\$93,265,854	\$97,506,680	\$97,791,908	\$102,200,947	\$105,763,776

ALLTEL New York, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$25,168,635	\$26,745,285	\$27,489,753	\$27,595,093	\$27,857,863	1
Network Access Services	22,079,824	22,142,551	22,080,878	19,725,028	19,757,958	2
Long Distance Network Services	1,649,941	1,855,933	2,126,556	2,391,134	2,751,357	3
Miscellaneous Revenues	6,928,431	6,954,226	7,100,083	7,923,143	7,663,610	4
Less: Uncollectible Revenues	647,983	689,099	620,168	796,917	389,000	5
Total Operating Revenues	55,178,848	57,008,896	58,177,102	56,837,481	57,641,788	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	321,959	409,113	357,906	385,110	304,103	7
General Support Expenses	2,265,146	2,157,114	2,327,021	2,170,916	4,915,744	8
Central Office Switching	2,208,233	1,980,410	2,114,433	1,873,853	2,034,405	9
Operator Systems Expense						10
Central Office Transmission	1,060,259	829,904	947,655	974,196	1,029,410	11
Info. Origination/Termination	221,530	228,324	236,230	244,708	255,112	12
Cable & Wire Facilities	3,578,149	3,477,026	4,120,442	3,602,462	3,570,658	13
Total Plant Specific Operations	9,655,276	9,081,891	10,103,687	9,251,245	12,109,432	14
Other Plant, Property & Equipment	4,367	25,826	59,347	48,806	43,145	15
Network Operations	3,143,152	3,046,745	2,940,691	3,155,846	3,102,270	16
Access Expense	1,715,088	1,429,716	1,301,041	947,227	1,000,661	17
Depreciation and Amortization	9,681,082	9,553,704	9,395,139	9,774,592	9,514,692	18
Total Plant Non-Specific Operations	14,543,689	14,055,991	13,696,218	13,926,471	13,660,768	19
Marketing Expense	1,781,140	1,756,540	1,877,241	1,896,661	1,862,723	20
Services Expense	3,262,046	3,379,559	3,635,801	3,630,643	4,023,887	21
Total Customer Operations	5,043,186	5,136,099	5,513,042	5,527,304	5,886,610	22
Executive & Planning	367,528	408,842	433,313	468,118	278,398	23
General & Administrative	3,712,973	3,848,097	4,246,896	5,686,603	4,122,077	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	4,080,501	4,256,939	4,680,209	6,154,721	4,400,475	27
Total Operations Expense	33,322,652	32,530,920	33,993,156	34,859,741	36,057,285	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	3,158,682	4,574,631	4,673,686	4,678,423	4,099,588	31
Net Operating Income Before FIT	18,697,514	19,903,345	19,510,260	17,299,317	17,484,915	32
Investment Tax Credits - Net					30,144	33
Federal Income Taxes	7,644,646	4,589,005	6,222,831	4,803,762	4,692,431	34
Provision - Def. Operating Income Taxes - Net	(1,124,000)	2,273,659	442,082	991,010	1,043,814	35
Net Operating Income	\$12,176,868	\$13,040,681	\$12,845,347	\$11,504,545	\$11,778,814	36

ALLTEL New York, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$12,176,868	\$13,040,681	\$12,845,347	\$11,504,545	\$11,778,814
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	2,066	2,160	1,512	1,512	1,962
39 Interest Income	304,874	104,830	56,149	22,193	146,036
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	74,907	87,835	90,558	138,750	66,415
42 Gains/Losses - Disposal of Property			5,218		
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	(7,033,516)	(7,250,603)	(7,413,652)	(7,504,317)	(7,775,373)
45 Special Charges				307	13,466
46 Total Non-Operating Income & Expenses	(6,651,669)	(7,055,778)	(7,260,215)	(7,342,169)	(7,574,426)
NON-OPERATING TAXES					
47 Federal Income Taxes	(2,353,942)	(2,500,262)	(2,572,774)	(2,610,728)	(2,669,585)
48 Other					
49 Total Non-Operating Taxes	(2,353,942)	(2,500,262)	(2,572,774)	(2,610,728)	(2,669,585)
50 Income Available Before Interest Charges	7,879,141	8,485,165	8,157,906	6,773,104	6,873,973
INTEREST CHARGES					
51 Interest on Funded Debt	1,156,058	1,368,768	1,582,889	1,794,189	2,005,489
52 Other Interest Expense	11,749	11,816	28,542	129,145	208,979
53 Total Interest Charges	1,167,807	1,380,584	1,611,431	1,923,334	2,214,468
54 Income Before Extraordinary & Nonreg Items	6,711,334	7,104,581	6,546,475	4,849,770	4,659,505
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$6,711,334	\$7,104,581	\$6,546,475	\$4,849,770	\$4,659,505
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$37,702,677	\$36,787,098	\$35,603,626	\$34,466,856	\$33,916,421
60 Transferred from Income	6,711,334	7,104,581	6,546,475	4,849,770	4,659,505
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	5,896,999	6,189,002	5,363,003	3,713,000	4,109,070
64 Adjustments					
65 Ending Year Balance	38,517,012	37,702,677	36,787,098	35,603,626	34,466,856
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$38,517,012	\$37,702,677	\$36,787,098	\$35,603,626	\$34,466,856

Armstrong Telephone Company
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$1,641,919	\$1,454,246	\$1,171,996	\$1,481,386	\$1,255,447
2 Accounts Receivable (Net)	696,355	864,553	858,297	1,045,885	901,143
3 Current Deferred Income Taxes	15,843	13,845	11,511	9,303	7,284
4 Other Current Assets	161,777	134,911	146,520	134,416	117,365
5 Total Current Assets	2,515,894	2,467,555	2,188,324	2,670,990	2,281,239
NON-CURRENT ASSETS					
6 Investments					
7 Unamortized Debt Issuance Costs		1,003	2,118	3,234	4,350
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	7,124	7,124	7,124	7,124	7,124
11 Other Non-Current Assets					
12 Total Non-Current Assets	7,124	8,127	9,242	10,358	11,474
REGULATED PLANT					
13 Total Telecommunications Plant	13,392,455	12,863,882	12,223,945	11,437,974	10,591,220
14 Less: Accumulated Depr and Amort.	7,184,844	6,479,884	5,742,660	5,167,483	4,657,086
15 Net Regulated Plant	6,207,611	6,383,998	6,481,285	6,270,491	5,934,134
16 Total Assets & Other Debits	\$8,730,629	\$8,859,680	\$8,678,851	\$8,951,839	\$8,226,847
CURRENT LIABILITIES					
17 Accounts Payable	\$262,699	\$215,496	\$149,589	\$462,842	\$161,690
18 Notes Payable					
19 Advanced Billings	106,922	100,840	95,434	88,282	79,317
20 Customer Deposits					
21 Current Maturities - Long-Term Debt	140,338	142,380	138,008	131,790	166,647
22 Current Deferred Income Taxes					
23 Other Current Liabilities	140,811	148,568	159,417	314,177	194,256
24 Total Current Liabilities	650,770	607,284	542,448	997,091	601,910
LONG-TERM DEBT					
25 Long-Term Debt	3,501,270	3,635,270	3,773,292	3,911,304	4,002,301
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC	4,973	4,973	4,973	8,098	12,161
27 Non-Current Deferred Taxes	1,119,547	1,072,303	1,052,142	993,740	942,902
28 Other Deferred Credits	44,979	39,271	32,603	26,294	20,526
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					
31 Total Other Liab. and Def. Credits	1,169,499	1,116,547	1,089,718	1,028,132	975,589
STOCKHOLDER'S EQUITY					
32 Common Stock	243,000	243,000	243,000	243,000	243,000
33 Preferred Stock					
34 Other Paid in Capital	21,000	21,000	21,000	21,000	21,000
35 Retained Earnings	3,145,090	3,236,579	3,009,393	2,751,312	2,383,047
36 Total Stockholder's Equity	3,409,090	3,500,579	3,273,393	3,015,312	2,647,047
37 Total Liab. and Stockholder's Equity	\$8,730,629	\$8,859,680	\$8,678,851	\$8,951,839	\$8,226,847

Armstrong Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$818,686	\$829,674	\$837,798	\$830,485	\$813,351	1
Network Access Services	3,106,648	3,233,824	2,911,006	3,004,379	2,973,878	2
Long Distance Network Services	48,464	75,679	90,113	93,254	75,299	3
Miscellaneous Revenues	558,005	447,527	392,475	323,422	243,119	4
Less: Uncollectible Revenues	18,041	19,401	47,955	52,407	106,456	5
Total Operating Revenues	4,513,762	4,567,303	4,183,437	4,199,133	3,999,191	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses						7
General Support Expenses	93,522	97,971	92,372	73,308	88,638	8
Central Office Switching	241,369	256,665	262,501	241,799	222,327	9
Operator Systems Expense						10
Central Office Transmission	176,968	98,348	40,817	13,022	35,719	11
Info. Origination/Termination	394,683	281,293	133,517	44,128	18,916	12
Cable & Wire Facilities	401,656	353,973	431,723	344,315	382,674	13
Total Plant Specific Operations	1,308,198	1,088,250	960,930	716,572	748,274	14
Other Plant, Property & Equipment	791					15
Network Operations	348,172	274,230	344,729	316,489	287,521	16
Access Expense	23,954	23,822	19,144	12,269	9,468	17
Depreciation and Amortization	924,596	864,309	621,521	671,216	666,421	18
Total Plant Non-Specific Operations	1,297,513	1,162,361	985,394	999,974	963,410	19
Marketing Expense	14,814	8,580	12,079	30,427	23,699	20
Services Expense	312,925	291,599	277,638	266,555	288,510	21
Total Customer Operations	327,739	300,179	289,717	296,982	312,209	22
Executive & Planning	484,507	529,481	361,289	357,724	272,314	23
General & Administrative	798,790	804,384	851,575	853,778	775,972	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,283,297	1,333,865	1,212,864	1,211,502	1,048,286	27
Total Operations Expense	4,216,747	3,884,655	3,448,905	3,225,030	3,072,179	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	236,609	260,959	261,802	246,736	199,885	31
Net Operating Income Before FIT	60,406	421,689	472,730	727,367	727,127	32
Investment Tax Credits - Net			3,125	4,063	4,686	33
Federal Income Taxes	(7,986)	(4,691)	(14,678)	137,750	162,857	34
Provision - Def. Operating Income Taxes - Net		17,828	56,194	(29,462)	9,358	35
Net Operating Income	\$68,392	\$408,552	\$434,339	\$623,142	\$559,598	36

Armstrong Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

		2004	2003	2002	2001
37	Net Operating Income	\$68,392	\$408,552	\$434,339	\$623,142
	NON-OPERATING INCOME & EXPENSES				
38	Dividend Income				
39	Interest Income	29,943	17,469	9,148	21,383
40	Income - Sinking and Other Funds				32,244
41	Allowance for Funds Used During Construction			12,778	8,975
42	Gains/Losses - Disposal of Property				4,762
43	Equity in Earnings of Affiliated Companies				
44	Other Non-Operating Income	3,970		2,000	(195,739)
45	Special Charges	1,204	2,655	1,080	810
					665
46	Total Non-Operating Income & Expenses	32,709	14,814	22,846	29,548
	NON-OPERATING TAXES				
47	Federal Income Taxes	7,566	3,607	322	79,686
48	Other				(67,242)
49	Total Non-Operating Taxes	7,566	3,607	322	79,686
					(67,242)
50	Income Available Before Interest Charges	93,535	419,759	456,863	573,004
	INTEREST CHARGES				
51	Interest on Funded Debt	185,024	191,457	197,667	203,624
52	Other Interest Expense		1,116	1,116	1,116
53	Total Interest Charges	185,024	192,573	198,783	204,740
					210,591
54	Income Before Extraordinary & Nonreg Items	(91,489)	227,186	258,080	368,264
	EXTRAORDINARY & NONREG ITEMS				
55	Extraordinary Items				
56	Nonregulated Revenues				
57	Total Extraordinary & Nonregulated Items				
58	Net Income	(\$91,489)	\$227,186	\$258,080	\$368,264
	RETAINED EARNINGS STATEMENT				
	Unappropriated Retained Earnings:				
59	Beginning Year Balance	\$3,236,579	\$3,009,391	\$2,751,311	\$2,383,047
60	Transferred from Income	(91,489)	227,186	258,080	368,264
61	Appropriations				
	Dividends Declared:				
62	Preferred Stock				
63	Common Stock				
64	Adjustments				(84,095)
65	Ending Year Balance	3,145,090	3,236,577	3,009,391	2,751,311
66	Appropriated/Undistr Affiliate Retained Earnings				2,383,047
67	Total Retained Earnings	\$3,145,090	\$3,236,577	\$3,009,391	\$2,751,311

Berkshire Telephone Corporation
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$1,439,927	\$1,564,044	\$1,952,416	\$1,240,431	\$655,614
2 Accounts Receivable (Net)	850,156	585,065	577,255	947,447	902,721
3 Current Deferred Income Taxes	75,875				
4 Other Current Assets	394,061	374,890	313,243	306,333	325,681
5 Total Current Assets	2,760,020	2,523,999	2,842,914	2,494,211	1,884,016
NON-CURRENT ASSETS					
6 Investments	1,633,127	4,182,083	4,740,351	4,400,832	4,291,536
7 Unamortized Debt Issuance Costs	23,262	31,100	34,586	38,071	41,557
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	140,897	125,822	598,946	576,286	
11 Other Non-Current Assets	(5,402)	7,787	175,765	568,665	571,162
12 Total Non-Current Assets	1,791,884	4,346,792	5,549,648	5,583,854	4,904,255
REGULATED PLANT					
13 Total Telecommunications Plant	15,344,140	14,628,188	14,209,490	13,651,563	13,538,518
14 Less: Accumulated Depr and Amort.	8,399,351	7,499,948	6,633,384	5,883,149	5,291,290
15 Net Regulated Plant	6,944,789	7,128,240	7,576,106	7,768,414	8,247,228
16 Total Assets & Other Debits	\$11,496,693	\$13,999,031	\$15,968,668	\$15,846,479	\$15,035,499
CURRENT LIABILITIES					
17 Accounts Payable	\$3,664,933	\$493,579	\$483,786	\$541,108	\$710,190
18 Notes Payable					
19 Advanced Billings	1,064	12,958	3,870	11,166	4,935
20 Customer Deposits					
21 Current Maturities - Long-Term Debt	124,938				
22 Current Deferred Income Taxes					
23 Other Current Liabilities	(19,651)	(169,527)	1,311,780	1,200,292	805,783
24 Total Current Liabilities	3,771,283	337,010	1,799,436	1,752,566	1,520,908
LONG-TERM DEBT					
25 Long-Term Debt	1,233,193	2,787,460	3,058,186	3,311,587	3,548,616
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	853,632	982,786	1,031,872	933,543	458,946
28 Other Deferred Credits	333,377	333,377	369,588	402,127	227,769
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	424,009	166,838	203,512	164,505	
31 Total Other Liab. and Def. Credits	1,611,018	1,483,001	1,604,972	1,500,175	686,715
STOCKHOLDER'S EQUITY					
32 Common Stock	81,160	81,160	81,160	81,160	81,160
33 Preferred Stock					
34 Other Paid in Capital			(38,681)	(65,178)	(39,110)
35 Retained Earnings	4,800,039	9,310,400	9,463,595	9,266,169	9,237,210
36 Total Stockholder's Equity	4,881,199	9,391,560	9,506,074	9,282,151	9,279,260
37 Total Liab. and Stockholder's Equity	\$11,496,693	\$13,999,031	\$15,968,668	\$15,846,479	\$15,035,499

Berkshire Telephone Corporation
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,264,620	\$1,514,717	\$1,392,146	\$1,386,528	\$1,452,032	1
Network Access Services	2,608,241	2,372,411	2,501,935	2,729,114	2,827,926	2
Long Distance Network Services	10,320	(339)	(433)	(549)	(967)	3
Miscellaneous Revenues	464,252	451,713	520,138	539,673	559,817	4
Less: Uncollectible Revenues	(9,966)	16,200	16,200	22,200	24,696	5
Total Operating Revenues	4,357,399	4,322,302	4,397,586	4,632,566	4,814,112	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	11,420	19,565	18,609	13,362	15,123	7
General Support Expenses	386,913	336,339	392,397	294,616	281,196	8
Central Office Switching	230,366	241,275	189,800	211,332	296,114	9
Operator Systems Expense						10
Central Office Transmission	39,496	36,443	73,983	63,112	48,942	11
Info. Origination/Termination	30,143	31,537	38,643	40,178	30,105	12
Cable & Wire Facilities	303,319	395,080	352,534	412,386	448,670	13
Total Plant Specific Operations	1,001,658	1,060,239	1,065,966	1,034,986	1,120,150	14
Other Plant, Property & Equipment	13,466		2,474	3,260	3,228	15
Network Operations	147,917	19,075	25,432	36,495	76,262	16
Access Expense	60,237					17
Depreciation and Amortization	932,036	895,832	864,102	856,523	829,287	18
Total Plant Non-Specific Operations	1,153,657	914,907	892,008	896,278	908,777	19
Marketing Expense	96,787	13,737	74,802	66,060	49,088	20
Services Expense	612,866	546,320	524,334	573,844	755,414	21
Total Customer Operations	709,653	560,057	599,136	639,904	804,502	22
Executive & Planning	446,456	409,587	457,611	530,927	552,283	23
General & Administrative	1,004,544	557,202	823,477	725,604	860,109	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,451,000	966,789	1,281,088	1,256,531	1,412,392	27
Total Operations Expense	4,315,968	3,501,992	3,838,198	3,827,699	4,245,821	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	171,893	230,822	234,104	220,518	213,741	31
Net Operating Income Before FIT	(130,462)	589,488	325,284	584,349	354,550	32
Investment Tax Credits - Net						33
Federal Income Taxes	(158,667)	(227,364)	(4,240)	102,974	4,826	34
Provision - Def. Operating Income Taxes - Net	(10,326)	371,572	29,480	(27,766)	(50,057)	35
Net Operating Income	\$38,530	\$445,280	\$300,044	\$509,141	\$399,781	36

Berkshire Telephone Corporation
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$38,530	\$445,280	\$300,044	\$509,141	\$399,781
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	114,873	86,938	62,062	59,342	62,059
39 Interest Income	4,960	14,422	15,685	7,929	11,967
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					(12,432)
43 Equity in Earnings of Affiliated Companies	214,492	(280,409)	274,868	154,260	168,516
44 Other Non-Operating Income	(1,901)				(15,698)
45 Special Charges	2,640	26,343	46,694	41,802	8,597
46 Total Non-Operating Income & Expenses	329,784	(205,392)	305,921	179,729	205,815
NON-OPERATING TAXES					
47 Federal Income Taxes	(78,531)	12,280	8,224	5,292	3,502
48 Other					
49 Total Non-Operating Taxes	(78,531)	12,280	8,224	5,292	3,502
50 Income Available Before Interest Charges	446,845	227,608	597,741	683,578	602,094
INTEREST CHARGES					
51 Interest on Funded Debt	168,641	222,796	242,218	260,542	278,133
52 Other Interest Expense	6,027	3,486	3,575	9,769	21,238
53 Total Interest Charges	174,668	226,282	245,793	270,311	299,371
54 Income Before Extraordinary & Nonreg Items	272,177	1,326	351,948	413,267	302,723
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$272,177	\$1,326	\$351,948	\$413,267	\$302,723
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RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$9,590,809	\$6,738,533	\$6,815,975	\$6,941,276	\$6,933,789
60 Transferred from Income	57,684	281,735	77,080	259,007	134,207
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	4,782,536	154,521	154,522	158,976	126,720
64 Adjustments				(225,332)	
65 Ending Year Balance	4,865,957	6,865,747	6,738,533	6,815,975	6,941,276
66 Appropriated/Undistr Affiliate Retained Earnings	(65,918)	2,444,653	2,725,062	2,450,194	2,295,934
67 Total Retained Earnings	\$4,800,039	\$9,310,400	\$9,463,595	\$9,266,169	\$9,237,210

Cassadaga Telephone Corp.
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$4,700	\$4,028	\$1,323	\$55,697	\$58,245
2 Accounts Receivable (Net)	90,197	204,065	189,922	156,130	150,941
3 Current Deferred Income Taxes	2,898	2,458	2,016	1,579	1,183
4 Other Current Assets	109,580	13,215	4,788	53,179	50,749
5 Total Current Assets	207,375	223,766	198,049	266,585	261,118
NON-CURRENT ASSETS					
6 Investments	519	86,862	264,394	160,257	217,085
7 Unamortized Debt Issuance Costs			1,102	1,303	1,503
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	54,743	49,097	19,290	(4,069)	(2,652)
11 Other Non-Current Assets					
12 Total Non-Current Assets	55,262	135,959	284,786	157,491	215,936
REGULATED PLANT					
13 Total Telecommunications Plant	2,661,167	2,626,661	3,044,491	2,307,412	2,235,827
14 Less: Accumulated Depr and Amort.	1,227,415	1,083,126	1,490,623	1,379,774	1,277,684
15 Net Regulated Plant	1,433,752	1,543,535	1,553,868	927,638	958,143
16 Total Assets & Other Debits	\$1,696,389	\$1,903,260	\$2,036,703	\$1,351,714	\$1,435,197
CURRENT LIABILITIES					
17 Accounts Payable	\$20,319	\$498,027	\$527,653	\$71,907	\$77,169
18 Notes Payable		(250,000)	(270,000)	(340,000)	(249,000)
19 Advanced Billings					
20 Customer Deposits	8,345	8,343	10,175	10,674	11,854
21 Current Maturities - Long-Term Debt			22,993	21,879	20,819
22 Current Deferred Income Taxes					
23 Other Current Liabilities	10,934	(56,325)	4,147	45,364	23,667
24 Total Current Liabilities	39,598	200,045	294,968	(190,176)	(115,491)
LONG-TERM DEBT					
25 Long-Term Debt			118,674	141,577	163,360
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC		1,869	3,833	5,413	8,163
27 Non-Current Deferred Taxes	262,785	236,022	131,730	97,925	108,424
28 Other Deferred Credits	15,307	13,052	973	502	745
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					
31 Total Other Liab. and Def. Credits	278,092	250,943	136,536	103,840	117,332
STOCKHOLDER'S EQUITY					
32 Common Stock	27,800	27,800	27,800	27,800	27,800
33 Preferred Stock					
34 Other Paid in Capital					
35 Retained Earnings	1,350,899	1,424,472	1,458,725	1,268,673	1,242,196
36 Total Stockholder's Equity	1,378,699	1,452,272	1,486,525	1,296,473	1,269,996
37 Total Liab. and Stockholder's Equity	\$1,696,389	\$1,903,260	\$2,036,703	\$1,351,714	\$1,435,197

Cassadaga Telephone Corp.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$231,694	\$228,391	\$192,867	\$188,112	\$181,268	1
Network Access Services	690,150	664,491	657,905	607,674	612,707	2
Long Distance Network Services	1,923	2,999	5,464	3,839	3,792	3
Miscellaneous Revenues	94,135	104,222	121,156	121,147	124,925	4
Less: Uncollectible Revenues	(11,841)	8,032	2,463	6,457	6,021	5
Total Operating Revenues	1,029,743	992,071	974,929	914,315	916,671	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	222	895	(326)	309	33,541	7
General Support Expenses	76,181	64,430	70,499	71,777	33,651	8
Central Office Switching	20,976	77,040	108,428	115,184	107,869	9
Operator Systems Expense						10
Central Office Transmission	54,191	58,870	55,160	41,285	32,419	11
Info. Origination/Termination						12
Cable & Wire Facilities	39,828	45,379	51,885	45,933	51,609	13
Total Plant Specific Operations	191,398	246,614	285,646	274,488	259,089	14
Other Plant, Property & Equipment	608	1,176	(3,952)	3,990	21,770	15
Network Operations	96,635	73,296	53,008	39,503	32,851	16
Access Expense	11,285	10,741				17
Depreciation and Amortization	153,439	150,366	115,739	110,260	104,292	18
Total Plant Non-Specific Operations	261,967	235,579	164,795	153,753	158,913	19
Marketing Expense	16,174	18,676	20,928	20,940	21,775	20
Services Expense	104,709	107,589	128,836	103,825	108,187	21
Total Customer Operations	120,883	126,265	149,764	124,765	129,962	22
Executive & Planning	187,678	179,274	166,762	136,401	132,546	23
General & Administrative	64,651	87,336	45,290	83,045	54,605	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	252,329	266,610	212,052	219,446	187,151	27
Total Operations Expense	826,577	875,068	812,257	772,452	735,115	28
Other Operating Income & Expenses	101	2,950				29
State & Local Income Taxes						30
Other Taxes	33,267	45,475	40,151	32,468	31,907	31
Net Operating Income Before FIT	170,000	74,478	122,521	109,395	149,649	32
Investment Tax Credits - Net				5,400		33
Federal Income Taxes	27,470	(54,622)	16,104	45,905	58,189	34
Provision - Def. Operating Income Taxes - Net	19,770	82,860	28,652	(8,245)	(8,994)	35
Net Operating Income	\$122,760	\$46,240	\$77,765	\$77,135	\$100,454	36

Cassadaga Telephone Corp.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$122,760	\$46,240	\$77,765	\$77,135	\$100,454
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income					
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	222	30,794	1,537		
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	(66,343)	92,468	104,137	(56,828)	117,327
44 Other Non-Operating Income					
45 Special Charges	377		116		35
46 Total Non-Operating Income & Expenses	(66,498)	123,262	105,558	(56,828)	117,292
NON-OPERATING TAXES					
47 Federal Income Taxes					(5,400)
48 Other					
49 Total Non-Operating Taxes					(5,400)
50 Income Available Before Interest Charges	56,262	169,502	183,323	20,307	223,146
INTEREST CHARGES					
51 Interest on Funded Debt		2,337	7,587	8,631	9,691
52 Other Interest Expense	(2,215)	(7,082)	(14,316)	(14,801)	(13,796)
53 Total Interest Charges	(2,215)	(4,745)	(6,729)	(6,170)	(4,105)
54 Income Before Extraordinary & Nonreg Items	58,477	174,247	190,052	26,477	227,251
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$58,477	\$174,247	\$190,052	\$26,477	\$227,251
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$1,137,610	\$1,264,331	\$1,178,416	\$1,095,111	\$985,187
60 Transferred from Income	124,820	81,779	85,915	83,305	109,924
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	132,050	208,500			
64 Adjustments					
65 Ending Year Balance	1,130,380	1,137,610	1,264,331	1,178,416	1,095,111
66 Appropriated/Undistr Affiliate Retained Earnings	220,519	286,862	194,394	90,257	147,085
67 Total Retained Earnings	\$1,350,899	\$1,424,472	\$1,458,725	\$1,268,673	\$1,242,196

**Champlain Telephone Company
Comparative Balance Sheet
For the Year Ended December 31,**

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$118,860	\$481,622	\$275,263	\$447,004	\$285,532
2 Accounts Receivable (Net)	874,750	606,712	757,240	1,603,187	961,702
3 Current Deferred Income Taxes	17,374	15,535	13,641	11,378	9,311
4 Other Current Assets	307,924	277,368	297,874	288,741	304,776
5 Total Current Assets	1,318,908	1,381,237	1,344,018	2,350,310	1,561,321
NON-CURRENT ASSETS					
6 Investments	148,730		231,027	156,834	1,358,183
7 Unamortized Debt Issuance Costs	14,125	15,574	17,023	18,471	19,920
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	1,054,780	1,120,573	973,742	14,098	20,392
11 Other Non-Current Assets					
12 Total Non-Current Assets	1,217,635	1,136,147	1,221,792	189,403	1,398,495
REGULATED PLANT					
13 Total Telecommunications Plant	13,209,321	12,939,157	11,925,921	11,638,045	13,686,469
14 Less: Accumulated Depr and Amort.	6,881,075	6,417,400	5,857,919	5,526,725	7,801,735
15 Net Regulated Plant	6,328,246	6,521,757	6,068,002	6,111,320	5,884,734
16 Total Assets & Other Debits	\$8,864,789	\$9,039,141	\$8,633,812	\$8,651,033	\$8,844,550
CURRENT LIABILITIES					
17 Accounts Payable	\$249,477	\$447,968	\$556,060	\$524,105	\$600,118
18 Notes Payable				530,000	530,000
19 Advanced Billings	7,100	120	(271)		
20 Customer Deposits					
21 Current Maturities - Long-Term Debt	132,866	120,297	108,887	108,887	108,887
22 Current Deferred Income Taxes					
23 Other Current Liabilities	368,430	1,056,439	583,120	54,425	124,801
24 Total Current Liabilities	757,873	1,624,824	1,247,796	1,217,417	1,363,806
LONG-TERM DEBT					
25 Long-Term Debt	1,504,773	1,651,577	1,775,530	1,889,975	1,998,898
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC		3,768	15,168	27,368	39,584
27 Non-Current Deferred Taxes	840,844	797,366	740,127	688,981	514,852
28 Other Deferred Credits	2,408,240	2,402,826	2,405,073	2,493,733	847,671
29 Other Jurisdictional Differences - Net					
30 Other Liabilities			267,728		
31 Total Other Liab. and Def. Credits	3,249,084	3,203,960	3,428,096	3,210,082	1,402,107
STOCKHOLDER'S EQUITY					
32 Common Stock	210,000	210,000	210,000	210,000	210,000
33 Preferred Stock	138,850	138,850	138,850	138,850	138,850
34 Other Paid in Capital					
35 Retained Earnings	3,004,209	2,209,930	1,833,540	1,984,709	3,730,889
36 Total Stockholder's Equity	3,353,059	2,558,780	2,182,390	2,333,559	4,079,739
37 Total Liab. and Stockholder's Equity	\$8,864,789	\$9,039,141	\$8,633,812	\$8,651,033	\$8,844,550

Champlain Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,495,939	\$1,486,194	\$1,476,143	\$1,477,958	\$1,468,142	1
Network Access Services 1	4,259,818	3,655,384	3,906,294	4,640,838	4,930,796	2
Long Distance Network Services						3
Miscellaneous Revenues	135,013	161,370	240,597	324,661	412,074	4
Less: Uncollectible Revenues	16,800	3,000	1,760	9,567	6,030	5
Total Operating Revenues	5,873,970	5,299,948	5,621,274	6,433,890	6,804,982	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	22,441	23,246	6,981	14,021	77,880	7
General Support Expenses	565,625	496,587	563,272	546,043	581,699	8
Central Office Switching	365,046	302,027	311,941	423,256	645,161	9
Operator Systems Expense						10
Central Office Transmission	212,765	103,196	119,844	123,258	149,015	11
Info. Origination/Termination						12
Cable & Wire Facilities	321,572	313,770	346,956	347,405	390,481	13
Total Plant Specific Operations	1,487,449	1,238,826	1,348,994	1,453,983	1,844,236	14
Other Plant, Property & Equipment			56			15
Network Operations	450,606	343,777	371,982	382,806	346,748	16
Access Expense	48,835	35,483	38,657	26,488	19,224	17
Depreciation and Amortization	702,850	612,248	588,149	636,556	643,087	18
Total Plant Non-Specific Operations	1,202,291	991,508	998,844	1,045,850	1,009,059	19
Marketing Expense	22,131	27,321	98,276	162,041	182,641	20
Services Expense	309,069	282,857	323,083	294,784	323,145	21
Total Customer Operations	331,200	310,178	421,359	456,825	505,786	22
Executive & Planning	675,662	715,306	610,203	1,283,470	1,031,984	23
General & Administrative	793,262	777,455	967,051	1,190,967	1,168,550	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,468,924	1,492,761	1,577,254	2,474,437	2,200,534	27
Total Operations Expense	4,489,864	4,033,273	4,346,451	5,431,095	5,559,615	28
Other Operating Income & Expenses		1,010	10		(494)	29
State & Local Income Taxes						30
Other Taxes	171,128	237,358	202,943	239,645	297,088	31
Net Operating Income Before FIT	1,212,978	1,030,327	1,071,890	763,150	947,785	32
Investment Tax Credits - Net	3,768	11,400	12,200	12,216	13,423	33
Federal Income Taxes 1	298,900	375,217	1,148,684	(136,095)	262,498	34
Provision - Def. Operating Income Taxes - Net	106,578	(51,035)	(828,643)	135,702	4,243	35
Net Operating Income	\$811,268	\$717,545	\$764,049	\$775,759	\$694,467	36

1 Restated in 2001

305 C

Champlain Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$811,268	\$717,545	\$764,049	\$775,759	\$694,467
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	6,355	2,828	3,898	1,716	34,918
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	148,730	(231,027)	74,193	(1,201,350)	625,062
44 Other Non-Operating Income	17,750	17,750	30,500	15,000	15,100
45 Special Charges	10,200	17,085	1,119,458	38,239	21,316
46 Total Non-Operating Income & Expenses	162,635	(227,534)	(1,010,867)	(1,222,873)	653,764
NON-OPERATING TAXES					
47 Federal Income Taxes	4,625	3,169	(367,884)	(7,318)	9,759
48 Other					
49 Total Non-Operating Taxes	4,625	3,169	(367,884)	(7,318)	9,759
50 Income Available Before Interest Charges	969,278	486,842	121,066	(439,796)	1,338,472
INTEREST CHARGES					
51 Interest on Funded Debt	84,073	90,142	95,387	101,599	106,938
52 Other Interest Expense	22,014	358	58,976	165,984	68,467
53 Total Interest Charges	106,087	90,500	154,363	267,583	175,405
54 Income Before Extraordinary & Nonreg Items	863,191	396,342	(33,297)	(707,379)	1,163,067
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$863,191	\$396,342	(\$33,297)	(\$707,379)	\$1,163,067
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$2,880,931	\$2,322,474	\$2,498,876	\$2,073,817	\$3,209,724
60 Transferred from Income	714,461	627,369	(107,490)	493,971	538,005
61 Appropriations					
Dividends Declared:					
62 Preferred Stock	9,024	9,024	9,024	9,024	9,024
63 Common Stock	59,888	59,888	59,888	59,888	1,664,888
64 Adjustments					
65 Ending Year Balance	3,526,480	2,880,931	2,322,474	2,498,876	2,073,817
66 Appropriated/Undistr Affiliate Retained Earnings	(522,271)	(671,001)	(439,974)	(514,167)	1,657,072
67 Total Retained Earnings	\$3,004,209	\$2,209,930	\$1,882,500	\$1,984,709	\$3,730,889

Chautauqua & Erie Telephone Corporation
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$19,028	\$18,386	\$18,859	\$17,090	\$17,600
2 Accounts Receivable (Net)	2,004,183	2,110,350	2,454,170	2,456,400	2,535,414
3 Current Deferred Income Taxes	7,555	13,575	10,916		
4 Other Current Assets	445,990	480,128	505,089	503,554	681,519
5 Total Current Assets	2,476,756	2,622,439	2,989,034	2,977,044	3,234,533
NON-CURRENT ASSETS					
6 Investments	377,747	578,731	542,497	358,403	293,922
7 Unamortized Debt Issuance Costs					
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	32,329	37,490	32,942		
11 Other Non-Current Assets					
12 Total Non-Current Assets	410,076	616,221	575,439	358,403	293,922
REGULATED PLANT					
13 Total Telecommunications Plant	29360777.15	29,248,397	28,997,636	28,858,977	28,997,315
14 Less: Accumulated Depr and Amort.	16993392.98	15,410,268	13,743,722	12,403,580	11,384,806
15 Net Regulated Plant	12,367,384	13,838,129	15,253,913	16,455,396	17,612,509
16 Total Assets & Other Debits	\$15,254,216	\$17,076,790	\$18,818,387	\$19,790,843	\$21,140,964
CURRENT LIABILITIES					
17 Accounts Payable	\$1,430,897	\$1,668,248	\$1,763,448	\$1,868,995	\$1,803,088
18 Notes Payable	338,000	382,000	407,000	426,500	464,000
19 Advanced Billings	33,184	16,559	30,064	2,273	297
20 Customer Deposits	56,074	53,484	52,826	47,944	47,558
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	124,913	210,334	307,328	370,262	196,903
24 Total Current Liabilities	1,983,067	2,330,625	2,560,666	2,715,974	2,511,847
LONG-TERM DEBT					
25 Long-Term Debt					
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					15,673
27 Non-Current Deferred Taxes	2,023,989	2,120,966	2,298,222	2,354,992	2,440,333
28 Other Deferred Credits				269	632
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					
31 Total Other Liab. and Def. Credits	2,023,989	2,120,966	2,298,222	2,355,261	2,456,639
STOCKHOLDER'S EQUITY					
32 Common Stock	775,320	775,320	775,320	775,320	775,320
33 Preferred Stock					
34 Other Paid in Capital	3,922,500	3,922,500	3,922,500	3,922,500	3,922,500
35 Retained Earnings	6,549,340	7,927,379	9,261,679	10,021,788	11,474,659
36 Total Stockholder's Equity	11,247,160	12,625,199	13,959,499	14,719,608	16,172,479
37 Total Liab. and Stockholder's Equity	\$15,254,216	\$17,076,790	\$18,818,386	\$19,790,843	\$21,140,964

Chautauqua & Erie Telephone Corp.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,939,191	\$2,033,309	\$2,095,886	\$2,115,604	\$2,160,241	1
Network Access Services	5,837,573	5,845,267	5,685,865	5,626,280	6,184,113	2
Long Distance Network Services	126,460	165,732	181,047	182,902	195,021	3
Miscellaneous Revenues	451,038	460,318	456,740	1,047,120	1,111,919	4
Less: Uncollectible Revenues	14,079	63,640	6,654	31,682	75,022	5
Total Operating Revenues	8,340,183	8,440,986	8,412,884	8,940,224	9,576,272	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses				4,980	10,650	7
General Support Expenses	345,581	258,064	306,318	186,734	303,874	8
Central Office Switching	545,435	691,309	637,082	842,689	856,610	9
Operator Systems Expense						10
Central Office Transmission	2,219	27,255	32,277	27,391	38,448	11
Info. Origination/Termination		33		44,928	65,453	12
Cable & Wire Facilities	586,800	552,977	550,899	469,701	494,657	13
Total Plant Specific Operations	1,480,035	1,529,638	1,526,576	1,576,423	1,769,692	14
Other Plant, Property & Equipment						15
Network Operations	365,741	347,326	308,917	337,710	394,665	16
Access Expense	174,917	191,826	128,154	75,265	46,332	17
Depreciation and Amortization	1,837,718	1,839,135	1,794,101	1,798,527	1,739,753	18
Total Plant Non-Specific Operations	2,378,376	2,378,287	2,231,172	2,211,502	2,180,750	19
Marketing Expense	336,184	472,154	489,336	528,874	548,284	20
Services Expense	818,699	719,339	588,354	592,125	698,465	21
Total Customer Operations	1,154,883	1,191,493	1,077,690	1,120,999	1,246,749	22
Executive & Planning	280,760	372,015	360,008	548,545	767,497	23
General & Administrative	1,687,294	1,264,256	1,355,227	1,363,285	1,517,425	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,968,054	1,636,271	1,715,235	1,911,830	2,284,922	27
Total Operations Expense	6,981,348	6,735,689	6,550,673	6,820,754	7,482,113	28
Other Operating Income & Expenses	9,410	10,157	12,033			29
State & Local Income Taxes	16,835					30
Other Taxes	500,358	516,439	496,642	374,847	606,948	31
Net Operating Income Before FIT	851,052	1,199,015	1,377,602	1,744,623	1,487,211	32
Investment Tax Credits - Net				15,673	31,236	33
Federal Income Taxes	443,013	579,756	546,224	665,653	475,216	34
Provision - Def. Operating Income Taxes - Net	(85,796)	(173,654)	(80,652)	(75,055)	15,490	35
Net Operating Income	\$493,835	\$792,913	\$912,030	\$1,169,698	\$1,027,741	36

Chautauqua & Erie Telephone Corp.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

		2004	2003	2002	2001
37	Net Operating Income	\$493,835	\$792,913	\$912,030	\$1,169,698
	NON-OPERATING INCOME & EXPENSES				
38	Dividend Income				
39	Interest Income	72	1,983	91	134
40	Income - Sinking and Other Funds				359
41	Allowance for Funds Used During Construction				
42	Gains/Losses - Disposal of Property				
43	Equity in Earnings of Affiliated Companies	16,028	(58,370)	298,094	192,211
44	Other Non-Operating Income	52,600	4,512	11,565	13,877
45	Special Charges	10,747	13,475	18,414	27,731
46	Total Non-Operating Income & Expenses	57,953	(65,351)	291,336	178,491
	NON-OPERATING TAXES				
47	Federal Income Taxes	10,508	(7,368)	(6,800)	(13,614)
48	Other				(70,203)
49	Total Non-Operating Taxes	10,508	(7,368)	(6,800)	(13,614)
50	Income Available Before Interest Charges	541,281	734,930	1,210,166	1,361,803
	INTEREST CHARGES				
51	Interest on Funded Debt				
52	Other Interest Expense	21,308	24,838	25,275	27,675
53	Total Interest Charges	21,308	24,838	25,275	27,675
54	Income Before Extraordinary & Nonreg Items	519,973	710,093	1,184,891	1,334,129
	EXTRAORDINARY & NONREG ITEMS				
55	Extraordinary Items				
56	Nonregulated Revenues				
57	Total Extraordinary & Nonregulated Items				
58	Net Income	\$519,973	\$710,093	\$1,184,891	\$1,334,129
	RETAINED EARNINGS STATEMENT				
	Unappropriated Retained Earnings:				
59	Beginning Year Balance	\$7,287,846	\$14,497,776	\$13,610,979	\$12,469,062
60	Transferred from Income	503,945	768,463	886,797	1,141,917
61	Appropriations				
	Dividends Declared:				
62	Preferred Stock				
63	Common Stock				
64	Adjustments				
65	Ending Year Balance	7,791,791	15,266,239	14,497,776	13,610,979
66	Appropriated/Undistr Affiliate Retained Earnings	(1,242,451)	(7,338,862)	(5,236,096)	(3,589,191)
67	Total Retained Earnings	\$6,549,340	\$7,927,377	\$9,261,680	\$10,021,788
				\$11,474,659	

Chazy & Westport Telephone Corporation
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$75,875	\$21,698	\$69,328	\$256,839	\$128,078
2 Accounts Receivable (Net)	2,771,177	2,978,247	2,418,214	1,282,096	1,223,871
3 Current Deferred Income Taxes		3,961	3,961	3,392	2,545
4 Other Current Assets	231,374	257,275	364,309	309,199	250,270
5 Total Current Assets	3,078,426	3,261,181	2,855,812	1,851,526	1,604,764
NON-CURRENT ASSETS					
6 Investments	1,229,316	1,516,667	2,507,559	3,107,886	2,753,310
7 Unamortized Debt Issuance Costs	2,274	2,839	3,404	3,969	4,534
8 Deferred Charges	14,793	27,813	77,345	8,786	8,786
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	282,333	291,342	148,950	1,524	3,972
11 Other Non-Current Assets	739,889	736,735	782,967	848,238	560,854
12 Total Non-Current Assets	2,268,605	2,575,396	3,520,225	3,970,403	3,331,456
REGULATED PLANT					
13 Total Telecommunications Plant	13,247,072	12,930,028	12,739,437	12,680,087	12,185,835
14 Less: Accumulated Depr and Amort.	7,542,775	6,987,606	6,509,066	6,107,882	5,596,400
15 Net Regulated Plant	5,704,297	5,942,422	6,230,371	6,572,205	6,589,435
16 Total Assets & Other Debits	\$11,051,328	\$11,778,999	\$12,606,408	\$12,394,134	\$11,525,655
CURRENT LIABILITIES					
17 Accounts Payable	\$196,000	\$466,213	\$466,208	\$714,475	\$904,242
18 Notes Payable	418,145	490,273	409,817		
19 Advanced Billings	14,730	20,433	16,717	21,273	15,825
20 Customer Deposits	4,101	4,241	3,981	4,001	4,273
21 Current Maturities - Long-Term Debt	202,400				
22 Current Deferred Income Taxes					
23 Other Current Liabilities	196,507	214,861	155,447	41,716	(341,846)
24 Total Current Liabilities	1,031,883	1,196,021	1,052,170	781,465	582,494
LONG-TERM DEBT					
25 Long-Term Debt	1012445	1,439,678	1,667,972	1,923,396	2,037,718
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC				4,483	11,683
27 Non-Current Deferred Taxes	1,157,667	1,203,499	1,177,348	1,202,071	1,074,797
28 Other Deferred Credits	714,000	719,506	429,455	185,366	38,106
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	148,000	169,000	207,000		
31 Total Other Liab. and Def. Credits	2,019,667	2,092,005	1,813,803	1,391,920	1,124,586
STOCKHOLDER'S EQUITY					
32 Common Stock	62,100	62,100	62,100	62,100	62,100
33 Preferred Stock	130,000	130,000	130,000	130,000	130,000
34 Other Paid in Capital	11,877	3,069	(3,778)	196,719	(9,625)
35 Retained Earnings	6,783,356	6,856,126	7,884,141	7,908,534	7,598,382
36 Total Stockholder's Equity	6,987,333	7,051,295	8,072,463	8,297,353	7,780,857
37 Total Liab. and Stockholder's Equity	\$11,051,328	\$11,778,999	\$12,606,408	\$12,394,134	\$11,525,655

Chazy & Westport Telephone Corporation
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$978,490	\$907,535	\$991,966	\$957,459	\$1,192,291	1
Network Access Services	1,855,401	1,812,416	2,110,610	2,338,926	2,055,493	2
Long Distance Network Services	35,150	64,504	72,110	79,095	79,570	3
Miscellaneous Revenues	208,679	227,599	350,978	291,862	353,993	4
Less: Uncollectible Revenues	28,120	21,343	4,800	4,800	4,800	5
Total Operating Revenues	3,049,600	2,990,711	3,520,864	3,662,542	3,676,547	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	10,297	9,548	12,751	12,024	13,570	7
General Support Expenses	91,526	111,471	154,573	171,230	204,870	8
Central Office Switching	220,490	235,986	204,065	206,964	213,034	9
Operator Systems Expense						10
Central Office Transmission	7,515	15,756	7,895	10,440	5,319	11
Info. Origination/Termination		3,908	304	3,085	4,233	12
Cable & Wire Facilities	246,959	254,540	276,529	252,825	221,154	13
Total Plant Specific Operations	576,787	631,209	656,117	656,568	662,180	14
Other Plant, Property & Equipment						15
Network Operations	35,782	32,514	33,119	55,196	104,177	16
Access Expense	36,184	39,571	26,237	3,711	25,716	17
Depreciation and Amortization	634,420	624,557	663,274	771,946	733,901	18
Total Plant Non-Specific Operations	706,386	696,642	722,630	830,853	863,794	19
Marketing Expense	28,393	31,392	112,775	115,121	76,785	20
Services Expense	352,294	341,832	440,038	529,608	483,583	21
Total Customer Operations	380,687	373,224	552,813	644,729	560,368	22
Executive & Planning	378,188	375,360	521,314	564,293	632,241	23
General & Administrative	453,466	421,909	537,652	558,619	523,712	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	831,654	797,269	1,058,966	1,122,912	1,155,953	27
Total Operations Expense	2,495,514	2,498,344	2,990,526	3,255,062	3,242,295	28
Other Operating Income & Expenses	119	193	69	84	115	29
State & Local Income Taxes						30
Other Taxes	168,348	189,163	173,356	163,534	159,921	31
Net Operating Income Before FIT	385,857	303,397	357,051	244,030	274,446	32
Investment Tax Credits - Net						33
Federal Income Taxes	182,585	199,578	(31,575)	27,929	47,955	34
Provision - Def. Operating Income Taxes - Net	(103,697)	(91,470)	52,969	87,805	(2,949)	35
Net Operating Income	\$306,969	\$195,289	\$335,657	\$128,296	\$229,440	36

Chazy & Westport Telephone Corporation
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$306,969	\$195,289	\$335,657	\$128,296	\$229,440
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	57,238	51,701	31,451	25,605	20,519
39 Interest Income	2,896	46	1,054	1,322	961
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	(267,151)	(581,149)	(407,785)	214,353	(577,568)
44 Other Non-Operating Income	1,563	550	626,932	(178,373)	(6,140)
45 Special Charges	80,120	143,784	12,144	(176,869)	30,794
46 Total Non-Operating Income & Expenses	(285,574)	(672,636)	239,508	239,776	(593,022)
NON-OPERATING TAXES					
47 Federal Income Taxes	14,854	1,925	219,726	(78,852)	(5,030)
48 Other					
49 Total Non-Operating Taxes	14,854	1,925	219,726	(78,852)	(5,030)
50 Income Available Before Interest Charges	6,541	(479,272)	355,439	446,924	(358,552)
INTEREST CHARGES					
51 Interest on Funded Debt	69,202	81,864	95,331	106,975	117,512
52 Other Interest Expense	3,609	28,669	28,653	23,298	32,833
53 Total Interest Charges	72,811	110,533	123,984	130,273	150,345
54 Income Before Extraordinary & Nonreg Items	(66,270)	(589,805)	231,455	316,651	(508,897)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$66,270)	(\$589,805)	\$231,455	\$316,651	(\$508,897)

RETAINED EARNINGS STATEMENT

Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$6,068,556	\$6,094,074	\$5,710,682	\$5,614,884	\$5,552,713
60 Transferred from Income	200,881	(8,656)	639,240	102,298	68,671
61 Appropriations					
Dividends Declared:					
62 Preferred Stock	6,500	6,500	6,500	6,500	6,500
63 Common Stock					
64 Adjustments		(10,363)	(249,348)		
65 Ending Year Balance	6,262,937	6,068,555	6,094,074	5,710,682	5,614,884
66 Appropriated/Undistr Affiliate Retained Earnings	520,419	787,570	1,790,066	2,197,851	1,983,498
67 Total Retained Earnings	\$6,783,356	\$6,856,125	\$7,884,140	\$7,908,533	\$7,598,382

Citizens Telecommunications Co. of New York, Inc.
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	(\$94,241)	\$389,002	(\$52,855)	(\$711,338)	\$2,183
2 Accounts Receivable (Net)	66,311,515	58,113,702	821,143,006	39,481,120	37,535,677
3 Current Deferred Income Taxes					
4 Other Current Assets	1,165,359	952,287	675,911	1,574,763	2,779,915
5 Total Current Assets	67,382,633	59,454,990	821,766,062	40,344,545	40,317,775
NON-CURRENT ASSETS					
6 Investments	(94,155,887)	(109,627,704)			
7 Unamortized Debt Issuance Costs					
8 Deferred Charges	4,814,976	4,814,976	4,831,872	6,427,367	6,373,493
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets					
12 Total Non-Current Assets	(89,340,911)	(104,812,727)	4,831,872	6,427,367	6,373,493
REGULATED PLANT					
13 Total Telecommunications Plant	1,049,905,332	1,025,449,409	1,000,242,144	981,085,071	946,234,850
14 Less: Accumulated Depr and Amort.	620,953,844	568,540,944	515,345,570	465,888,491	414,052,311
15 Net Regulated Plant	428,951,488	456,908,465	484,896,574	515,196,580	532,182,539
16 Total Assets & Other Debits	\$406,993,210	\$411,550,728	\$1,311,494,508	\$561,968,492	\$578,873,807
CURRENT LIABILITIES					
17 Accounts Payable	\$39,795,546	\$46,272,063	\$923,032,500	\$5,190,099	\$8,237,701
18 Notes Payable					
19 Advanced Billings	5,391,840	5,281,084	5,024,485	4,754,689	4,467,770
20 Customer Deposits	(44,493)	(45,483)	(44,511)	(46,499)	(42,930)
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	251,472	575,222	618,520	(8,061,232)	1,089,826
24 Total Current Liabilities	45,394,365	52,082,886	928,630,994	1,837,057	13,752,367
LONG-TERM DEBT					
25 Long-Term Debt				225,145,745	285,131,046
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	77,267,784	73,455,271	79,750,903	77,212,786	64,817,761
28 Other Deferred Credits	13,346,581	13,392,296	12,806,679	17,764,389	20,997,709
29 Other Jurisdictional Differences - Net					
30 Other Liabilities				5,397,193	5,378,442
31 Total Other Liab. and Def. Credits	90,614,365	86,847,567	92,557,582	100,374,368	91,193,912
STOCKHOLDER'S EQUITY					
32 Common Stock	1,000	1,000	1,000	1,000	997
33 Preferred Stock					
34 Other Paid in Capital					
35 Retained Earnings	270,983,480	272,619,275	290,304,932	234,610,322	188,795,485
36 Total Stockholder's Equity	270,984,480	272,620,275	290,305,932	234,611,322	188,796,482
37 Total Liab. and Stockholder's Equity	\$406,993,210	\$411,550,729	\$1,311,494,508	\$561,968,492	\$578,873,807

Citizens Telecommunications Co. of New York, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$86,875,168	\$82,569,473	\$80,443,958	\$77,948,089	\$75,960,892	1
Network Access Services	138,855,299	140,353,267	138,437,761	131,005,720	124,947,071	2
Long Distance Network Services	(58,611)	160,319	(999)	10,621	90,961	3
Miscellaneous Revenues	31,867,497	29,270,366	29,594,869	29,939,675	27,902,427	4
Less: Uncollectible Revenues	1,038,593	1,793,509	1,967,669	1,597,056	595,910	5
Total Operating Revenues	256,500,760	250,559,916	246,507,920	237,307,049	228,305,441	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	5,255	70,570	470	1,133,302		7
General Support Expenses	12,150,214	14,716,908	11,155,493	13,968,177	13,601,310	8
Central Office Switching	5,757,918	5,525,226	4,839,597	4,335,376	4,251,094	9
Operator Systems Expense	26,083	22,233	899	2,099	1,457	10
Central Office Transmission	1,725,457	1,606,839	1,668,098	1,607,623	1,694,385	11
Info. Origination/Termination	7,962,023	6,267,735	5,842,247	5,104,073	5,886,439	12
Cable & Wire Facilities	13,985,901	13,572,787	11,805,819	12,031,355	10,955,407	13
Total Plant Specific Operations	41,612,851	41,782,298	35,312,623	38,182,005	36,390,092	14
Other Plant, Property & Equipment	95	2,469	2,793	54,590	147,853	15
Network Operations	13,966,416	14,234,862	14,446,949	13,274,399	16,735,353	16
Access Expense	5,615,133	4,282,906	3,457,017	1,482,093	5,222,143	17
Depreciation and Amortization	52,155,491	52,105,584	56,158,787	56,486,076	59,285,857	18
Total Plant Non-Specific Operations	71,737,135	70,625,822	74,065,546	71,297,158	81,391,206	19
Marketing Expense	3,872,866	3,737,540	3,696,715	3,547,724	4,218,889	20
Services Expense	10,099,755	11,486,198	11,037,933	12,062,535	10,675,809	21
Total Customer Operations	13,972,621	15,223,738	14,734,648	15,610,259	14,894,698	22
Executive & Planning	2,511,640	13,033,509	1,669,539	4,688,370	4,063,645	23
General & Administrative	14,423,599	17,316,117	14,424,362	18,274,458	26,565,485	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	16,935,239	30,349,627	16,093,901	22,962,828	30,629,130	27
Total Operations Expense	144,257,846	157,981,485	140,206,718	148,052,250	163,305,126	28
Other Operating Income & Expenses					1,076	29
State & Local Income Taxes			(39)			30
Other Taxes	13,308,760	13,434,243	13,514,307	13,662,432	11,710,813	31
Net Operating Income Before FIT	98,934,154	79,144,189	92,786,934	75,592,367	53,290,578	32
Investment Tax Credits - Net						33
Federal Income Taxes	36,596,079	24,997,298	22,084,772	12,349,061	14,806,992	34
Provision - Def. Operating Income Taxes - Net	(1,968,360)	2,703,167	10,390,642	12,263,628	3,890,237	35
Net Operating Income	\$64,306,435	\$51,443,723	\$60,311,520	\$50,979,678	\$34,593,349	36

Citizens Telecommunications Co. of New York, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$64,306,435	\$51,443,723	\$60,311,520	\$50,979,678	\$34,593,349
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income					
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	68,953	119,917	563,015	896,566	917,046
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	(5,848,118)	(5,817,610)	(5,849,773)	(5,849,773)	(4,371,106)
45 Special Charges	62,360	387,468	439,312	232,258	
46 Total Non-Operating Income & Expenses	(5,841,525)	(6,085,162)	(5,726,070)	(5,185,465)	(3,454,060)
NON-OPERATING TAXES					
47 Federal Income Taxes	(2,399,310)	(1,615,859)	(2,262,804)	(89,858)	(1,701,644)
48 Other					
49 Total Non-Operating Taxes	(2,399,310)	(1,615,859)	(2,262,804)	(89,858)	(1,701,644)
50 Income Available Before Interest Charges	60,864,221	46,974,420	56,848,254	45,884,071	32,840,933
INTEREST CHARGES					
51 Interest on Funded Debt					
52 Other Interest Expense	16	76	1,153,644	1,248,039	1,407,779
53 Total Interest Charges	16	76	1,153,644	1,248,039	1,407,779
54 Income Before Extraordinary & Nonreg Items	60,864,205	46,974,344	55,694,610	44,636,032	31,433,154
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$60,864,205	\$46,974,344	\$55,694,610	\$44,636,032	\$31,433,154

RETAINED EARNINGS STATEMENT

Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$272,619,276	\$290,304,932	\$234,610,322	\$188,795,485	\$157,775,216
60 Transferred from Income	60,864,205	46,974,344	55,694,610	44,636,032	31,433,154
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	62,500,000	64,660,000			
64 Adjustments				1,178,805	(412,885)
65 Ending Year Balance	270,983,481	272,619,276	290,304,932	234,610,322	188,795,485
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$270,983,481	\$272,619,276	\$290,304,932	\$234,610,322	\$188,795,485

Citizens Telephone Company of Hammond, N. Y., Inc.
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$249,748	\$329,467	\$261,003	\$498,175	\$435,346
2 Accounts Receivable (Net)	907,116	707,101	735,690	444,516	384,097
3 Current Deferred Income Taxes					
4 Other Current Assets	344,380	321,917	251,192	211,245	246,436
5 Total Current Assets	1,501,243	1,358,486	1,247,885	1,153,935	1,065,880
NON-CURRENT ASSETS					
6 Investments	4,294,296	3,606,039	3,763,310	3,830,295	4,373,546
7 Unamortized Debt Issuance Costs	50,287	27,714	26,495	23,362	24,603
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	560,242	531,022	414,364	385,464	328,846
11 Other Non-Current Assets					
12 Total Non-Current Assets	4,904,824	4,164,775	4,204,169	4,239,121	4,726,994
REGULATED PLANT					
13 Total Telecommunications Plant	10,424,693	10,013,135	10,121,782	9,798,368	9,541,591
14 Less: Accumulated Depr and Amort.	5,697,428	5,130,570	5,262,608	4,699,803	4,157,329
15 Net Regulated Plant	4,727,265	4,882,565	4,859,174	5,098,565	5,384,262
16 Total Assets & Other Debits	\$11,133,333	\$10,405,826	\$10,311,227	\$10,491,621	\$11,177,135
CURRENT LIABILITIES					
17 Accounts Payable	\$627,578	\$407,356	\$208,960	\$288,385	\$508,905
18 Notes Payable	914,412	400,000	150,000		200,000
19 Advanced Billings	15,153	15,459	15,018	13,917	11,612
20 Customer Deposits	3,202	2,008	2,937	2,575	2,439
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	(108,564)	(181,988)	(92,978)	(58,426)	(95,126)
24 Total Current Liabilities	1,451,781	642,834	283,937	246,452	627,830
LONG-TERM DEBT					
25 Long-Term Debt	2,821,486	3,036,226	3,239,398	3,431,730	3,210,661
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	565,353	541,842	548,268	645,729	652,031
28 Other Deferred Credits	127,938	126,198	123,823	120,837	118,092
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	1,234,300	1,151,305	1,094,894	1,012,885	846,435
31 Total Other Liab. and Def. Credits	1,927,591	1,819,346	1,766,986	1,779,452	1,616,558
STOCKHOLDER'S EQUITY					
32 Common Stock	42,000	42,000	42,000	42,000	42,000
33 Preferred Stock	23,000	23,000	23,000	23,000	23,000
34 Other Paid in Capital	(19,211)	(18,784)	(18,720)	(19,202)	449,707
35 Retained Earnings	4,886,685	4,861,203	4,974,627	4,988,189	5,207,380
36 Total Stockholder's Equity	4,932,475	4,907,419	5,020,907	5,033,987	5,722,087
37 Total Liab. and Stockholder's Equity	\$11,133,333	\$10,405,826	\$10,311,227	\$10,491,621	\$11,177,135

Citizens Telephone Company Of Hammond, N. Y., Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$199,042	\$204,260	\$199,240	\$199,670	\$195,712	1
Network Access Services	2,602,640	2,744,974	2,840,154	2,929,333	3,011,427	2
Long Distance Network Services						3
Miscellaneous Revenues	346,158	335,596	336,830	227,319	225,559	4
Less: Uncollectible Revenues	4,000	4,400				5
Total Operating Revenues	3,143,839	3,280,430	3,376,225	3,356,322	3,432,698	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	16,966	5,625	3,146	11,870	7,225	7
General Support Expenses	188,925	310,766	224,369	238,381	297,992	8
Central Office Switching	171,903	130,223	129,679	135,047	67,271	9
Operator Systems Expense						10
Central Office Transmission	99,135	40,609	36,642	17,090	15,742	11
Info. Origination/Termination	156,432	157,448	138,528	74,029	76,427	12
Cable & Wire Facilities	113,118	130,244	189,225	246,046	207,398	13
Total Plant Specific Operations	746,479	774,915	721,589	722,464	672,055	14
Other Plant, Property & Equipment	2,514	4,853	2,369	1,530	330	15
Network Operations	328,719	391,301	376,150	324,508	372,417	16
Access Expense	23,908	25,818	11,089	842		17
Depreciation and Amortization	596,443	577,487	602,333	589,039	561,752	18
Total Plant Non-Specific Operations	951,585	999,459	991,941	915,920	934,499	19
Marketing Expense	4,584	6,524	6,930	6,146	7,187	20
Services Expense	297,349	292,390	265,069	275,476	507,649	21
Total Customer Operations	301,933	298,914	271,999	281,622	514,836	22
Executive & Planning	337,242	388,611	446,154	412,151	78,611	23
General & Administrative	401,353	402,685	465,681	542,849	718,212	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	738,596	791,296	911,835	954,999	796,823	27
Total Operations Expense	2,738,591	2,864,585	2,897,363	2,875,005	2,918,213	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	136,616	119,018	3,190	135,331	115,193	31
Net Operating Income Before FIT	268,632	296,827	475,672	345,987	399,292	32
Investment Tax Credits - Net						33
Federal Income Taxes	1,141	100,955	196,253	120,000	143,877	34
Provision - Def. Operating Income Taxes - Net	(5,708)	(123,084)	(85,916)	(62,920)	(51,639)	35
Net Operating Income	\$273,199	\$318,956	\$365,334	\$288,907	\$307,054	36

Citizens Telephone Company Of Hammond, N. Y., Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$273,199	\$318,956	\$365,334	\$288,907	\$307,054
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	2,869	2,818	2,599	3,011	4,467
39 Interest Income	16,997	21,530	38,469	30,233	27,466
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	256,476	(126,287)	(57,559)	(170,672)	58,080
44 Other Non-Operating Income	37,554	36,092	8,352	(363)	15,479
45 Special Charges	5,109	10,016	10,954	9,323	8,400
46 Total Non-Operating Income & Expenses	308,787	(75,863)	(19,093)	(147,114)	97,091
NON-OPERATING TAXES					
47 Federal Income Taxes		4,692			7,405
48 Other					
49 Total Non-Operating Taxes		4,692			7,405
50 Income Available Before Interest Charges	581,986	238,402	346,241	141,793	396,740
INTEREST CHARGES					
51 Interest on Funded Debt	173,308	179,717	185,699	186,150	171,819
52 Other Interest Expense	127,262	86,008	90,104	90,834	93,383
53 Total Interest Charges	300,571	265,725	275,803	276,984	265,202
54 Income Before Extraordinary & Nonreg Items	281,415	(27,323)	70,438	(135,191)	131,538
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$281,415	(\$27,323)	\$70,438	(\$135,191)	\$131,538

RETAINED EARNINGS STATEMENT

Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$3,432,584	\$3,419,721	\$3,375,725	\$3,424,244	\$3,224,134
60 Transferred from Income	24,940	98,963	127,997	35,481	73,459
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	231,000	86,100	84,000	84,000	71,400
64 Adjustments					198,051
65 Ending Year Balance	3,226,524	3,432,585	3,419,721	3,375,725	3,424,244
66 Appropriated/Undistr Affiliate Retained Earnings	1,660,161	1,428,619	1,554,906	1,612,465	1,783,137
67 Total Retained Earnings	\$4,886,685	\$4,861,204	\$4,974,627	\$4,988,189	\$5,207,381

Crown Point Telephone Corporation
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$771,833	\$244,537	\$456,569	\$111,483	\$157,287
2 Accounts Receivable (Net)	289,200	174,666	536,872	347,984	319,485
3 Current Deferred Income Taxes					
4 Other Current Assets	297,482	193,158	175,751	284,922	101,167
5 Total Current Assets	1,358,515	612,360	1,169,193	744,388	577,939
NON-CURRENT ASSETS					
6 Investments	641,110	2,158,000	3,383,512	3,470,118	3,579,691
7 Unamortized Debt Issuance Costs	4,777	5,212	5,648	6,083	6,519
8 Deferred Charges	22,686	39,901	25,833		
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	224,476	182,096	295,334	4,636	6,850
11 Other Non-Current Assets					
12 Total Non-Current Assets	893,049	2,385,209	3,710,327	3,480,837	3,593,060
REGULATED PLANT					
13 Total Telecommunications Plant	7,524,996	7,386,921	7,117,331	6,782,033	6,134,230
14 Less: Accumulated Depr and Amort.	3,395,869	3,257,353	3,027,034	2,769,445	2,558,761
15 Net Regulated Plant	4,129,127	4,129,568	4,090,298	4,012,588	3,575,469
16 Total Assets & Other Debits	\$6,380,691	\$7,127,137	\$8,969,817	\$8,237,814	\$7,746,467
CURRENT LIABILITIES					
17 Accounts Payable	\$51,524	\$169,478	\$668,971	\$403,318	\$215,906
18 Notes Payable	87,451	137,858		90,000	91,178
19 Advanced Billings	4,400	4,400	4,400	4,400	4,400
20 Customer Deposits					
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	50,487	(239,255)	(2,031)	(136,654)	(91,370)
24 Total Current Liabilities	193,863	72,481	671,340	361,064	220,115
LONG-TERM DEBT					
25 Long-Term Debt	3,775,909	3,822,368	3,747,412	3,285,380	2,665,240
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC			4,695	8,995	13,295
27 Non-Current Deferred Taxes	489,358	470,889	429,894	230,151	203,575
28 Other Deferred Credits	636,697	23,468	23,741	4,636	6,850
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					
31 Total Other Liab. and Def. Credits	1,126,055	494,357	458,330	243,782	223,720
STOCKHOLDER'S EQUITY					
32 Common Stock	24,300	24,300	24,300	24,300	24,300
33 Preferred Stock					
34 Other Paid in Capital	4,863	4,863	4,863	4,863	4,863
35 Retained Earnings	1,255,702	2,708,769	4,063,571	4,318,425	4,608,229
36 Total Stockholder's Equity	1,284,865	2,737,932	4,092,734	4,347,588	4,637,392
37 Total Liab. and Stockholder's Equity	\$6,380,692	\$7,127,137	\$8,969,816	\$8,237,814	\$7,746,467

Crown Point Telephone Corporation
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$239,965	\$217,823	\$159,997	\$171,493	\$165,883	1
Network Access Services	1,431,462	1,332,613	1,388,836	1,400,601	1,294,448	2
Long Distance Network Services	286,014	336,717	471,051	459,334	542,452	3
Miscellaneous Revenues	73,965	56,431	76,632	77,093	98,055	4
Less: Uncollectible Revenues	3,000	3,000	3,000	10,000	8,798	5
Total Operating Revenues	2,028,407	1,940,584	2,093,515	2,098,522	2,092,040	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	5,413	8,511	3,554	2,619	4,524	7
General Support Expenses	88,277	83,511	89,212	148,154	164,609	8
Central Office Switching	98,902	89,410	196,005	97,171	91,907	9
Operator Systems Expense						10
Central Office Transmission	20,258	27,836	20,226	70,939	45,951	11
Info. Origination/Termination	3,467	6,202	9,263	15,571	21,738	12
Cable & Wire Facilities	285,052	271,515	256,798	225,722	221,210	13
Total Plant Specific Operations	501,370	486,987	575,058	560,176	549,939	14
Other Plant, Property & Equipment						15
Network Operations	97,953	121,078	213,597	221,146	229,593	16
Access Expense						17
Depreciation and Amortization	232,869	237,290	254,886	284,002	263,140	18
Total Plant Non-Specific Operations	330,822	358,368	468,483	505,148	492,732	19
Marketing Expense	7,624	8,944	6,471	12,018	25,647	20
Services Expense	242,074	244,822	297,165	303,778	293,360	21
Total Customer Operations	249,698	253,767	303,636	315,796	319,007	22
Executive & Planning	128,441	154,026	215,639	210,716	202,636	23
General & Administrative	561,371	605,163	487,473	498,299	452,483	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	689,812	759,189	703,112	709,015	655,120	27
Total Operations Expense	1,771,702	1,858,311	2,050,289	2,090,135	2,016,798	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	106,629	119,890	115,074	68,778	138,215	31
Net Operating Income Before FIT	150,076	(37,616)	(71,848)	(60,391)	(62,972)	32
Investment Tax Credits - Net		4,695	4,300	4,300	4,300	33
Federal Income Taxes	2,560	(238,769)	(301,361)	(31,943)	(90,431)	34
Provision - Def. Operating Income Taxes - Net	(23,911)	151,815	192,492	26,576	1,467	35
Net Operating Income	\$171,427	\$54,033	\$41,321	(\$50,724)	\$30,292	36

Crown Point Telephone Corporation
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$171,427	\$54,033	\$41,321	(\$50,724)	\$30,292
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income				16	
39 Interest Income		272			6
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	3,527	47,250			
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	(1,520,765)	(1,234,812)	(83,111)	(59,709)	(638,494)
44 Other Non-Operating Income					
45 Special Charges	15,083	17,519	25,600	17,035	16,172
46 Total Non-Operating Income & Expenses	(1,532,321)	(1,204,809)	(108,711)	(76,728)	(654,660)
NON-OPERATING TAXES					
47 Federal Income Taxes	(2,560)	(3,295)	(4,848)	(5,792)	(5,496)
48 Other					
49 Total Non-Operating Taxes	(2,560)	(3,295)	(4,848)	(5,792)	(5,496)
50 Income Available Before Interest Charges	(1,358,334)	(1,147,481)	(62,542)	(121,661)	(618,873)
INTEREST CHARGES					
51 Interest on Funded Debt	203,990	205,665	191,828	167,708	145,759
52 Other Interest Expense	676	1,657	486	436	436
53 Total Interest Charges	204,666	207,321	192,313	168,143	146,195
54 Income Before Extraordinary & Nonreg Items	(1,562,999)	(1,354,802)	(254,855)	(289,804)	(765,067)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$1,562,999)	(\$1,354,802)	(\$254,855)	(\$289,804)	(\$765,067)

RETAINED EARNINGS STATEMENT

Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$4,633,245	\$4,753,235	\$4,924,979	\$5,155,074	\$2,133,130
60 Transferred from Income	(42,234)	(119,990)	(171,744)	(230,095)	(126,573)
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock					
64 Adjustments (1)	(109,931)				3,148,517
65 Ending Year Balance	4,700,943	4,633,245	4,753,235	4,924,979	5,155,074
66 Appropriated/Undistr Affiliate Retained Earnings	(3,445,241)	(1,924,476)	(689,664)	(606,554)	(546,845)
67 Total Retained Earnings	\$1,255,702	\$2,708,769	\$4,063,571	\$4,318,425	\$4,608,229

(1) Reflects a Prior Period Adjustment in 2000 of \$32,548 for revenues recognized over a 10-year period ending in 1998.

Delhi Telephone Company
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$2,308,855	\$1,636,333	\$900,494	\$362,375	\$579,112
2 Accounts Receivable (Net)	1,916,529	2,003,070	2,134,961	2,390,725	2,151,167
3 Current Deferred Income Taxes	9,227	6,452	4,379	2,035	
4 Other Current Assets	299,946	231,725	300,810	465,228	495,452
5 Total Current Assets	4,534,557	3,877,581	3,340,644	3,220,363	3,225,731
NON-CURRENT ASSETS					
6 Investments	1,284,669	1,179,024	3,201,856	5,487,413	2,717,528
7 Unamortized Debt Issuance Costs	4,674	5,412	6,027	6,765	7,503
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	241,137	225,043	138,693	162,400	165,460
11 Other Non-Current Assets	249,039	342,691	447,220	137,436	130,472
12 Total Non-Current Assets	1,779,519	1,752,170	3,793,796	5,794,014	3,020,963
REGULATED PLANT					
13 Total Telecommunications Plant	11,807,528	11,832,892	11,940,936	11,816,046	11,433,748
14 Less: Accumulated Depr and Amort.	7,008,004	6,545,698	6,176,990	5,630,388	5,182,195
15 Net Regulated Plant	4,799,524	5,287,194	5,763,946	6,185,658	6,251,553
16 Total Assets & Other Debits	\$11,113,600	\$10,916,945	\$12,898,386	\$15,200,035	\$12,498,247
CURRENT LIABILITIES					
17 Accounts Payable	\$136,362	\$128,903	\$155,064	\$206,965	\$271,992
18 Notes Payable			20,919	27,354	
19 Advanced Billings					20,759
20 Customer Deposits					
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	679,776	453,081	552,744	449,360	373,340
24 Total Current Liabilities	816,138	581,984	728,727	683,679	666,091
LONG-TERM DEBT					
25 Long-Term Debt	1,134,278	1,264,526	1,385,387	1,497,550	1,601,643
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC				8,019	14,944
27 Non-Current Deferred Taxes	851,815	929,725	806,188	798,851	747,097
28 Other Deferred Credits	55,621	47,460	41,361	44,294	47,572
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	431,243	408,752	407,920	465,500	464,005
31 Total Other Liab. and Def. Credits	1,338,678	1,385,937	1,255,469	1,316,664	1,273,618
STOCKHOLDER'S EQUITY					
32 Common Stock	110,000	110,000	110,000	110,000	110,000
33 Preferred Stock					
34 Other Paid in Capital					
35 Retained Earnings	7,714,506	7,574,497	9,418,803	11,592,142	8,846,895
36 Total Stockholder's Equity	7,824,506	7,684,497	9,528,803	11,702,142	8,956,895
37 Total Liab. and Stockholder's Equity	\$11,113,600	\$10,916,945	\$12,898,386	\$15,200,035	\$12,498,247

Delhi Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$961,872	\$966,088	\$927,509	\$974,823	\$922,859	1
Network Access Services	2,599,061	2,729,693	2,789,931	2,622,774	2,564,613	2
Long Distance Network Services	5,184	5,563	9,959	7,882	8,692	3
Miscellaneous Revenues	490,386	571,086	548,940	499,812	526,370	4
Less: Uncollectible Revenues	40,075	4,435	68,600	23,100	5,000	5
Total Operating Revenues	4,016,427	4,267,995	4,207,739	4,082,191	4,017,534	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses		2,794	99			7
General Support Expenses	183,192	238,133	225,666	211,799	213,581	8
Central Office Switching	137,455	169,026	210,425	151,791	103,876	9
Operator Systems Expense						10
Central Office Transmission	52,768	40,920	57,955	49,070	45,738	11
Info. Origination/Termination	35,879	60,876	58,797	82,641	98,461	12
Cable & Wire Facilities	278,324	242,563	275,486	266,041	193,463	13
Total Plant Specific Operations	687,617	754,312	828,428	761,342	655,119	14
Other Plant, Property & Equipment		5,587			(400)	15
Network Operations	238,667	186,947	262,205	158,096	143,175	16
Access Expense	64,545	42,371	47,864	34,307	19,246	17
Depreciation and Amortization	690,534	659,555	672,576	646,310	623,694	18
Total Plant Non-Specific Operations	993,746	894,460	982,645	838,713	785,715	19
Marketing Expense	23,162	37,987	10,026	24,526	52,709	20
Services Expense	572,991	614,477	576,446	652,640	495,707	21
Total Customer Operations	596,153	652,464	586,472	677,166	548,416	22
Executive & Planning	516,329	580,367	307,009	356,796	287,671	23
General & Administrative	755,758	638,437	949,053	851,265	583,762	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,272,087	1,218,804	1,256,062	1,208,061	871,433	27
Total Operations Expense	3,549,603	3,520,040	3,653,607	3,485,282	2,860,683	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	215,294	219,612	210,008	194,291	182,518	31
Net Operating Income Before FIT	251,530	528,343	344,124	402,618	974,333	32
Investment Tax Credits - Net			8,019	6,925	7,816	33
Federal Income Taxes	155,041	110,608	48,781	46,983	261,320	34
Provision - Def. Operating Income Taxes - Net	(96,781)	35,113	18,874	25,968	27,099	35
Net Operating Income	\$193,270	\$382,622	\$284,488	\$336,592	\$693,730	36

Delhi Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$193,270	\$382,622	\$284,488	\$336,592	\$693,730
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	565	254		912	2
39 Interest Income	38,709	20,286	30,707	29,342	37,272
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	105,646	(1,788,832)	(2,275,557)	2,642,915	(303,749)
44 Other Non-Operating Income	38,627	(302,836)	45,694	(6,243)	(191,913)
45 Special Charges	(13,488)	18,118	(14,438)	31,794	38,842
46 Total Non-Operating Income & Expenses	197,035	(2,089,246)	(2,184,718)	2,635,132	(497,230)
NON-OPERATING TAXES					
47 Federal Income Taxes	20,353	(102,547)	21,251	10,039	(40,910)
48 Other					
49 Total Non-Operating Taxes	20,353	(102,547)	21,251	10,039	(40,910)
50 Income Available Before Interest Charges	369,952	(1,604,077)	(1,921,481)	2,961,685	237,410
INTEREST CHARGES					
51 Interest on Funded Debt	90,252	99,697	108,451	116,571	124,052
52 Other Interest Expense	1,091	1,932	4,807	866	738
53 Total Interest Charges	91,343	101,629	113,258	117,437	124,790
54 Income Before Extraordinary & Nonreg Items	278,609	(1,705,706)	(2,034,739)	2,844,248	112,620
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$278,609	(\$1,705,706)	(\$2,034,739)	\$2,844,248	\$112,620
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$9,651,800	\$9,707,273	\$9,605,055	\$9,502,722	\$9,224,953
60 Transferred from Income	172,963	83,126	240,818	201,333	416,369
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	138,600	138,600	138,600	99,000	138,600
64 Adjustments					
65 Ending Year Balance	9,686,163	9,651,800	9,707,273	9,605,055	9,502,722
66 Appropriated/Undistr Affiliate Retained Earnings	(1,971,657)	(2,077,303)	(288,471)	1,987,086	(655,827)
67 Total Retained Earnings	\$7,714,506	\$7,574,497	\$9,418,802	\$11,592,141	\$8,846,895

Deposit Telephone Company, Inc.
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$228,663	\$9,049,139	\$8,313,726	\$8,315,682	\$7,592,477
2 Accounts Receivable (Net)	1,477,055	1,514,922	1,011,088	1,371,840	1,672,438
3 Current Deferred Income Taxes					
4 Other Current Assets	313,048	307,841	307,904	256,963	307,263
5 Total Current Assets	2,018,766	10,871,902	9,632,718	9,944,485	9,572,178
NON-CURRENT ASSETS					
6 Investments					
7 Unamortized Debt Issuance Costs					
8 Deferred Charges		54,665	1,619	204,542	255,678
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets				58,284	58,284
12 Total Non-Current Assets		54,665	1,619	262,826	313,962
REGULATED PLANT					
13 Total Telecommunications Plant	21,605,234	21,109,361	20,609,950	19,799,940	19,491,084
14 Less: Accumulated Depr and Amort.	13,106,371	12,350,840	11,683,020	10,701,427	9,985,736
15 Net Regulated Plant	8,498,863	8,758,521	8,926,930	9,098,514	9,505,348
16 Total Assets & Other Debits	\$10,517,629	\$19,685,088	\$18,561,267	\$19,305,825	\$19,391,488
CURRENT LIABILITIES					
17 Accounts Payable	\$748,172	\$923,249	\$655,168	\$682,055	\$668,275
18 Notes Payable					
19 Advanced Billings	124,236	144,490	157,342	151,708	152,730
20 Customer Deposits		567	567	608	
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes	(6,965)	(7,245)	(4,900)		
23 Other Current Liabilities	120,341	177,490	192,422	210,430	217,489
24 Total Current Liabilities	985,784	1,238,551	1,000,599	1,044,801	1,038,494
LONG-TERM DEBT					
25 Long-Term Debt	5,757	2,035	25,067	41,496	
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	1,686,085	1,815,509	1,427,915	1,675,623	1,693,260
28 Other Deferred Credits	1,027,715	1,116,458	1,229,042	1,328,609	1,328,609
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	90,776	102,291	148,066	90,973	42,981
31 Total Other Liab. and Def. Credits	2,804,576	3,034,258	2,805,023	3,095,204	3,064,849
STOCKHOLDER'S EQUITY					
32 Common Stock	322,250	322,250	322,250	322,250	322,250
33 Preferred Stock					
34 Other Paid in Capital	33,398	33,398	33,398	33,398	33,398
35 Retained Earnings	6,365,864	15,054,596	14,374,930	14,768,676	14,932,496
36 Total Stockholder's Equity	6,721,512	15,410,244	14,730,578	15,124,324	15,288,144
37 Total Liab. and Stockholder's Equity	\$10,517,629	\$19,685,088	\$18,561,267	\$19,305,825	\$19,391,487

Deposit Telephone Company, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$2,140,730	\$2,137,240	\$2,013,717	\$2,018,467	\$1,973,251	1
Network Access Services	3,217,089	3,322,549	3,246,758	3,288,372	3,121,609	2
Long Distance Network Services	658	595	693	1,370	2,424	3
Miscellaneous Revenues	948,709	954,068	949,312	985,957	1,065,912	4
Less: Uncollectible Revenues	28,334	(15,426)	26,374	99,430	32,122	5
Total Operating Revenues	6,278,852	6,429,878	6,184,106	6,194,736	6,131,073	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	29,160	23,437	23,569	17,340	21,208	7
General Support Expenses	57,691	59,968	60,787	52,809	62,434	8
Central Office Switching	191,687	157,686	125,635	100,764	110,893	9
Operator Systems Expense						10
Central Office Transmission	194,957	65,520	77,880	73,756	68,452	11
Info. Origination/Termination	329,273	417,501	428,807	311,264	262,891	12
Cable & Wire Facilities	349,227	310,125	339,000	412,753	335,039	13
Total Plant Specific Operations	1,151,995	1,034,237	1,055,678	968,686	860,918	14
Other Plant, Property & Equipment					3,450	15
Network Operations	804,985	684,798	700,130	657,644	555,023	16
Access Expense	144,756	121,652	84,938	49,608	29,251	17
Depreciation and Amortization	1,185,691	1,113,659	1,393,947	1,348,466	1,326,365	18
Total Plant Non-Specific Operations	2,135,432	1,920,109	2,179,015	2,055,718	1,914,089	19
Marketing Expense	433,606	447,634	371,906	348,629	297,362	20
Services Expense	792,189	772,421	810,263	906,307	890,139	21
Total Customer Operations	1,225,795	1,220,055	1,182,169	1,254,936	1,187,501	22
Executive & Planning	133,198	141,926	134,005	128,737	157,881	23
General & Administrative	1,022,164	935,706	1,049,558	899,185	929,653	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,155,362	1,077,632	1,183,563	1,027,922	1,087,533	27
Total Operations Expense	5,668,584	5,252,033	5,600,425	5,307,262	5,050,040	28
Other Operating Income & Expenses		205			(15,936)	29
State & Local Income Taxes						30
Other Taxes	230,638	235,705	230,751	322,968	288,138	31
Net Operating Income Before FIT	379,630	942,345	352,930	564,505	776,959	32
Investment Tax Credits - Net					2,438	33
Federal Income Taxes	251,582	(30,464)	269,316	219,689	316,074	34
Provision - Def. Operating Income Taxes - Net	(129,146)	385,249	(48,064)	33,499	121,159	35
Net Operating Income	\$257,194	\$587,560	\$131,678	\$311,317	\$342,164	36

Deposit Telephone Company, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$257,194	\$587,560	\$131,678	\$311,317	\$342,164
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	280,330	129,903	85,739	159,918	313,016
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income		(34)			
45 Special Charges	6,414	5,864	4,948	6,064	7,506
46 Total Non-Operating Income & Expenses	273,916	124,005	80,791	153,854	305,509
NON-OPERATING TAXES					
47 Federal Income Taxes	68,459	30,230	29,561	53,828	106,983
48 Other					
49 Total Non-Operating Taxes	68,459	30,230	29,561	53,828	106,983
50 Income Available Before Interest Charges	462,651	681,335	182,908	411,344	540,690
INTEREST CHARGES					
51 Interest on Funded Debt					
52 Other Interest Expense	3,383	1,669	1,654	163	279
53 Total Interest Charges	3,383	1,669	1,654	163	279
54 Income Before Extraordinary & Nonreg Items	459,268	679,666	181,254	411,181	540,412
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$459,268	\$679,666	\$181,254	\$411,181	\$540,412
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$15,054,596	\$14,374,931	\$14,768,677	\$14,932,497	\$14,967,085
60 Transferred from Income	459,268	679,666	181,254	411,181	540,412
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	9,148,000		575,000	575,000	575,000
64 Adjustments					
65 Ending Year Balance	6,365,864	15,054,597	14,374,931	14,768,677	14,932,497
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$6,365,864	\$15,054,597	\$14,374,931	\$14,768,677	\$14,932,497

Dunkirk & Fredonia Telephone Company
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$170,551	\$351,998	\$511,858	\$877,647	\$508,366
2 Accounts Receivable (Net)	632,474	634,065	1,022,285	890,349	1,420,259
3 Current Deferred Income Taxes	13,071	11,054	9,019	7,087	5,197
4 Other Current Assets	1,532,891	1,807,830	1,697,894	1,958,306	1,480,261
5 Total Current Assets	2,348,987	2,804,947	3,241,056	3,733,389	3,414,083
NON-CURRENT ASSETS					
6 Investments	2,898,900	3,110,716	3,356,626	3,111,788	4,057,009
7 Unamortized Debt Issuance Costs	4,126	4,583	5,041	5,498	5,955
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	727,677	701,753	663,498	191,537	193,720
11 Other Non-Current Assets	64,261	64,261		375,089	257,576
12 Total Non-Current Assets	3,694,964	3,881,313	4,025,165	3,683,912	4,514,260
REGULATED PLANT					
13 Total Telecommunications Plant	17,263,601	17,133,514	18,134,149	17,800,796	17,685,945
14 Less: Accumulated Depr and Amort.	11,217,985	10,464,260	10,991,817	10,110,233	9,509,301
15 Net Regulated Plant	6,045,616	6,669,254	7,142,332	7,690,563	8,176,644
16 Total Assets & Other Debits	\$12,089,567	\$13,355,514	\$14,408,553	\$15,107,864	\$16,104,987
CURRENT LIABILITIES					
17 Accounts Payable	\$201,915	\$135,757	\$556,604	\$561,545	\$719,364
18 Notes Payable	1,717,727	2,137,027	2,336,277	2,477,348	2,488,848
19 Advanced Billings	56,590	99,919	75,790	85,390	94,695
20 Customer Deposits	22,692	23,776	30,645	34,318	40,250
21 Current Maturities - Long-Term Debt	183,376	182,494	203,932	239,354	213,378
22 Current Deferred Income Taxes	150				
23 Other Current Liabilities	1,101,414	590,368	798,574	793,348	656,450
24 Total Current Liabilities	3,283,864	3,169,341	4,001,822	4,191,303	4,212,985
LONG-TERM DEBT					
25 Long-Term Debt	1,739,456	1,918,763	1,959,212	2,167,987	2,380,311
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC		1,926	5,823	10,903	15,141
27 Non-Current Deferred Taxes	1,140,236	1,301,706	1,258,776	1,198,384	1,365,371
28 Other Deferred Credits	224,836	219,958	215,921	212,381	209,005
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	600,010	584,488	597,243	735,755	887,123
31 Total Other Liab. and Def. Credits	1,965,082	2,108,078	2,077,763	2,157,423	2,476,640
STOCKHOLDER'S EQUITY					
32 Common Stock	619,975	619,975	619,975	619,975	619,975
33 Preferred Stock					
34 Other Paid in Capital					
35 Retained Earnings	4,481,190	5,539,357	5,749,781	5,971,176	6,415,076
36 Total Stockholder's Equity	5,101,165	6,159,332	6,369,756	6,591,151	7,035,051
37 Total Liab. and Stockholder's Equity	\$12,089,567	\$13,355,514	\$14,408,553	\$15,107,864	\$16,104,987

Dunkirk & Fredonia Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$2,214,508	\$2,412,793	\$2,463,006	\$2,519,583	\$2,465,033	1
Network Access Services	4,118,433	4,408,160	4,221,658	4,620,679	5,290,587	2
Long Distance Network Services	11,246	16,189	29,388	20,736	23,548	3
Miscellaneous Revenues	852,852	846,142	986,177	960,093	892,781	4
Less: Uncollectible Revenues	(11,644)	(7,232)	23,688	13,092	19,618	5
Total Operating Revenues	7,208,683	7,690,516	7,676,541	8,107,999	8,652,331	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	43,976	34,194	36,039	41,589	70,377	7
General Support Expenses	631,241	581,693	607,972	648,820	672,797	8
Central Office Switching	90,070	168,566	245,780	222,567	180,762	9
Operator Systems Expense						10
Central Office Transmission	167,113	148,941	163,598	145,725	113,911	11
Info. Origination/Termination						12
Cable & Wire Facilities	168,876	138,844	151,196	197,318	400,699	13
Total Plant Specific Operations	1,101,276	1,072,238	1,204,585	1,256,019	1,438,546	14
Other Plant, Property & Equipment	91,128	41,958	73,871	15,408	26,185	15
Network Operations	307,366	282,263	265,784	249,831	278,080	16
Access Expense	79,909	73,953	69,345	48,544	37,040	17
Depreciation and Amortization	1,239,989	1,322,917	1,277,911	1,233,384	1,166,462	18
Total Plant Non-Specific Operations	1,718,392	1,721,091	1,686,911	1,547,167	1,507,767	19
Marketing Expense	259,309	244,589	273,427	301,572	497,670	20
Services Expense	865,800	920,241	955,714	918,679	997,217	21
Total Customer Operations	1,125,109	1,164,831	1,229,141	1,220,251	1,494,887	22
Executive & Planning	2,006,590	2,053,595	1,894,320	1,687,113	1,670,005	23
General & Administrative	1,443,159	1,258,028	1,009,568	1,313,167	1,362,648	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	3,449,749	3,311,623	2,903,888	3,000,280	3,032,653	27
Total Operations Expense	7,394,526	7,269,783	7,024,525	7,023,717	7,473,853	28
Other Operating Income & Expenses	1,593	20,346	5,078	(558)	4,212	29
State & Local Income Taxes	142			133	32	30
Other Taxes	377,041	374,055	353,379	321,004	277,631	31
Net Operating Income Before FIT	(561,433)	67,024	303,715	762,587	905,027	32
Investment Tax Credits - Net	1,926	3,897	5,080	4,238	25,200	33
Federal Income Taxes	(126,762)	(24,373)	35,231	182,507	256,068	34
Provision - Def. Operating Income Taxes - Net	(190,465)	116	(5,627)	46,336	(54,353)	35
Net Operating Income	(\$242,280)	\$95,178	\$279,191	\$537,982	\$728,512	36

Dunkirk & Fredonia Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	(\$242,280)	\$95,178	\$279,191	\$537,982	\$728,512
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	4,548	91	58	30,757	2,753
39 Interest Income	13,837	3,829	6,733	14,905	28,961
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	2,376	29,137	5,555		
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	172,574	277,498	287,314	57,301	102,381
44 Other Non-Operating Income	(17,366)	(17,366)	(19,231)	(17,366)	(17,366)
45 Special Charges	76,681	55,099	71,870	70,443	53,968
46 Total Non-Operating Income & Expenses	99,288	238,090	208,559	15,154	62,761
NON-OPERATING TAXES					
47 Federal Income Taxes					
48 Other					
49 Total Non-Operating Taxes					
50 Income Available Before Interest Charges	(142,992)	333,268	487,750	553,136	791,273
INTEREST CHARGES					
51 Interest on Funded Debt	50,856	67,420	102,623	147,795	155,899
52 Other Interest Expense	140,413	107,081	93,918	114,640	217,252
53 Total Interest Charges	191,269	174,501	196,541	262,435	373,151
54 Income Before Extraordinary & Nonreg Items	(334,261)	158,767	291,209	290,701	418,122
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues	(48,614)	(122,798)	(27,187)	45,642	228,383
57 Total Extraordinary & Nonregulated Items	(48,614)	(122,798)	(27,187)	45,642	228,383
58 Net Income	(\$382,875)	\$35,969	\$264,022	\$336,343	\$646,505
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$1,967,157	\$2,455,077	\$2,963,786	\$3,464,989	\$2,920,865
60 Transferred from Income	(555,449)	(241,529)	(23,292)	279,042	544,124
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	675,584	246,393	485,417	780,245	
64 Adjustments	(292)				
65 Ending Year Balance	736,416	1,967,155	2,455,077	2,963,786	3,464,989
66 Appropriated/Undistr Affiliate Retained Earnings	3,744,774	3,572,200	3,294,702	3,007,388	2,950,087
67 Total Retained Earnings	\$4,481,190	\$5,539,355	\$5,749,779	\$5,971,174	\$6,415,076

Edwards Telephone Company
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$351,242	\$4,454,283	\$3,997,257	\$4,047,278	\$3,874,567
2 Accounts Receivable (Net)	487,486	621,727	413,603	437,389	622,258
3 Current Deferred Income Taxes					
4 Other Current Assets	93,159	105,474	124,687	79,512	84,026
5 Total Current Assets	931,887	5,181,484	4,535,547	4,564,179	4,580,850
NON-CURRENT ASSETS					
6 Investments	53,755	95,900	95,900	95,900	95,900
7 Unamortized Debt Issuance Costs		1,020	1,166	1,312	1,458
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets					
12 Total Non-Current Assets	53,755	96,920	97,066	97,212	97,358
REGULATED PLANT					
13 Total Telecommunications Plant	10,314,033	10,501,591	10,546,349	10,581,617	10,182,301
14 Less: Accumulated Depr and Amort.	6,811,778	6,474,050	6,536,489	6,317,175	5,753,909
15 Net Regulated Plant	3,502,255	4,027,541	4,009,860	4,264,442	4,428,392
16 Total Assets & Other Debits	\$4,487,897	\$9,305,945	\$8,642,473	\$8,925,833	\$9,106,600
CURRENT LIABILITIES					
17 Accounts Payable	\$225,306	\$345,255	\$180,913	\$233,178	\$230,117
18 Notes Payable					
19 Advanced Billings	9,264	9,873	10,167	9,865	8,442
20 Customer Deposits					
21 Current Maturities - Long-Term Debt		105,784	100,299	95,101	90,176
22 Current Deferred Income Taxes	(1,155)	(1,890)	(1,995)		
23 Other Current Liabilities	55,234	80,730	58,239	54,302	72,227
24 Total Current Liabilities	288,649	539,752	347,623	392,446	400,961
LONG-TERM DEBT					
25 Long-Term Debt		1,488,712	1,595,024	1,695,837	1,791,427
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	378,778	412,928	374,851	296,764	247,531
28 Other Deferred Credits	1,735,149	1,736,560	1,428,155	1,393,840	1,355,024
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	94,272	98,093	106,543	93,690	85,348
31 Total Other Liab. and Def. Credits	2,208,199	2,247,581	1,909,549	1,784,294	1,687,903
STOCKHOLDER'S EQUITY					
32 Common Stock	67,600	67,600	67,600	67,600	67,600
33 Preferred Stock					
34 Other Paid in Capital	25,215	25,215	25,215	25,215	25,215
35 Retained Earnings	1,898,234	4,937,085	4,697,462	4,960,441	5,133,494
36 Total Stockholder's Equity	1,991,049	5,029,900	4,790,277	5,053,256	5,226,309
37 Total Liab. and Stockholder's Equity	\$4,487,897	\$9,305,945	\$8,642,473	\$8,925,833	\$9,106,600

Edwards Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$554,329	\$537,734	\$516,336	\$466,191	\$398,681	1
Network Access Services	1,709,052	1,702,558	1,858,957	1,769,021	1,854,129	2
Long Distance Network Services						3
Miscellaneous Revenues	326,190	327,885	373,501	398,355	450,661	4
Less: Uncollectible Revenues	3,736	5,855	11,818	35,070	13,011	5
Total Operating Revenues	2,585,835	2,562,322	2,736,976	2,598,497	2,690,460	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	23,408	15,610	15,017	9,837	12,414	7
General Support Expenses	49,903	60,853	52,733	45,867	29,230	8
Central Office Switching	92,252	84,202	77,290	54,922	58,562	9
Operator Systems Expense						10
Central Office Transmission	63,991	22,613	15,020	28,159	20,007	11
Info. Origination/Termination	57,427	168,271	244,098	224,493	195,814	12
Cable & Wire Facilities	96,385	76,894	57,148	60,569	55,715	13
Total Plant Specific Operations	383,366	428,443	461,306	423,847	371,742	14
Other Plant, Property & Equipment				167,149	9,674	15
Network Operations	264,513	199,185	190,017	5,095	149,930	16
Access Expense	42,048	30,251	15,640			17
Depreciation and Amortization	653,043	646,919	661,542	652,388	699,811	18
Total Plant Non-Specific Operations	959,604	876,355	867,199	824,632	859,415	19
Marketing Expense	155,062	169,257	167,734	157,207	143,573	20
Services Expense	213,717	145,410	166,351	159,286	174,641	21
Total Customer Operations	368,779	314,667	334,085	316,493	318,214	22
Executive & Planning	48,255	112,146	82,191	89,083	93,288	23
General & Administrative	286,457	253,473	264,408	233,598	251,346	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	334,712	365,619	346,599	322,681	344,633	27
Total Operations Expense	2,046,461	1,985,084	2,009,189	1,887,653	1,894,004	28
Other Operating Income & Expenses		8,877				29
State & Local Income Taxes						30
Other Taxes	190,509	145,974	150,516	145,848	119,591	31
Net Operating Income Before FIT	348,865	440,141	577,271	564,996	676,866	32
Investment Tax Credits - Net						33
Federal Income Taxes	118,650	80,364	115,337	85,921	210,844	34
Provision - Def. Operating Income Taxes - Net	(33,414)	38,182	76,092	49,233	(14,755)	35
Net Operating Income	\$263,629	\$321,595	\$385,842	\$429,842	\$480,777	36

Edwards Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$263,629	\$321,595	\$385,842	\$429,842	\$480,777
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	20,205	3,780	2,016	1,470	55
39 Interest Income	120,613	64,742	40,420	79,119	160,253
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	(23,011)				
45 Special Charges	6,086	1,038	3,725	3,098	2,314
46 Total Non-Operating Income & Expenses	111,721	67,484	38,711	77,491	157,994
NON-OPERATING TAXES					
47 Federal Income Taxes	4,019	(8,172)	14,265	(2,774)	28,559
48 Other					
49 Total Non-Operating Taxes	4,019	(8,172)	14,265	(2,774)	28,559
50 Income Available Before Interest Charges	371,331	397,251	410,288	510,107	610,211
INTEREST CHARGES					
51 Interest on Funded Debt	45,612	96,721	101,785	106,859	111,564
52 Other Interest Expense	70,570	60,907	71,486	76,303	84,552
53 Total Interest Charges	116,182	157,628	173,271	183,162	196,116
54 Income Before Extraordinary & Nonreg Items	255,149	239,623	237,017	326,945	414,096
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$255,149	\$239,623	\$237,017	\$326,945	\$414,096
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$4,937,085	\$4,697,463	\$4,960,442	\$5,133,493	\$5,219,393
60 Transferred from Income	255,149	239,623	237,017	326,945	414,096
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	3,294,000		499,996	499,996	499,997
64 Adjustments					
65 Ending Year Balance	1,898,234	4,937,086	4,697,463	4,960,442	5,133,493
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$1,898,234	\$4,937,086	\$4,697,463	\$4,960,442	\$5,133,493

Empire Telephone Corporation
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$2,409,519	\$2,680,693	\$3,167,086	\$2,034,817	\$1,656,362
2 Accounts Receivable (Net)	930,842	975,605	1,149,672	1,187,125	2,372,112
3 Current Deferred Income Taxes	47,462	46,111	8,149	5,950	4,342
4 Other Current Assets	568,038	521,723	501,007	602,470	489,676
5 Total Current Assets	3,955,861	4,224,132	4,825,914	3,830,362	4,522,492
NON-CURRENT ASSETS					
6 Investments	8,710,040	9,387,023	6,202,675	5,484,825	7,604,966
7 Unamortized Debt Issuance Costs					
8 Deferred Charges	5,175	10,401	28,575	50,556	49,967
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	12,415	10,359			
11 Other Non-Current Assets	1,216,467	1,124,447	1,040,628	911,240	792,775
12 Total Non-Current Assets	9,944,097	10,532,230	7,271,878	6,446,621	8,447,708
REGULATED PLANT					
13 Total Telecommunications Plant	28,200,821	27,193,963	26,088,121	25,425,375	24,237,608
14 Less: Accumulated Depr and Amort.	15,196,163	14,232,982	13,153,755	11,866,481	10,432,914
15 Net Regulated Plant	13,004,658	12,960,981	12,934,366	13,558,894	13,804,694
16 Total Assets & Other Debits	\$26,904,616	\$27,717,343	\$25,032,158	\$23,835,877	\$26,774,894
CURRENT LIABILITIES					
17 Accounts Payable	\$707,936	\$924,674	\$953,856	\$840,784	\$2,200,425
18 Notes Payable					
19 Advanced Billings	1,323	1,433	2,720	5,255	6,880
20 Customer Deposits	4,195	8,221	8,096	9,805	13,671
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes			337,809	188,065	1,023,461
23 Other Current Liabilities	(32,473)	(215,603)	119,495	(306,109)	(96,169)
24 Total Current Liabilities	680,981	718,725	1,421,976	737,800	3,148,268
LONG-TERM DEBT					
25 Long-Term Debt	750,012	916,544	1,078,319	1,246,126	1,407,034
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	2,514,921	2,162,418	2,140,482	2,002,748	1,787,058
28 Other Deferred Credits	1,105,173	1,856,000	677,094	767,359	859,319
29 Other Jurisdictional Differences - Net					
30 Other Liabilities			609,393	609,393	609,393
31 Total Other Liab. and Def. Credits	3,620,094	4,018,418	3,426,969	3,379,500	3,255,770
STOCKHOLDER'S EQUITY					
32 Common Stock	587,737	587,737	587,737	587,737	587,737
33 Preferred Stock					
34 Other Paid in Capital			(2,912)	(2,912)	(2,912)
35 Retained Earnings	21,265,792	21,475,919	18,520,069	17,887,626	18,378,997
36 Total Stockholder's Equity	21,853,529	22,063,656	19,104,894	18,472,451	18,963,822
37 Total Liab. and Stockholder's Equity	\$26,904,616	\$27,717,343	\$25,032,158	\$23,835,877	\$26,774,894

Empire Telephone Corporation
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,327,316	\$1,375,785	\$1,423,045	\$1,356,378	\$1,369,900	1
Network Access Services	3,768,104	4,180,039	4,285,526	4,483,191	4,104,919	2
Long Distance Network Services	13,193	9,734	12,790	25,398	199,777	3
Miscellaneous Revenues	221,562	180,664	325,994	479,601	452,917	4
Less: Uncollectible Revenues	12,000	13,430	104,379	(4,000)	2,000	5
Total Operating Revenues	5,318,175	5,732,792	5,942,976	6,348,568	6,125,513	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	27,851	29,758	31,350	26,780	20,537	7
General Support Expenses	303,095	374,329	420,628	498,010	290,159	8
Central Office Switching	607,709	698,858	572,241	550,628	457,336	9
Operator Systems Expense						10
Central Office Transmission	14,900	4,525	5,140	3,704	4,467	11
Info. Origination/Termination	6,342	117		115	1,243	12
Cable & Wire Facilities	516,523	507,146	513,874	476,631	434,828	13
Total Plant Specific Operations	1,476,420	1,614,733	1,543,233	1,555,868	1,208,570	14
Other Plant, Property & Equipment						15
Network Operations	596,128	576,248	585,833	592,342	548,540	16
Access Expense	80,239	59,579	55,124	35,001	27,749	17
Depreciation and Amortization	1,345,119	1,566,979	1,746,383	1,754,639	1,613,294	18
Total Plant Non-Specific Operations	2,021,486	2,202,806	2,387,340	2,381,982	2,189,583	19
Marketing Expense	9,731	6,498	13,363	3,924	6,287	20
Services Expense	505,974	554,659	521,159	534,627	567,688	21
Total Customer Operations	515,705	561,157	534,522	538,551	573,975	22
Executive & Planning	218,426	259,363	225,549	203,478	190,013	23
General & Administrative	495,840	503,197	507,356	492,299	565,004	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	714,266	762,560	732,905	695,777	755,017	27
Total Operations Expense	4,727,877	5,141,256	5,198,000	5,172,178	4,727,145	28
Other Operating Income & Expenses	1,960	603	600	600	607	29
State & Local Income Taxes	50,328	35,497	139,402	108,641	143,515	30
Other Taxes	279,970	255,184	253,486	232,922	220,986	31
Net Operating Income Before FIT	261,960	301,458	352,688	835,427	1,034,474	32
Investment Tax Credits - Net						33
Federal Income Taxes	119,020	72,335	20,071	307,384	288,015	34
Provision - Def. Operating Income Taxes - Net	(155,483)	(39,458)	(2,199)	(1,608)	(1,271)	35
Net Operating Income	\$298,423	\$268,581	\$334,816	\$529,651	\$747,730	36

Empire Telephone Corporation
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$298,423	\$268,581	\$334,816	\$529,651	\$747,730
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	95,132	93,652	61,128	57,874	23,439
39 Interest Income	44,635	28,018	26,179	45,027	85,808
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	(108,878)	2,087,149	119,092	49,845	(111,948)
44 Other Non-Operating Income	(1,680)	(1,646)	(1,680)	(1,680)	(295,217)
45 Special Charges	(39,539)	(31,911)	167,048	39,537	14,313
46 Total Non-Operating Income & Expenses	68,748	2,239,084	37,671	111,529	(312,231)
NON-OPERATING TAXES					
47 Federal Income Taxes	44,084	32,672	(2,700)	(2,700)	(2,700)
48 Other					
49 Total Non-Operating Taxes	44,084	32,672	(2,700)	(2,700)	(2,700)
50 Income Available Before Interest Charges	323,087	2,474,993	375,187	643,880	438,199
INTEREST CHARGES					
51 Interest on Funded Debt	43,252	51,888	59,372	66,058	67,206
52 Other Interest Expense	112	399	345	660	3,653
53 Total Interest Charges	43,364	52,287	59,717	66,718	70,859
54 Income Before Extraordinary & Nonreg Items	279,723	2,422,706	315,470	577,162	367,340
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$279,723	\$2,422,706	\$315,470	\$577,162	\$367,340
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	18,079,336	\$17,743,779	\$17,547,401	\$17,020,084	\$16,540,926
60 Transferred from Income	388,601	335,557	196,378	527,317	479,288
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock					
64 Adjustments	106				(130)
65 Ending Year Balance	18,467,831	18,079,336	17,743,779	17,547,401	17,020,084
66 Appropriated/Undistr Affiliate Retained Earnings	2,797,961	3,396,583	776,290	340,225	1,358,913
67 Total Retained Earnings	\$21,265,792	\$21,475,919	\$18,520,069	\$17,887,626	\$18,378,997

Fishers Island Telephone Corporation
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$244,703	\$418,459	\$273,827	\$182,243	\$150,122
2 Accounts Receivable (Net)	171,807	213,424	231,164	177,466	227,824
3 Current Deferred Income Taxes					
4 Other Current Assets	146,055	27,895	62,129	99,582	27,285
5 Total Current Assets	562,565	659,778	567,120	459,291	405,231
NON-CURRENT ASSETS					
6 Investments	360,339	273,529	226,796	113,199	109,406
7 Unamortized Debt Issuance Costs	988	1,330	1,672	2,014	2,356
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets					
12 Total Non-Current Assets	361,327	274,859	228,468	115,213	111,762
REGULATED PLANT					
13 Total Telecommunications Plant	2,186,810	2,370,675	2,290,856	2,214,323	2,129,246
14 Less: Accumulated Depr and Amort.	1,136,249	1,099,861	1,011,863	915,037	834,727
15 Net Regulated Plant	1,050,561	1,270,814	1,278,993	1,299,286	1,294,519
16 Total Assets & Other Debits	\$1,974,453	\$2,205,451	\$2,074,581	\$1,873,790	\$1,811,512
CURRENT LIABILITIES					
17 Accounts Payable	\$104,881	\$44,404	\$120,398	\$44,730	\$88,049
18 Notes Payable					
19 Advanced Billings					
20 Customer Deposits	975	1,417	1,067	1,708	1,817
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	27,388	105,196	39,862	18,588	24,590
24 Total Current Liabilities	133,244	151,017	161,327	65,026	114,456
LONG-TERM DEBT					
25 Long-Term Debt	84,757	287,151	303,510	338,095	361,374
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	75,257	77,110	66,762	63,949	62,084
28 Other Deferred Credits					
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					
31 Total Other Liab. and Def. Credits	75,257	77,110	66,762	63,949	62,084
STOCKHOLDER'S EQUITY					
32 Common Stock	78,518	78,518	78,518	78,518	78,518
33 Preferred Stock					
34 Other Paid in Capital					
35 Retained Earnings	1,602,677	1,611,655	1,464,464	1,328,202	1,195,080
36 Total Stockholder's Equity	1,681,195	1,690,173	1,542,982	1,406,720	1,273,598
37 Total Liab. and Stockholder's Equity	\$1,974,453	\$2,205,451	\$2,074,581	\$1,873,790	\$1,811,512

Fishers Island Telephone Corporation
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$138,597	\$171,650	\$160,298	\$125,263	\$127,375	1
Network Access Services	536,658	482,259	530,282	525,269	489,951	2
Long Distance Network Services						3
Miscellaneous Revenues	636,369	666,926	651,279	578,500	574,109	4
Less: Uncollectible Revenues						5
Total Operating Revenues	1,311,624	1,320,835	1,341,859	1,229,032	1,191,435	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses						7
General Support Expenses	83,589	64,001	93,269	94,225	73,959	8
Central Office Switching	143,272	139,534	117,383	110,985	123,231	9
Operator Systems Expense						10
Central Office Transmission	32,620	38,412	20,265			11
Info. Origination/Termination						12
Cable & Wire Facilities	126,655	139,870	135,079	101,854	113,762	13
Total Plant Specific Operations	386,136	381,817	365,996	307,064	310,952	14
Other Plant, Property & Equipment	5,485	10,003	10,942	19,510	22,505	15
Network Operations	64,169	79,735	69,357	122,465	106,089	16
Access Expense						17
Depreciation and Amortization	117,892	99,930	97,168	92,805	91,340	18
Total Plant Non-Specific Operations	187,546	189,668	177,467	234,780	219,934	19
Marketing Expense						20
Services Expense	37,006	39,129	48,900	32,594	32,270	21
Total Customer Operations	37,006	39,129	48,900	32,594	32,270	22
Executive & Planning	62,040	58,348	55,908	51,948	51,680	23
General & Administrative	582,639	453,106	372,415	355,889	328,670	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	644,679	511,454	428,323	407,837	380,350	27
Total Operations Expense	1,255,367	1,122,068	1,020,686	982,275	943,506	28
Other Operating Income & Expenses						29
State & Local Income Taxes	50,137	59,688	49,448	45,306	45,298	30
Other Taxes						31
Net Operating Income Before FIT	6,120	139,079	271,725	201,451	202,631	32
Investment Tax Credits - Net						33
Federal Income Taxes	5,098	148,557	72,105	47,473	52,982	34
Provision - Def. Operating Income Taxes - Net	(1,853)	10,348	2,813	1,865	628	35
Net Operating Income	\$2,875	(\$19,826)	\$196,807	\$152,113	\$149,021	36

Fishers Island Telephone Corporation
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$2,875	(\$19,826)	\$196,807	\$152,113	\$149,021
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	35,427	22,104	15,954	10,743	18,461
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property		368,295			
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income					
45 Special Charges					
46 Total Non-Operating Income & Expenses	35,427	390,399	15,954	10,743	18,461
NON-OPERATING TAXES					
47 Federal Income Taxes					
48 Other					
49 Total Non-Operating Taxes					
50 Income Available Before Interest Charges	38,302	370,573	212,761	162,856	167,482
INTEREST CHARGES					
51 Interest on Funded Debt	19,573	23,040	25,157	29,392	33,384
52 Other Interest Expense	342	342	342	342	342
53 Total Interest Charges	19,915	23,382	25,499	29,734	33,726
54 Income Before Extraordinary & Nonreg Items	18,387	347,191	187,262	133,122	133,756
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$18,387	\$347,191	\$187,262	\$133,122	\$133,756
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$1,611,655	\$1,464,464	\$1,328,202	\$1,195,080	\$1,061,324
60 Transferred from Income	18,387	347,191	187,262	133,122	133,756
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock		200,000	51,000		
64 Adjustments	(27,365)				
65 Ending Year Balance	1,602,677	1,611,655	1,464,464	1,328,202	1,195,080
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$1,602,677	\$1,611,655	\$1,464,464	\$1,328,202	\$1,195,080

**Frontier Communications of AuSable Valley
Comparative Balance Sheet
For the Year Ended December 31,**

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	(\$8,475)	\$17,818	(\$11,447)	\$19,958	\$1,123,488
2 Accounts Receivable (Net)	2,041,226	1,869,661	7,350,848	7,826,277	917,056
3 Current Deferred Income Taxes				84,180	
4 Other Current Assets	123,930	108,546	73,746	74,580	21,634
5 Total Current Assets	2,156,680	1,996,025	7,413,147	8,004,995	2,062,178
NON-CURRENT ASSETS					
6 Investments	1,380,316	7,304,660	4,680,309	(7,452,450)	(117,717)
7 Unamortized Debt Issuance Costs					
8 Deferred Charges	10,999	4,588	4,588	32,014	98,123
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	73,063	73,063	73,063	4,275,797	
11 Other Non-Current Assets	525,000	503,000	496,000	353,933	333,058
12 Total Non-Current Assets	1,989,378	7,885,311	5,253,960	(2,790,706)	313,464
REGULATED PLANT					
13 Total Telecommunications Plant	22,020,540	21,556,378	20,507,996	19,953,683	19,755,087
14 Less: Accumulated Depr and Amort.	14,488,380	13,707,807	12,566,521	11,479,192	10,960,357
15 Net Regulated Plant	7,532,160	7,848,571	7,941,475	8,474,491	8,794,730
16 Total Assets & Other Debits	\$11,678,218	\$17,729,907	\$20,608,582	\$13,688,780	\$11,170,372
CURRENT LIABILITIES					
17 Accounts Payable	\$628,611	\$8,045,167	\$4,680,709	(\$83,933)	\$59,534
18 Notes Payable					
19 Advanced Billings	115,640	107,102	105,088	105,008	109,856
20 Customer Deposits					(212)
21 Current Maturities - Long-Term Debt					186,870
22 Current Deferred Income Taxes					
23 Other Current Liabilities	40,175	183,105	78,236	(22,851)	(103,277)
24 Total Current Liabilities	784,426	8,335,373	4,864,033	(1,776)	252,771
LONG-TERM DEBT					
25 Long-Term Debt	119,375				3,216,433
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	(387,405)	(733,910)	6,758,614	4,978,126	(50,122)
28 Other Deferred Credits	154,014	151,377	135,801	138,390	113,469
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	828,840	1,336,750	1,122,504	1,201,845	1,214,314
31 Total Other Liab. and Def. Credits	595,449	754,217	8,016,919	6,318,361	1,277,661
STOCKHOLDER'S EQUITY					
32 Common Stock					
33 Preferred Stock					
34 Other Paid in Capital	4,725,630	4,725,630	4,725,630	4,725,630	4,725,630
35 Retained Earnings	5,453,338	3,914,685	3,002,000	2,646,565	1,697,877
36 Total Stockholder's Equity	10,178,968	8,640,315	7,727,630	7,372,195	6,423,507
37 Total Liab. and Stockholder's Equity	\$11,678,218	\$17,729,906	\$20,608,582	\$13,688,780	\$11,170,372

Frontier Communications of AuSable Valley
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,761,656	\$1,822,944	\$1,957,729	\$1,773,842	\$1,780,084	1
Network Access Services	3,072,290	3,048,796	2,938,262	3,083,800	2,956,317	2
Long Distance Network Services						3
Miscellaneous Revenues	934,180	1,060,125	870,444	1,090,279	961,705	4
Less: Uncollectible Revenues	5,098	42,848	(17,802)	30,013	60,051	5
Total Operating Revenues	5,763,028	5,889,018	5,784,237	5,917,908	5,638,055	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	1	1,673		3	97	7
General Support Expenses	192,718	400,428	343,204	303,405	240,678	8
Central Office Switching	147,880	149,033	131,438	215,818	203,041	9
Operator Systems Expense	493	476				10
Central Office Transmission	92,808	73,251	43,932	56,500	84,927	11
Info. Origination/Termination	85,070	53,705	72,126	126,003	38,822	12
Cable & Wire Facilities	466,498	586,612	391,081	471,993	495,364	13
Total Plant Specific Operations	985,467	1,265,179	981,781	1,173,722	1,062,929	14
Other Plant, Property & Equipment	2	53	646			15
Network Operations	277,812	335,385	297,458	320,030	262,327	16
Access Expense	335,649	294,341	228,478	251,364	226,301	17
Depreciation and Amortization	1,143,856	1,215,809	525,739	957,455	943,700	18
Total Plant Non-Specific Operations	1,757,319	1,845,587	1,052,321	1,528,849	1,432,328	19
Marketing Expense	122,804	103,554	98,677	95,713	125,440	20
Services Expense	273,803	275,660	208,046	267,227	428,915	21
Total Customer Operations	396,607	379,214	306,723	362,940	554,356	22
Executive & Planning	56,168	288,708	41,118	19,270	113,574	23
General & Administrative	234,879	329,624	920,827	1,049,313	478,162	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	291,046	618,332	961,945	1,068,583	591,736	27
Total Operations Expense	3,430,439	4,108,312	3,302,770	4,134,094	3,641,349	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	296,750	252,103	270,563	194,337	274,547	31
Net Operating Income Before FIT	2,035,839	1,528,604	2,210,904	1,589,477	1,722,159	32
Investment Tax Credits - Net						33
Federal Income Taxes	1,102,356	951,739	672,522	(51,783)	678,969	34
Provision - Def. Operating Income Taxes - Net	(389,812)	(416,728)	(280,515)	370,454	(50,122)	35
Net Operating Income	\$1,323,295	\$993,593	\$1,818,897	\$1,270,806	\$1,093,312	36

Frontier Communications of AuSable Valley
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$1,323,295	\$993,593	\$1,818,897	\$1,270,806	\$1,093,312
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	313,728	1,127,138	147,202	1,604	50,170
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	16,243	13,073	5,403	47,693	52,425
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income			(208,750)		
45 Special Charges	1,838	916	4,020	6,018	700
46 Total Non-Operating Income & Expenses	328,133	1,139,294	(60,165)	43,279	101,895
NON-OPERATING TAXES					
47 Federal Income Taxes	101,204	397,168			(51,997)
48 Other					
49 Total Non-Operating Taxes	101,204	397,168			(51,997)
50 Income Available Before Interest Charges	1,550,224	1,735,719	1,758,732	1,314,085	1,247,204
INTEREST CHARGES					
51 Interest on Funded Debt				19,234	249,469
52 Other Interest Expense	11,570	18,033	1,403,297	346,163	990
53 Total Interest Charges	11,570	18,033	1,403,297	365,397	250,459
54 Income Before Extraordinary & Nonreg Items	1,538,654	1,717,686	355,435	948,688	996,745
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$1,538,654	\$1,717,686	\$355,435	\$948,688	\$996,745
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RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$3,914,686	\$3,002,000	\$2,646,565	\$1,697,877	\$415,182
60 Transferred from Income	1,538,654	1,717,686	355,435	948,688	996,745
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock		805,000			
64 Adjustments					285,950
65 Ending Year Balance	5,453,340	3,914,686	3,002,000	2,646,565	1,697,877
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$5,453,340	\$3,914,686	\$3,002,000	\$2,646,565	\$1,697,877

Frontier Communications of New York
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$859,400	\$524,418	\$1,552,325	\$1,278,703	\$657,508
2 Accounts Receivable (Net)	24,888,727	15,800,923	69,223,405	407,853,275	18,281,913
3 Current Deferred Income Taxes				646,504	
4 Other Current Assets	1,172,764	1,343,660	1,224,080	1,808,377	636,740
5 Total Current Assets	26,920,891	17,669,001	71,999,810	411,586,859	19,576,161
NON-CURRENT ASSETS					
6 Investments	49,063,955	30,423,728	19,051,301	(90,212,318)	(1,671,525)
7 Unamortized Debt Issuance Costs					
8 Deferred Charges	2,822,741	2,915,377	2,907,364	2,574,370	3,002,828
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes				36,387,526	
11 Other Non-Current Assets	6,190,000	6,986,000	8,008,000	9,181,706	8,428,041
12 Total Non-Current Assets	58,076,696	40,325,105	29,966,665	(42,068,716)	9,759,344
REGULATED PLANT					
13 Total Telecommunications Plant	178,619,295	175,684,422	169,765,872	165,129,576	162,749,522
14 Less: Accumulated Depr and Amort.	110,534,884	103,396,710	94,912,444	86,628,567	81,681,931
15 Net Regulated Plant	68,084,411	72,287,712	74,853,428	78,501,009	81,067,591
16 Total Assets & Other Debits	\$153,081,998	\$130,281,818	\$176,819,903	\$448,019,152	\$110,403,096
CURRENT LIABILITIES					
17 Accounts Payable	\$13,438,893	\$15,909,384	\$71,829,005	\$374,279	\$4,469,397
18 Notes Payable					
19 Advanced Billings	1,119,611	1,097,270	1,063,973	1,073,879	1,227,294
20 Customer Deposits		12,347	10,000	10,000	10,000
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes				13,415	
23 Other Current Liabilities	176,761	880,250	663,795	(623,392)	3,455,797
24 Total Current Liabilities	14,735,265	17,899,251	73,566,773	848,181	9,162,488
LONG-TERM DEBT					
25 Long-Term Debt				295,771,034	
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	2,634,744	983,802	(3,412,163)	49,198,909	267,214
28 Other Deferred Credits	3,636,991	1,948,237	1,796,907	2,133,945	1,786,897
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	18,023,980	20,625,435	23,369,777	19,691,832	17,876,360
31 Total Other Liab. and Def. Credits	24,295,715	23,557,474	21,754,521	71,024,686	19,930,471
STOCKHOLDER'S EQUITY					
32 Common Stock	2,280,411	2,280,411	2,280,411	2,280,411	2,280,411
33 Preferred Stock					
34 Other Paid in Capital	63,236,046	63,236,046	63,236,046	63,236,046	63,236,046
35 Retained Earnings	48,534,561	23,308,635	15,982,152	14,858,794	15,793,680
36 Total Stockholder's Equity	114,051,018	88,825,092	81,498,609	80,375,251	81,310,137
37 Total Liab. and Stockholder's Equity	\$153,081,998	\$130,281,818	\$176,819,903	\$448,019,152	\$110,403,096

Frontier Communications of New York
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$21,372,501	\$21,403,485	\$20,849,133	\$20,215,741	\$19,917,953	1
Network Access Services	30,019,497	28,989,518	30,391,094	30,707,786	29,486,312	2
Long Distance Network Services						3
Miscellaneous Revenues	19,162,146	20,808,719	19,375,699	21,626,265	22,294,212	4
Less: Uncollectible Revenues	126,780	435,612	1,109,086	212,085	478,009	5
Total Operating Revenues	70,427,364	70,766,111	69,506,840	72,337,707	71,220,468	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	576	20,084	207	(60)	28,263	7
General Support Expenses	486,516	4,119,360	4,159,273	3,075,371	1,527,174	8
Central Office Switching	727,071	5,411,237	(1,506,872)	(974,431)	741,682	9
Operator Systems Expense	5,515	5,761				10
Central Office Transmission	1,070,515	1,444,236	1,987,650	2,016,395	1,516,585	11
Info. Origination/Termination	1,398,401	1,970,800	2,863,649	2,264,663	2,143,808	12
Cable & Wire Facilities	2,742,375	2,923,537	2,635,354	2,764,556	2,265,401	13
Total Plant Specific Operations	6,430,969	15,895,015	10,139,261	9,146,494	8,222,912	14
Other Plant, Property & Equipment	23	674	7,003	410	3,396	15
Network Operations	2,086,549	3,467,932	5,342,363	5,672,689	3,395,284	16
Access Expense	3,960,933	3,958,287	3,195,873	2,773,807	2,162,193	17
Depreciation and Amortization	9,250,362	9,283,347	2,339,939	7,246,492	9,691,183	18
Total Plant Non-Specific Operations	15,297,867	16,710,240	10,885,178	15,693,398	15,252,056	19
Marketing Expense	962,357	844,904	972,135	2,274,581	2,201,157	20
Services Expense	2,779,032	6,111,495	5,439,103	7,159,268	6,877,996	21
Total Customer Operations	3,741,389	6,956,400	6,411,238	9,433,849	9,079,153	22
Executive & Planning	638,280	3,609,879	540,543	365,977	928,078	23
General & Administrative	2,740,688	3,800,828	9,823,665	12,687,304	6,316,425	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	3,378,968	7,410,707	10,364,208	13,053,281	7,244,502	27
Total Operations Expense	28,849,193	46,972,362	37,799,885	47,327,022	39,798,623	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	3,127,935	3,051,409	2,630,475	3,517,153	4,016,468	31
Net Operating Income Before FIT	38,450,236	20,742,340	29,076,480	21,493,532	27,405,377	32
Investment Tax Credits - Net						33
Federal Income Taxes	13,397,232	6,468,117	9,734,199	1,055,701	11,248,766	34
Provision - Def. Operating Income Taxes - Net	60,351	791,701	442,570	2,535,383	267,214	35
Net Operating Income	\$24,992,653	\$13,482,522	\$18,899,711	\$17,902,448	\$15,889,397	36

Frontier Communications of New York
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$24,992,653	\$13,482,522	\$18,899,711	\$17,902,448	\$15,889,397
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	3,098,292	992,634	147,539	145,763	139,068
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	51,719	64,957	41,210	80,722	240,382
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	(1,640,791)				
45 Special Charges	194,096	385,753	159,898	242,670	175,592
46 Total Non-Operating Income & Expenses	1,315,124	671,838	28,851	(16,185)	203,858
NON-OPERATING TAXES					
47 Federal Income Taxes	(25,216)	392,857	(5,444,541)		95,031
48 Other					
49 Total Non-Operating Taxes	(25,216)	392,857	(5,444,541)		95,031
50 Income Available Before Interest Charges	26,332,993	13,761,503	24,373,103	17,886,263	15,998,224
INTEREST CHARGES					
51 Interest on Funded Debt					
52 Other Interest Expense	1,107,068	30,020		3,821,329	(67,660)
53 Total Interest Charges	1,107,068	30,020	23,249,745	3,821,329	(67,660)
54 Income Before Extraordinary & Nonreg Items	25,225,925	13,731,482	1,123,358	14,064,934	16,065,884
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$25,225,925	\$13,731,482	\$1,123,358	\$14,064,934	\$16,065,884
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$23,308,634	\$15,982,152	\$14,858,794	\$15,793,860	(\$5,796,796)
60 Transferred from Income	25,225,925	13,731,482	1,123,358	14,064,934	16,065,884
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock		6,405,000		15,000,000	
64 Adjustments					5,524,772
65 Ending Year Balance	48,534,560	23,308,634	15,982,152	14,858,794	15,793,860
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$48,534,560	\$23,308,634	\$15,982,152	\$14,858,794	\$15,793,860

**Frontier Communications of Seneca Gorham
Comparative Balance Sheet
For the Year Ended December 31,**

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	(\$7,222)	\$60,725	\$32,207	\$1,118	\$872,181
2 Accounts Receivable (Net)	2,131,257	1,658,703	4,035,213	24,217,325	4,762
3 Current Deferred Income Taxes				53,108	
4 Other Current Assets	148,381	112,767	104,267	88,292	1,827
5 Total Current Assets	2,272,417	1,832,195	4,171,687	24,359,843	878,770
NON-CURRENT ASSETS					
6 Investments	2,334,163	3,206,160	3,983,991	(10,207,513)	(1,555,851)
7 Unamortized Debt Issuance Costs					
8 Deferred Charges	334,166	334,165	334,173	310,984	334,060
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	47,950	47,950	47,950	4,760,033	
11 Other Non-Current Assets					
12 Total Non-Current Assets	2,716,279	3,588,275	4,366,114	(5,136,496)	(1,221,791)
REGULATED PLANT					
13 Total Telecommunications Plant	23,100,207	22,560,523	21,892,343	21,466,317	20,743,423
14 Less: Accumulated Depr and Amort.	17,165,819	15,618,551	13,988,222	12,639,020	11,305,190
15 Net Regulated Plant	5,934,388	6,941,972	7,904,121	8,827,297	9,438,233
16 Total Assets & Other Debits	\$10,923,084	\$12,362,442	\$16,441,922	\$28,050,644	\$9,095,212
CURRENT LIABILITIES					
17 Accounts Payable	830,430	\$3,336,447	\$5,792,292	(\$7,643)	\$63,165
18 Notes Payable					
19 Advanced Billings	257,673	245,699	234,919	225,876	225,215
20 Customer Deposits					
21 Current Maturities - Long-Term Debt					95,062
22 Current Deferred Income Taxes					
23 Other Current Liabilities	5,285	121,627	1,567	(1,273)	464,576
24 Total Current Liabilities	1,093,388	3,703,773	6,028,778	216,960	848,018
LONG-TERM DEBT					
25 Long-Term Debt				14,123,979	1,577,355
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	1,085,143	1,149,040	1,489,056	5,117,225	(57,081)
28 Other Deferred Credits	3,975	5,363	6,239	7,296	(14,727)
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	1,308,828	1,601,139	1,753,195	1,138,350	1,057,013
31 Total Other Liab. and Def. Credits	2,397,945	2,755,542	3,248,490	6,262,871	985,205
STOCKHOLDER'S EQUITY					
32 Common Stock	1	1	1	1	1
33 Preferred Stock					
34 Other Paid in Capital	5,736,562	5,736,563	6,234,910	6,234,910	6,234,910
35 Retained Earnings	1,695,188	166,564	929,743	1,211,923	(550,277)
36 Total Stockholder's Equity	7,431,751	5,903,127	7,164,654	7,446,834	5,684,634
37 Total Liab. and Stockholder's Equity	\$10,923,084	\$12,362,442	\$16,441,922	\$28,050,644	\$9,095,212

**Frontier Communications of Seneca Gorham
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,**

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$2,085,127	\$1,974,677	\$1,959,873	\$1,962,561	\$1,888,671	1
Network Access Services	2,967,942	2,988,518	3,204,150	2,902,659	2,980,242	2
Long Distance Network Services						3
Miscellaneous Revenues	1,349,270	1,588,628	1,156,914	1,451,493	1,455,355	4
Less: Uncollectible Revenues	(14,630)	48,630	70,022	(16,971)	73,593	5
Total Operating Revenues	6,416,969	6,503,194	6,250,915	6,333,684	6,250,675	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	4	2,009	10	(24)	97	7
General Support Expenses	302,225	482,893	440,221	380,345	208,495	8
Central Office Switching	80,125	72,253	91,580	145,181	197,984	9
Operator Systems Expense	705	564				10
Central Office Transmission	196,454	78,423	109,612	138,981	153,249	11
Info. Origination/Termination	73,666	92,236	105,383	73,547	100,431	12
Cable & Wire Facilities	328,421	355,695	332,383	349,661	503,663	13
Total Plant Specific Operations	981,599	1,084,071	1,079,189	1,087,691	1,163,918	14
Other Plant, Property & Equipment	3	73	52			15
Network Operations	384,631	491,060	478,137	449,311	387,254	16
Access Expense	206,828	149,928	133,955	26,482	43,153	17
Depreciation and Amortization	1,690,335	1,672,331	2,193,096	1,533,197	1,396,699	18
Total Plant Non-Specific Operations	2,281,797	2,313,392	2,805,240	2,008,990	1,827,106	19
Marketing Expense	161,401	143,271	142,680	139,931	183,939	20
Services Expense	307,379	405,933	308,351	415,004	598,365	21
Total Customer Operations	468,780	549,204	451,031	554,935	782,304	22
Executive & Planning	36,701	366,932	48,079	28,266	158,988	23
General & Administrative	121,486	403,069	(100,240)	67,523	665,362	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	158,187	770,001	(52,161)	95,789	824,350	27
Total Operations Expense	3,890,364	4,716,668	4,283,299	3,747,405	4,597,678	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	342,485	299,691	174,844	317,951	371,058	31
Net Operating Income Before FIT	2,184,120	1,486,834	1,792,772	2,268,328	1,281,939	32
Investment Tax Credits - Net						33
Federal Income Taxes	869,408	820,408	(385,723)	340,095	560,248	34
Provision - Def. Operating Income Taxes - Net	(63,379)	3,819	1,099,299	(242,340)	(57,081)	35
Net Operating Income	\$1,378,091	\$662,607	\$1,079,196	\$2,170,573	\$778,772	36

**Frontier Communications of Seneca Gorham
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,**

	2005	2004	2003	2002	2001
37 Net Operating Income	\$1,378,091	\$662,607	\$1,079,196	\$2,170,573	\$778,772
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	212,557	828,683	95,311	1,571	37,753
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	8,947	4,280	3,830	7,163	45,797
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income			(137,000)		
45 Special Charges	(1,123)	1,353	936	9,368	11,065
46 Total Non-Operating Income & Expenses	220,382	831,610	(38,795)	(634)	72,485
NON-OPERATING TAXES					
47 Federal Income Taxes					(25,653)
48 Other					
49 Total Non-Operating Taxes					(25,653)
50 Income Available Before Interest Charges	1,598,472	1,494,217	1,040,401	2,169,939	876,910
INTEREST CHARGES					
51 Interest on Funded Debt				18,538	121,304
52 Other Interest Expense	69,850	5,746	1,322,582	389,202	24,475
53 Total Interest Charges	69,850	5,746	1,322,582	407,740	145,779
54 Income Before Extraordinary & Nonreg Items	1,528,623	1,488,471	(282,181)	1,762,199	731,131
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$1,528,623	\$1,488,471	(\$282,181)	\$1,762,199	\$731,131
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$166,558	\$929,741	\$1,211,922	(\$550,277)	(\$1,089,992)
60 Transferred from Income	1,528,623	1,488,471	(282,181)	1,762,199	731,131
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock		2,251,653			
64 Adjustments		(2)			(191,416)
65 Ending Year Balance	1,695,180	166,558	929,741	1,211,922	(550,277)
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$1,695,180	\$166,558	\$929,741	\$1,211,922	(\$550,277)

**Frontier Communications of Sylvan Lake
Comparative Balance Sheet
For the Year Ended December 31,**

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$21,539	\$80,176	\$71,120	\$28,416	\$70,460
2 Accounts Receivable (Net)	3,296,964	14,862,926	1,099,386	68,733,048	1,200,157
3 Current Deferred Income Taxes				105,448	
4 Other Current Assets	234,839	308,366	314,010	286,360	57,729
5 Total Current Assets	3,553,342	15,251,468	1,484,516	69,153,272	1,328,346
NON-CURRENT ASSETS					
6 Investments	5,734,216	(11,109,757)	(614,677)	(25,335,318)	(10,249,299)
7 Unamortized Debt Issuance Costs					
8 Deferred Charges	288,775	280,931	278,357	227,808	305,361
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes				8,833,459	
11 Other Non-Current Assets	(321,000)	(213,000)	(84,000)	319,762	263,058
12 Total Non-Current Assets	5,701,991	(11,041,826)	(420,320)	(15,954,289)	(9,680,880)
REGULATED PLANT					
13 Total Telecommunications Plant	49,987,387	49,091,172	47,883,731	46,657,188	46,150,917
14 Less: Accumulated Depr and Amort.	29,290,897	27,293,852	24,513,077	22,135,941	21,583,041
15 Net Regulated Plant	20,696,490	21,797,320	23,370,654	24,521,247	24,567,876
16 Total Assets & Other Debits	\$29,951,823	\$26,006,962	\$24,434,850	\$77,720,230	\$16,215,342
CURRENT LIABILITIES					
17 Accounts Payable	1,661,594	\$1,685,282	\$14,288,803	(\$105,634)	(\$374,110)
18 Notes Payable					
19 Advanced Billings	238,519	221,671	210,315	207,607	262,314
20 Customer Deposits					
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes				60	
23 Other Current Liabilities	4,319	139,966	11,064	(79,162)	162,385
24 Total Current Liabilities	1,904,433	2,046,919	14,510,182	22,871	50,589
LONG-TERM DEBT					
25 Long-Term Debt				49,999,037	
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	2,862,082	2,386,700	(5,807,052)	11,200,588	(72,150)
28 Other Deferred Credits	129,799	313,020	5,341	18,833	68,694
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	521,472	1,891,832	2,345,659	2,376,821	2,177,184
31 Total Other Liab. and Def. Credits	3,513,354	4,591,552	(3,456,052)	13,596,242	2,173,728
STOCKHOLDER'S EQUITY					
32 Common Stock					
33 Preferred Stock					
34 Other Paid in Capital	12,654,368	12,654,368	12,654,368	12,654,368	12,654,368
35 Retained Earnings	11,879,669	6,714,123	726,352	1,447,712	1,336,657
36 Total Stockholder's Equity	24,534,037	19,368,491	13,380,720	14,102,080	13,991,025
37 Total Liab. and Stockholder's Equity	\$29,951,823	\$26,006,962	\$24,434,850	\$77,720,230	\$16,215,342

**Frontier Communications of Sylvan Lake
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,**

320 B

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$4,264,309	\$4,218,598	\$4,033,159	\$4,055,227	\$4,188,995	1
Network Access Services	7,763,846	6,523,789	6,280,412	5,811,619	5,756,146	2
Long Distance Network Services						3
Miscellaneous Revenues	2,810,803	3,119,900	2,765,006	2,840,151	2,731,480	4
Less: Uncollectible Revenues	(10,325)	96,543	68,886	(71,050)	91,784	5
Total Operating Revenues	14,849,282	13,765,744	13,009,691	12,778,047	12,584,837	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	77	3,280	(9)	11	187	7
General Support Expenses	627,659	736,026	277,442	736,593	329,698	8
Central Office Switching	276,866	(4,190,126)	2,545,584	2,436,303	100,937	9
Operator Systems Expense	1,199	951				10
Central Office Transmission	214,310	342,135	337,555	238,658	224,682	11
Info. Origination/Termination	309,688	371,734	451,091	203,239	278,131	12
Cable & Wire Facilities	518,273	779,331	685,834	1,176,134	1,020,166	13
Total Plant Specific Operations	1,948,073	(1,956,668)	4,297,497	4,790,938	1,953,800	14
Other Plant, Property & Equipment	5	98				15
Network Operations	584,596	480,268	346,627	765,416	476,898	16
Access Expense	326,017	251,679	202,074	156,927	99,344	17
Depreciation and Amortization	1,948,430	2,904,780	1,959,788	2,614,336	2,632,678	18
Total Plant Non-Specific Operations	2,859,047	3,636,826	2,508,489	3,536,679	3,208,920	19
Marketing Expense	220,153	155,684	110,086	288,450	388,579	20
Services Expense	748,325	727,553	435,016	1,071,931	1,243,033	21
Total Customer Operations	968,478	883,237	545,102	1,360,381	1,631,611	22
Executive & Planning	121,623	565,756	61,836	65,513	165,957	23
General & Administrative	492,283	544,654	1,026,309	1,969,123	997,516	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	613,906	1,110,411	1,088,145	2,034,636	1,163,474	27
Total Operations Expense	6,389,504	3,673,805	8,439,233	11,722,634	7,957,806	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	724,799	584,964	541,761	712,662	955,314	31
Net Operating Income Before FIT	7,734,978	9,506,975	4,028,697	342,751	3,671,717	32
Investment Tax Credits - Net						33
Federal Income Taxes	2,388,821	2,664,339	(162,040)	(1,339,611)	1,430,854	34
Provision - Def. Operating Income Taxes - Net	362,852	591,900	705,925	476,964	(72,150)	35
Net Operating Income	\$4,983,305	\$6,250,736	\$3,484,812	\$1,205,398	\$2,313,013	36

**Frontier Communications of Sylvan Lake
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,**

	2005	2004	2003	2002	2001
37 Net Operating Income	\$4,983,305	\$6,250,736	\$3,484,812	\$1,205,398	\$2,313,013
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income			11,043	1,683	12,889
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	7,884	5,192	22,937	44,890	201,309
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	(126,570)				
45 Special Charges	2,290	4,153	576	23,121	15,008
46 Total Non-Operating Income & Expenses	(120,977)	1,039	33,404	23,452	199,190
NON-OPERATING TAXES					
47 Federal Income Taxes					(96,434)
48 Other					
49 Total Non-Operating Taxes					(96,434)
50 Income Available Before Interest Charges	4,862,329	6,251,775	3,518,216	1,228,850	2,608,637
INTEREST CHARGES					
51 Interest on Funded Debt					
52 Other Interest Expense	(303,216)	264,036	4,239,576	1,117,801	474,717
53 Total Interest Charges	(303,216)	264,036	4,239,576	1,117,801	474,717
54 Income Before Extraordinary & Nonreg Items	5,165,544	5,987,739	(721,360)	111,049	2,133,920
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$5,165,544	\$5,987,739	(\$721,360)	\$111,049	\$2,133,920
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RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$6,714,118	\$726,346	\$1,447,706	\$1,336,657	(\$1,118,067)
60 Transferred from Income	5,165,544	5,987,739	(721,360)	111,049	2,133,920
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock					
64 Adjustments	7	32			320,804
65 Ending Year Balance	11,879,669	6,714,118	726,346	1,447,706	1,336,657
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$11,879,669	\$6,714,118	\$726,346	\$1,447,706	\$1,336,657

Germantown Telephone Company, Inc.
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$1,961,438	\$2,171,597	\$2,170,171	\$2,286,977	\$2,082,158
2 Accounts Receivable (Net)	537,904	563,895	1,127,960	825,806	762,226
3 Current Deferred Income Taxes	3,508	3,041	2,590	2,423	1,973
4 Other Current Assets	180,290	290,156	548,243	136,827	131,771
5 Total Current Assets	2,683,141	3,028,689	3,848,964	3,252,033	2,978,128
NON-CURRENT ASSETS					
6 Investments	3,135,017	2,926,842	2,673,713	2,628,667	3,125,565
7 Unamortized Debt Issuance Costs	5,689	6,643	7,597	8,551	9,505
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	247,417	199,077	190,568	172,277	117,636
11 Other Non-Current Assets	2,011,505	1,827,519	1,661,455	1,470,684	1,340,804
12 Total Non-Current Assets	5,399,628	4,960,081	4,533,333	4,280,179	4,593,510
REGULATED PLANT					
13 Total Telecommunications Plant	9,210,120	8,965,666	8,817,889	8,332,894	8,118,896
14 Less: Accumulated Depr and Amort.	6,020,600	5,843,542	5,416,800	4,979,760	4,607,480
15 Net Regulated Plant	3,189,520	3,122,124	3,401,089	3,353,134	3,511,416
16 Total Assets & Other Debits	\$11,272,289	\$11,110,895	\$11,783,386	\$10,885,346	\$11,083,054
CURRENT LIABILITIES					
17 Accounts Payable	\$579,883	\$261,665	\$683,953	\$240,084	\$213,165
18 Notes Payable					
19 Advanced Billings	33,135	38,540	26,370	17,460	7,755
20 Customer Deposits			140	140	140
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	(9,233)	(234,159)	149,604	(117,523)	(89,558)
24 Total Current Liabilities	603,786	66,046	860,067	140,161	131,502
LONG-TERM DEBT					
25 Long-Term Debt	565,638	657,253	744,390	827,301	906,188
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					5,420
27 Non-Current Deferred Taxes	220,682	275,061	289,027	238,298	229,257
28 Other Deferred Credits	36,437	62,236	88,082	113,885	141,578
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	1,067,295	986,176	901,876	830,904	591,099
31 Total Other Liab. and Def. Credits	1,324,414	1,323,473	1,278,985	1,183,087	967,354
STOCKHOLDER'S EQUITY					
32 Common Stock	80,000	80,000	80,000	80,000	80,000
33 Preferred Stock					
34 Other Paid in Capital	39,877	82,766	38,920	(33,430)	
35 Retained Earnings	8,658,574	8,901,358	8,781,024	8,688,228	8,998,011
36 Total Stockholder's Equity	8,778,451	9,064,124	8,899,944	8,734,798	9,078,011
37 Total Liab. and Stockholder's Equity	\$11,272,289	\$11,110,895	\$11,783,386	\$10,885,347	\$11,083,055

Germantown Telephone Company, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$448,496	\$462,331	\$440,668	\$448,803	\$435,955	1
Network Access Services	2,583,181	2,734,000	3,041,554	2,885,221	3,155,665	2
Long Distance Network Services						3
Miscellaneous Revenues	312,712	312,644	360,510	369,105	282,608	4
Less: Uncollectible Revenues	(2,639)	5,904	(2,646)	76,292	11,430	5
Total Operating Revenues	3,347,028	3,503,071	3,845,378	3,626,837	3,862,798	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	898	25,323	21,106	32,259	41,116	7
General Support Expenses	275,984	269,978	300,888	349,759	373,376	8
Central Office Switching	234,361	212,231	159,714	188,403	222,346	9
Operator Systems Expense						10
Central Office Transmission	107,091	96,556	164,186	150,994	102,411	11
Info. Origination/Termination	6,861	7,176	7,759	7,503	6,445	12
Cable & Wire Facilities	174,962	181,221	161,060	150,986	144,452	13
Total Plant Specific Operations	800,157	792,486	814,713	879,904	890,146	14
Other Plant, Property & Equipment	5,628	5,876	1,535	480		15
Network Operations	361,504	470,183	345,495	321,133	366,349	16
Access Expense	38,026	30,876	16,350	9,070		17
Depreciation and Amortization	604,693	590,919	544,458	580,063	561,524	18
Total Plant Non-Specific Operations	1,009,852	1,097,855	907,838	910,746	927,873	19
Marketing Expense	68,205	85,904	110,701	109,160	91,818	20
Services Expense	354,263	328,151	342,406	327,083	372,265	21
Total Customer Operations	422,467	414,056	453,107	436,243	464,083	22
Executive & Planning	208,150	285,980	257,855	284,865	284,580	23
General & Administrative	896,440	853,610	804,541	843,676	702,893	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,104,591	1,139,590	1,062,396	1,128,541	987,473	27
Total Operations Expense	3,337,067	3,443,986	3,238,054	3,355,434	3,269,575	28
Other Operating Income & Expenses					(32,000)	29
State & Local Income Taxes						30
Other Taxes	143,130	152,710	160,127	151,291	122,613	31
Net Operating Income Before FIT	(133,168)	(93,625)	447,197	120,112	438,610	32
Investment Tax Credits - Net				5,420	5,050	33
Federal Income Taxes	65,638	(8,444)	154,686	10,753	254,904	34
Provision - Def. Operating Income Taxes - Net	(109,599)	(70,252)	(21,122)	(57,845)	(57,695)	35
Net Operating Income	(\$89,207)	(\$14,929)	\$313,633	\$172,624	\$246,451	36

Germantown Telephone Company, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	(\$89,207)	(\$14,929)	\$313,633	\$172,624	\$246,451
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	41,502	34,701	26,857	25,222	34,699
39 Interest Income	33,509	41,951	43,563	47,367	59,555
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	194,294	237,194	(164,629)	(350,830)	(123,018)
44 Other Non-Operating Income	55,929	(295,992)	20,566	(125,663)	(144,597)
45 Special Charges	(89,864)	(88,009)	(123,251)	18,019	94,475
46 Total Non-Operating Income & Expenses	415,097	105,863	49,608	(421,923)	(267,836)
NON-OPERATING TAXES					
47 Federal Income Taxes	24,636	(88,842)	19,239		(150,353)
48 Other					
49 Total Non-Operating Taxes	24,636	(88,842)	19,239		(150,353)
50 Income Available Before Interest Charges	301,254	179,776	344,002	(249,299)	128,968
INTEREST CHARGES					
51 Interest on Funded Debt	30,430	34,938	39,207	43,245	47,081
52 Other Interest Expense	954	954	954	1,565	1,643
53 Total Interest Charges	31,384	35,892	40,161	44,810	48,724
54 Income Before Extraordinary & Nonreg Items	269,870	143,885	303,841	(294,109)	80,244
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items				(900)	
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items				(900)	
58 Net Income	\$269,870	\$143,885	\$303,841	(\$295,009)	\$80,244
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$6,829,755	\$6,946,615	\$6,689,190	\$6,648,143	\$6,457,511
60 Transferred from Income	75,576	(93,310)	468,470	55,821	203,262
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	512,653	23,551	211,045	14,774	12,630
64 Adjustments					
65 Ending Year Balance	6,392,678	6,829,755	6,946,615	6,689,190	6,648,143
66 Appropriated/Undistr Affiliate Retained Earnings	2,265,896	2,071,603	1,834,409	1,999,038	2,349,868
67 Total Retained Earnings	\$8,658,574	\$8,901,358	\$8,781,024	\$8,688,228	\$8,998,011

**Hancock Telephone Company
Comparative Balance Sheet
For the Year Ended December 31,**

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$358,679	\$420,580	\$363,180	\$134,077	\$46,840
2 Accounts Receivable (Net)	222,401	222,449	217,777	839,210	2,418,387
3 Current Deferred Income Taxes	166,392	11,825	9,584	133,816	63,833
4 Other Current Assets	1,121,127	1,007,263	927,630	820,069	728,345
5 Total Current Assets	1,868,599	1,662,117	1,518,171	1,927,172	3,257,405
NON-CURRENT ASSETS					
6 Investments	1,864,819	1,829,061	1,700,018	1,644,645	2,000,765
7 Unamortized Debt Issuance Costs	7,165	8,401	9,637	10,873	12,109
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	201,249	330,465	334,168	238,047	24,527
11 Other Non-Current Assets					
12 Total Non-Current Assets	2,073,233	2,167,927	2,043,823	1,893,565	2,037,401
REGULATED PLANT					
13 Total Telecommunications Plant	5,160,255	4,645,846	4,551,408	4,530,047	4,481,206
14 Less: Accumulated Depr and Amort.	3,180,437	2,935,573	2,748,929	2,621,238	2,411,867
15 Net Regulated Plant	1,979,818	1,710,273	1,802,479	1,908,809	2,069,339
16 Total Assets & Other Debits	\$5,921,650	\$5,540,317	\$5,364,473	\$5,729,546	\$7,364,145
CURRENT LIABILITIES					
17 Accounts Payable	476,133	\$161,650	\$186,044	\$122,475	\$1,506,141
18 Notes Payable				382,566	447,041
19 Advanced Billings	28,099	27,479	22,853	22,185	20,355
20 Customer Deposits					
21 Current Maturities - Long-Term Debt	105,417	98,142	91,485	85,290	79,521
22 Current Deferred Income Taxes	4,500	4,000			
23 Other Current Liabilities	86,303	25,930	(15,745)	(38,990)	(68,693)
24 Total Current Liabilities	700,452	317,201	284,637	573,526	1,984,365
LONG-TERM DEBT					
25 Long-Term Debt	569,283	675,074	773,572	865,408	951,033
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					2,724
27 Non-Current Deferred Taxes	243,382	242,271	250,400	267,866	284,428
28 Other Deferred Credits	45,819	49,122	52,695	56,263	54,842
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	571,131	557,801	544,945	647,842	388,556
31 Total Other Liab. and Def. Credits	860,332	849,194	848,040	971,971	730,550
STOCKHOLDER'S EQUITY					
32 Common Stock	60,000	60,000	60,000	60,000	60,000
33 Preferred Stock					
34 Other Paid in Capital					
35 Retained Earnings	3,731,583	3,638,848	3,398,224	3,258,641	3,638,197
36 Total Stockholder's Equity	3,791,583	3,698,848	3,458,224	3,318,641	3,698,197
37 Total Liab. and Stockholder's Equity	\$5,921,650	\$5,540,317	\$5,364,473	\$5,729,546	\$7,364,145

Hancock Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2,005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	359,732	\$363,762	\$354,844	\$356,651	\$345,711	1
Network Access Services	1,537,987	1,585,212	1,414,412	1,344,240	1,316,538	2
Long Distance Network Services	2,926	2,593	3,193	5,361	1,916	3
Miscellaneous Revenues	73,895	77,088	81,925	78,116	91,671	4
Less: Uncollectible Revenues	1,200	1,200	1,200	1,200	1,200	5
Total Operating Revenues	1,973,340	2,027,455	1,853,174	1,783,168	1,754,636	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	12,673	8,260	8,005	7,020	8,557	7
General Support Expenses	104,435	90,809	91,875	85,181	81,475	8
Central Office Switching	345,757	389,788	336,638	317,231	251,277	9
Operator Systems Expense						10
Central Office Transmission	1,513	2,242				11
Info. Origination/Termination						12
Cable & Wire Facilities	238,686	247,628	238,589	203,435	200,218	13
Total Plant Specific Operations	703,064	738,727	675,107	612,867	541,527	14
Other Plant, Property & Equipment						15
Network Operations	20,453	18,667	21,323	30,735	27,558	16
Access Expense	29,930	27,816	21,309	11,426	25	17
Depreciation and Amortization	254,542	232,735	247,376	242,559	256,790	18
Total Plant Non-Specific Operations	304,925	279,218	290,008	284,720	284,373	19
Marketing Expense	18,861	15,845	16,691	16,323	22,834	20
Services Expense	150,974	159,810	156,420	183,799	163,369	21
Total Customer Operations	169,835	175,655	173,111	200,122	186,203	22
Executive & Planning	315,576	306,080	291,081	296,249	294,693	23
General & Administrative	291,383	258,462	271,042	239,665	290,156	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	606,959	564,542	562,123	535,914	584,849	27
Total Operations Expense	1,784,783	1,758,142	1,700,349	1,633,623	1,596,952	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	91,674	87,929	88,744	81,099	80,199	31
Net Operating Income Before FIT	96,883	181,384	64,081	68,446	77,485	32
Investment Tax Credits - Net				2,724	2,971	33
Federal Income Taxes	30,500	47,000	9,500	8,130	16,824	34
Provision - Def. Operating Income Taxes - Net	(29,186)	(16,111)	(31,007)	(17,834)	(32,461)	35
Net Operating Income	\$95,569	\$150,495	\$85,588	\$80,874	\$96,093	36

Hancock Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$95,569	\$150,495	\$85,588	\$80,874	\$96,093
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	43,886	42,494	21,295	18,935	8,077
39 Interest Income	388	383	458	205	388
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	35,758	127,094	52,873	(358,808)	(408,862)
44 Other Non-Operating Income	3,263	11,890			
45 Special Charges	(3,392)	(6,045)	(9,574)	(3,209)	(16,405)
46 Total Non-Operating Income & Expenses	86,687	187,906	84,200	(336,459)	(383,992)
NON-OPERATING TAXES					
47 Federal Income Taxes	13,000	14,500	7,500	6,500	(474)
48 Other					
49 Total Non-Operating Taxes	13,000	14,500	7,500	6,500	(474)
50 Income Available Before Interest Charges	169,256	323,901	162,288	(262,085)	(287,425)
INTEREST CHARGES					
51 Interest on Funded Debt	51,100	57,799	64,021	69,827	75,216
52 Other Interest Expense	1,421	1,478	18,120	23,249	31,931
53 Total Interest Charges	52,521	59,277	82,141	93,076	107,147
54 Income Before Extraordinary & Nonreg Items	116,735	264,624	80,147	(355,161)	(394,572)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$116,735	\$264,624	\$80,147	(\$355,161)	(\$394,572)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$1,895,803	\$1,782,273	\$1,695,563	\$1,716,311	\$1,702,021
60 Transferred from Income	80,977	137,530	27,274	3,647	14,290
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	24,000	24,000	18,000		
64 Adjustments			77,436	(24,395)	
65 Ending Year Balance	1,952,780	1,895,803	1,782,273	1,695,563	1,716,311
66 Appropriated/Undistr Affiliate Retained Earnings	1,778,803	1,743,045	1,615,951	1,563,078	1,921,886
67 Total Retained Earnings	\$3,731,583	\$3,638,848	\$3,398,224	\$3,258,641	\$3,638,197

Margaretville Telephone Co., Inc.
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$1,155,980	\$1,014,707	\$815,032	\$797,164	\$651,304
2 Accounts Receivable (Net)	427,210	506,129	343,236	479,674	528,359
3 Current Deferred Income Taxes	2,847	2,433	2,046	1,647	1,291
4 Other Current Assets	613,935	633,028	1,988,752	1,948,541	2,261,037
5 Total Current Assets	2,199,972	2,156,297	3,149,066	3,227,026	3,441,991
NON-CURRENT ASSETS					
6 Investments	3,129,140	3,255,092	2,279,893	2,238,759	3,039,113
7 Unamortized Debt Issuance Costs	4,978	5,492	6,006	6,519	7,033
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	18,341	18,341	22,193	9,491	15,177
11 Other Non-Current Assets	395,864	274,602	662,763	581,283	582,938
12 Total Non-Current Assets	3,548,323	3,553,527	2,970,855	2,836,052	3,644,261
REGULATED PLANT					
13 Total Telecommunications Plant	10,776,884	10,582,497	10,144,929	9,900,987	9,846,470
14 Less: Accumulated Depr and Amort.	7,998,703	7,531,078	6,968,894	6,379,498	5,962,780
15 Net Regulated Plant	2,778,181	3,051,419	3,176,035	3,521,489	3,883,690
16 Total Assets & Other Debits	\$8,526,476	\$8,761,243	\$9,295,956	\$9,584,567	\$10,969,942
CURRENT LIABILITIES					
17 Accounts Payable	\$52,332	\$62,992	\$110,320	\$180,973	\$142,577
18 Notes Payable	375,000	375,000	375,000	375,000	575,000
19 Advanced Billings	23,262	20,568	21,990	54,119	15,618
20 Customer Deposits					
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	326,328	392,112	207,583	189,047	284,952
24 Total Current Liabilities	776,922	850,672	714,893	799,139	1,018,147
LONG-TERM DEBT					
25 Long-Term Debt	462,923	529,776	627,941	758,593	879,054
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC			7,475	18,425	29,462
27 Non-Current Deferred Taxes	314,099	425,862	354,084	347,622	694,470
28 Other Deferred Credits	62,328	61,102	104,126	96,647	143,286
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					74,031
31 Total Other Liab. and Def. Credits	376,427	486,964	465,685	462,694	941,249
STOCKHOLDER'S EQUITY					
32 Common Stock	130,000	130,000	130,000	130,000	130,000
33 Preferred Stock					
34 Other Paid in Capital	153,175	228,806	112,705	57,331	699,498
35 Retained Earnings	6,627,029	6,535,025	7,244,732	7,376,810	7,301,994
36 Total Stockholder's Equity	6,910,204	6,893,831	7,487,437	7,564,141	8,131,492
37 Total Liab. and Stockholder's Equity	\$8,526,476	\$8,761,243	\$9,295,956	\$9,584,567	\$10,969,942

Margaretville Telephone Co., Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$662,807	\$667,696	\$643,065	\$638,612	\$619,010	1
Network Access Services	1,725,660	1,962,975	2,063,863	2,165,117	1,860,447	2
Long Distance Network Services						3
Miscellaneous Revenues	433,905	462,459	441,977	320,311	578,638	4
Less: Uncollectible Revenues	(12,312)	1,200	1,200	1,200	1,200	5
Total Operating Revenues	2,834,684	3,091,930	3,147,705	3,122,840	3,056,895	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	5,788	6,189	6,195	8,178	9,845	7
General Support Expenses	159,087	96,366	102,164	103,446	103,631	8
Central Office Switching	111,393	124,520	100,094	156,601	98,010	9
Operator Systems Expense						10
Central Office Transmission	89,189	93,599	60,284	51,271	46,107	11
Info. Origination/Termination	22,770	25,419	21,734	24,926	27,802	12
Cable & Wire Facilities	145,818	201,969	207,499	171,986	176,866	13
Total Plant Specific Operations	534,045	548,062	497,970	516,408	462,261	14
Other Plant, Property & Equipment	2,545					15
Network Operations	131,802	120,976	142,157	141,956	171,992	16
Access Expense	42,532	39,372	32,878	20,904	4,476	17
Depreciation and Amortization	562,132	581,557	606,729	644,903	632,000	18
Total Plant Non-Specific Operations	739,011	741,905	781,764	807,763	808,468	19
Marketing Expense	22,751	25,288	20,437	23,372	15,165	20
Services Expense	354,639	322,692	430,966	364,718	330,722	21
Total Customer Operations	377,390	347,980	451,403	388,090	345,887	22
Executive & Planning	324,306	459,602	481,080	474,023	459,118	23
General & Administrative	482,520	450,229	493,418	468,859	497,571	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	806,826	909,831	974,498	942,882	956,689	27
Total Operations Expense	2,457,272	2,547,778	2,705,635	2,655,143	2,573,305	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	142,555	149,127	144,375	142,803	139,698	31
Net Operating Income Before FIT	234,857	395,025	297,695	324,894	343,892	32
Investment Tax Credits - Net		7,475	10,950	11,037	12,637	33
Federal Income Taxes	140,924	135,695	119,466	134,105	125,227	34
Provision - Def. Operating Income Taxes - Net	(73,214)	(49,493)	(77,334)	(85,811)	(69,763)	35
Net Operating Income	\$167,147	\$316,298	\$266,513	\$287,637	\$301,065	36

Margaretville Telephone Co., Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$167,147	\$316,298	\$266,513	\$287,637	\$301,065
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	445		167	93	
39 Interest Income	12,546	6,946	7,436	18,746	33,921
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property				13,614	
43 Equity in Earnings of Affiliated Companies	152,815	(368,345)	(224,175)	(162,607)	34,871
44 Other Non-Operating Income	10,375	(429,788)	(65,919)	75,789	171,067
45 Special Charges	8,515	8,525	93,118	43,338	47,846
46 Total Non-Operating Income & Expenses	167,666	(799,712)	(375,609)	(97,703)	192,013
NON-OPERATING TAXES					
47 Federal Income Taxes	(9,922)	(30,904)	(16,515)	64,214	95,952
48 Other					
49 Total Non-Operating Taxes	(9,922)	(30,904)	(16,515)	64,214	95,952
50 Income Available Before Interest Charges	344,735	(452,510)	(92,581)	125,720	397,126
INTEREST CHARGES					
51 Interest on Funded Debt	24,618	29,183	38,879	49,419	58,676
52 Other Interest Expense	613	514	618	1,485	5,104
53 Total Interest Charges	25,231	29,697	39,497	50,904	63,780
54 Income Before Extraordinary & Nonreg Items	319,504	(482,207)	(132,078)	74,816	333,346
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$319,504	(\$482,207)	(\$132,078)	\$74,816	\$333,346
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$7,429,485	\$7,770,847	\$7,678,750	\$7,827,796	\$7,529,321
60 Transferred from Income	166,689	(113,862)	92,097	237,423	298,475
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	227,500	227,500			
64 Adjustments				(386,469)	
65 Ending Year Balance	7,368,674	7,429,485	7,770,847	7,678,750	7,827,796
66 Appropriated/Undistr Affiliate Retained Earnings	(741,645)	(894,460)	(526,115)	(301,940)	(525,802)
67 Total Retained Earnings	\$6,627,029	\$6,535,025	\$7,244,732	\$7,376,810	\$7,301,994

Middleburgh Telephone Company
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$2,082,330	\$1,993,805	\$3,496,122	\$2,859,600	\$2,937,603
2 Accounts Receivable (Net)	692,898	792,681	754,952	819,610	936,228
3 Current Deferred Income Taxes	9,288	8,116	7,077	5,812	4,557
4 Other Current Assets	263,432	257,823	270,542	261,319	276,480
5 Total Current Assets	3,047,948	3,052,425	4,528,693	3,946,341	4,154,868
NON-CURRENT ASSETS					
6 Investments	2,277,031	2,919,063	2,528,450	2,578,358	3,558,041
7 Unamortized Debt Issuance Costs	8,587	9,290	9,993	10,696	11,399
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	310,696	291,272	279,959	193,046	154,339
11 Other Non-Current Assets	1,416,690	1,416,690	1,416,690	1,567,489	1,378,099
12 Total Non-Current Assets	4,013,004	4,636,315	4,235,092	4,349,589	5,101,878
REGULATED PLANT					
13 Total Telecommunications Plant	19,758,160	19,053,674	18,849,416	18,283,968	17,455,745
14 Less: Accumulated Depr and Amort.	13,735,668	12,658,496	11,676,779	10,445,971	9,326,760
15 Net Regulated Plant	6,022,492	6,395,178	7,172,637	7,837,997	8,128,985
16 Total Assets & Other Debits	\$13,083,444	\$14,083,918	\$15,936,422	\$16,133,927	\$17,385,731
CURRENT LIABILITIES					
17 Accounts Payable	\$262,273	\$351,364	\$387,930	\$395,114	\$445,293
18 Notes Payable					
19 Advanced Billings		55			
20 Customer Deposits					
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	36,161	(9,748)	1,678,157	22,756	85,906
24 Total Current Liabilities	298,434	341,671	2,066,087	417,870	531,199
LONG-TERM DEBT					
25 Long-Term Debt	2,254,618	2,484,455	2,701,932	2,907,745	3,102,584
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC				5,227	10,782
27 Non-Current Deferred Taxes	556,204	724,940	596,850	607,869	861,087
28 Other Deferred Credits	254,327	250,881	247,825	22,648	86,065
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	519,100	458,600	398,100	337,600	347,600
31 Total Other Liab. and Def. Credits	1,329,631	1,434,421	1,242,775	973,344	1,305,534
STOCKHOLDER'S EQUITY					
32 Common Stock	64,200	64,200	64,200	64,200	64,200
33 Preferred Stock					
34 Other Paid in Capital	(554,622)	(16,774)	(486,697)	(536,740)	
35 Retained Earnings	9,691,183	9,775,945	10,348,125	12,307,508	12,382,214
36 Total Stockholder's Equity	9,200,761	9,823,371	9,925,628	11,834,968	12,446,414
37 Total Liab. and Stockholder's Equity	\$13,083,444	\$14,083,918	\$15,936,422	\$16,133,927	\$17,385,731

Middleburgh Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,227,092	\$1,209,406	\$1,141,456	\$977,696	\$963,190	1
Network Access Services	3,373,552	3,244,425	3,426,589	3,323,349	3,283,542	2
Long Distance Network Services						3
Miscellaneous Revenues	631,970	631,295	667,004	666,528	748,061	4
Less: Uncollectible Revenues	24,250	6,300	13,100	125,600	3,600	5
Total Operating Revenues	5,208,364	5,078,826	5,221,949	4,841,973	4,991,193	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	22,061	22,817	28,431	35,497	35,531	7
General Support Expenses	206,903	187,289	208,465	212,325	232,113	8
Central Office Switching	218,318	222,844	223,648	192,916	161,020	9
Operator Systems Expense						10
Central Office Transmission	208,132	145,133	124,855	108,218	143,472	11
Info. Origination/Termination	56,341	34,969	33,042	20,782	21,041	12
Cable & Wire Facilities	229,557	217,081	333,911	246,703	215,415	13
Total Plant Specific Operations	941,312	830,133	952,352	816,441	808,592	14
Other Plant, Property & Equipment	2,989	8,463	5,626	5,771	4,365	15
Network Operations	237,840	235,800	208,885	191,303	195,407	16
Access Expense	79,652	67,307	55,471	36,720	21,416	17
Depreciation and Amortization	1,378,289	1,360,665	1,331,003	1,260,520	1,198,708	18
Total Plant Non-Specific Operations	1,698,770	1,672,235	1,600,985	1,494,314	1,419,896	19
Marketing Expense	28,831	28,273	32,088	29,081	16,961	20
Services Expense	491,482	489,140	527,549	524,707	581,469	21
Total Customer Operations	520,313	517,413	559,637	553,788	598,430	22
Executive & Planning	551,986	545,689	578,515	554,503	549,906	23
General & Administrative	777,328	776,905	803,746	788,739	647,150	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,329,314	1,322,594	1,382,261	1,343,242	1,197,056	27
Total Operations Expense	4,489,709	4,342,375	4,495,235	4,207,785	4,023,974	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	326,038	306,925	300,742	279,265	268,962	31
Net Operating Income Before FIT	392,617	429,526	425,972	354,923	698,257	32
Investment Tax Credits - Net			5,227	5,555	11,468	33
Federal Income Taxes	279,769	217,205	67,902	33,639	168,451	34
Provision - Def. Operating Income Taxes - Net	(188,834)	(125,316)	(48,350)	(45,077)	(169,904)	35
Net Operating Income	\$301,682	\$337,637	\$411,647	\$371,916	\$711,178	36

Middleburgh Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$301,682	\$337,637	\$411,647	\$371,916	\$711,178
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	18,655	12,900	7,266	8,818	17,364
39 Interest Income	35,111	14,846	53,164	73,815	112,116
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	(15,478)	22,418	13,375	(52,594)	(19,319)
44 Other Non-Operating Income	(111,631)	(856,224)	(139,106)	(119,010)	(190,418)
45 Special Charges	106,524	111,273	236,657	54,351	64,291
46 Total Non-Operating Income & Expenses	(179,867)	(917,333)	(301,958)	(143,322)	(144,548)
NON-OPERATING TAXES					
47 Federal Income Taxes	(54,757)	(284,605)		3,423	(60,297)
48 Other					
49 Total Non-Operating Taxes	(54,757)	(284,605)	(1,799)	3,423	(60,297)
50 Income Available Before Interest Charges	176,572	(295,091)	111,488	225,171	626,927
INTEREST CHARGES					
51 Interest on Funded Debt	154,806	167,246	178,985	190,034	200,387
52 Other Interest Expense	703	703	703	703	703
53 Total Interest Charges	155,509	167,949	179,688	190,737	201,090
54 Income Before Extraordinary & Nonreg Items	21,063	(463,040)	(68,200)	34,434	425,837
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$21,063	(\$463,040)	(\$68,200)	\$34,434	\$425,837
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$10,642,298	\$11,236,895	\$13,209,653	\$13,231,765	\$12,895,749
60 Transferred from Income	36,541	(485,458)	(81,575)	87,028	445,156
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	105,825	109,140	1,590,555	109,140	109,140
64 Adjustments			(300,628)		
65 Ending Year Balance	10,573,014	10,642,297	11,236,895	13,209,653	13,231,765
66 Appropriated/Undistr Affiliate Retained Earnings	(881,831)	(866,353)	(888,771)	(902,146)	(849,552)
67 Total Retained Earnings	\$9,691,183	\$9,775,944	\$10,348,124	\$12,307,507	\$12,382,213

New York Telephone Company
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$485,196,722	\$446,999,354	\$417,323,246	\$554,860,952	\$535,232,112
2 Accounts Receivable (Net)	1,131,656,951	991,023,687	1,298,440,854	1,744,695,280	2,018,158,213
3 Current Deferred Income Taxes			330,695,656	330,695,656	330,695,658
4 Other Current Assets	253,524,635	251,028,173	355,210,241	520,300,136	396,736,992
5 Total Current Assets	1,870,378,308	1,689,051,214	2,401,669,998	3,150,552,025	3,280,822,975
NON-CURRENT ASSETS					
6 Investments	351,776,957	348,241,322	346,314,547	339,498,428	335,640,275
7 Unamortized Debt Issuance Costs	13,135,984	14,442,926	60,845,263	104,653,422	130,823,790
8 Deferred Charges	237,627,340	663,250,695	663,791,200	699,240,464	728,408,742
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes			1,610,486,098	1,610,486,098	1,610,486,100
11 Other Non-Current Assets	623,850,130	623,659,815	590,429,393	323,720,868	31,876,232
12 Total Non-Current Assets	1,226,390,411	1,649,594,757	3,271,866,500	3,077,599,280	2,837,235,139
REGULATED PLANT					
13 Total Telecommunications Plant	29,813,995,195	29,952,671,370	29,402,800,831	28,763,731,388	27,719,127,498
14 Less: Accumulated Depr and Amort.	19,156,188,554	18,458,681,637	17,018,380,386	16,134,687,615	14,676,573,533
15 Net Regulated Plant	10,657,806,641	11,493,989,733	12,384,420,445	12,629,043,772	13,042,553,964
16 Total Assets & Other Debits	\$13,754,575,360	\$14,832,635,704	\$18,057,956,943	\$18,857,195,077	\$19,160,612,079
CURRENT LIABILITIES					
17 Accounts Payable	\$1,043,506,716	\$1,268,556,011	\$1,966,328,646	\$1,756,044,346	\$5,749,026,592
18 Notes Payable	2,718,118,680	2,653,800,365	2,047,301,830	2,118,991,942	(293,393,397)
19 Advanced Billings	177,804,267	186,864,122	194,165,577	206,443,706	193,103,187
20 Customer Deposits	8,040,691	8,868,967	9,457,968	6,554,746	7,260,921
21 Current Maturities - Long-Term Debt	1,724,779	201,102,500	150,927,624	350,599,661	2,629,900
22 Current Deferred Income Taxes	11,703,396	(88,503,431)	389,362,615	519,046,835	524,859,366
23 Other Current Liabilities	661,010,190	789,868,419	968,037,225	1,132,837,679	993,081,079
24 Total Current Liabilities	4,621,908,718	5,020,556,954	5,725,581,486	6,090,518,916	7,176,567,648
LONG-TERM DEBT					
25 Long-Term Debt	2,899,241,490	2,896,511,832	3,789,734,370	4,135,076,018	3,195,962,366
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC	25,453,954	27,913,210	87,775,509	90,801,717	96,897,974
27 Non-Current Deferred Taxes	240,464,439	469,634,602	2,042,553,119	1,620,923,715	1,859,866,673
28 Other Deferred Credits	277,529,734	867,779,985	692,252,369	756,938,515	940,296,478
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	4,325,380,709	4,411,067,491	3,873,116,837	3,676,872,858	2,384,084,229
31 Total Other Liab. and Def. Credits	4,868,828,836	5,776,395,288	6,695,697,835	6,145,536,805	5,281,145,354
STOCKHOLDER'S EQUITY					
32 Common Stock	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
33 Preferred Stock					
34 Other Paid in Capital	2,135,167,390	1,572,168,430	1,563,034,548	1,562,282,886	1,562,282,886
35 Retained Earnings	(771,571,074)	(433,996,798)	282,908,705	922,780,450	1,943,653,824
36 Total Stockholder's Equity	1,364,596,316	1,139,171,632	1,846,943,253	2,486,063,336	3,506,936,711
37 Total Liab. and Stockholder's Equity	\$13,754,575,360	\$14,832,635,705	\$18,057,956,943	\$18,857,195,075	\$19,160,612,079

New York Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$2,831,555,948	\$3,124,298,889	\$3,501,267,825	\$3,926,332,145	\$3,977,234,582	1
Network Access Services	2,130,776,546	2,093,739,614	2,180,495,052	2,246,121,864	2,262,081,058	2
Long Distance Network Services	169,621,587	175,930,752	203,044,244	177,393,958	194,552,060	3
Miscellaneous Revenues	1,179,867,751	1,375,783,292	1,226,463,025	1,293,046,426	1,378,994,068	4
Less: Uncollectible Revenues	76,727,971	44,288,643	188,327,109	334,028,454	358,805,666	5
Total Operating Revenues	6,235,093,862	6,725,463,904	6,922,943,037	7,308,865,938	7,454,056,102	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	16,154,193	13,581,769	10,433,721	9,669,049	7,377,464	7
General Support Expenses	438,297,111	444,467,533	413,297,187	387,567,239	372,078,149	8
Central Office Switching	238,355,838	234,667,431	216,210,784	222,488,225	245,808,359	9
Operator Systems Expense	588,608	361,877	458,277	667,709	434,128	10
Central Office Transmission	122,196,000	117,333,027	114,535,630	111,273,278	127,138,496	11
Info. Origination/Termination	266,292,088	284,475,642	286,861,301	243,396,880	250,764,462	12
Cable & Wire Facilities	1,052,013,193	1,032,229,578	951,062,052	816,485,658	821,079,958	13
Total Plant Specific Operations	2,133,897,030	2,127,116,857	1,992,858,952	1,791,548,037	1,824,681,016	14
Other Plant, Property & Equipment	13,608,186	8,236,986	7,759,606	2,178,272	3,203,519	15
Network Operations	789,284,818	742,166,535	816,734,549	657,463,656	705,863,978	16
Access Expense	162,788,588	152,288,738	158,872,026	219,789,450	342,635,752	17
Depreciation and Amortization	1,651,688,532	2,119,099,426	2,153,299,570	2,155,679,557	2,015,837,253	18
Total Plant Non-Specific Operations	2,617,370,124	3,021,791,685	3,136,665,751	3,035,110,935	3,067,540,502	19
Marketing Expense	287,128,186	287,278,825	290,555,549	293,856,121	311,428,340	20
Services Expense	657,799,798	647,312,076	671,706,370	589,947,025	594,871,602	21
Total Customer Operations	944,927,984	934,590,901	962,261,920	883,803,146	906,299,943	22
Executive & Planning	28,734,704	31,724,700	50,534,063	50,611,650	58,263,469	23
General & Administrative	952,919,393	1,045,541,255	1,870,511,059	1,502,982,482	1,462,813,636	24
Provision - Uncollectible Notes Rec.		131	66	26	(5,095)	25
Other						26
Total Corporate Operations	981,654,098	1,077,266,086	1,921,045,187	1,553,594,158	1,521,072,009	27
Total Operations Expense	6,677,849,236	7,160,765,528	8,012,831,809	7,264,056,277	7,319,593,469	28
Other Operating Income & Expenses	310,815,003	(510,276)	(9,898,489)	(4,213,759)	8,304,679	29
State & Local Income Taxes	219,488	19,154	(142,869)	(86,206)	(238,683)	30
Other Taxes	506,345,895	571,226,059	669,934,466	575,184,402	540,248,500	31
Net Operating Income Before FIT	(638,505,754)	(1,007,057,114)	(1,769,578,858)	(534,502,293)	(397,242,506)	32
Investment Tax Credits - Net	2,459,256	9,955,905	3,026,208	6,096,257	9,581,583	33
Federal Income Taxes	(99,910,758)	(545,030,393)	(562,813,469)	(255,441,180)	(24,415,301)	34
Provision - Def. Operating Income Taxes - Net	(176,037,655)	138,266,147	(112,017,582)	43,128,778	(204,307,345)	35
Net Operating Income	(\$360,098,085)	(\$590,336,962)	(\$1,091,721,598)	(\$316,093,634)	(\$158,938,277)	36

New York Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	(\$360,098,085)	(\$590,336,962)	(\$1,091,721,598)	(\$316,093,634)	(\$158,938,277)
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	14,365,373	17,108,408	7,277,249	16,397,658	88,342,552
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	18,146,469	8,796,150	12,275,118	29,361,097	41,404,700
42 Gains/Losses - Disposal of Property	3,465	(8,553)	(14,484)	(1,930)	6,712
43 Equity in Earnings of Affiliated Companies	49,605,307	120,585,855	45,716,898	75,465,326	33,313,174
44 Other Non-Operating Income	682,182	24,684,119	70,659,139	(3,896,042)	(215,773,179)
45 Special Charges	16,754,736	16,571,519	9,848,682	12,685,609	15,113,900
46 Total Non-Operating Income & Expenses	66,048,059	154,594,460	126,065,238	104,640,500	(67,819,942)
NON-OPERATING TAXES					
47 Federal Income Taxes	(2,949,558)	20,401,044	31,616,684	7,991,872	29,291,051
48 Other	24,542,257	2,635,409	5,860,665	5,787,867	3,516,142
49 Total Non-Operating Taxes	21,592,699	23,036,453	37,477,349	13,779,739	32,807,193
50 Income Available Before Interest Charges	(315,642,725)	(458,778,955)	(1,003,133,709)	(225,232,873)	(259,565,412)
INTEREST CHARGES					
51 Interest on Funded Debt	204,288,787	228,935,828	295,354,786	285,340,325	237,640,725
52 Other Interest Expense	144,820,022	72,074,355	71,938,035	85,553,796	130,090,033
53 Total Interest Charges	349,108,809	301,010,183	367,292,821	370,894,121	367,730,757
54 Income Before Extraordinary & Nonreg Items	(664,751,534)	(759,789,138)	(1,370,426,530)	(596,126,994)	(627,296,169)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items			(453,043,004)	86,688	9,398,412
56 Nonregulated Revenues	239,818,549	216,055,772	225,260,602	284,395,233	283,901,811
57 Total Extraordinary & Nonregulated Items	239,818,549	216,055,772	(227,782,402)	284,481,921	293,300,223
58 Net Income	(\$424,932,985)	(\$543,733,366)	(\$1,598,208,932)	(\$311,645,073)	(\$333,995,945)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	(\$462,909,851)	\$300,371,836	\$920,743,548	\$1,956,748,318	\$2,346,904,005
60 Transferred from Income	(474,538,291)	(590,109,551)	(672,622,891)	(326,949,845)	(324,159,592)
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	(87,358,709)		180,000,000	190,000,000	66,000,000
64 Adjustments		(173,172,136)	232,251,179	(519,054,925)	3,905
65 Ending Year Balance	(850,089,433)	(462,909,851)	300,371,836	920,743,548	1,956,748,318
66 Appropriated/Undistr Affiliate Retained Earnings	78,518,359	28,913,052	(17,463,132)	2,036,901	(13,094,494)
67 Total Retained Earnings	(\$771,571,074)	(\$433,996,798)	\$282,908,704	\$922,780,449	\$1,943,653,823

Newport Telephone Company, Inc.
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$86,553	\$51,015	\$101,227	\$129,906	\$80,742
2 Accounts Receivable (Net)	276,465	288,792	308,423	281,233	367,716
3 Current Deferred Income Taxes	3,814	4,307			
4 Other Current Assets	153,766	160,932	169,850	188,415	187,618
5 Total Current Assets	520,598	505,046	579,500	599,554	636,076
NON-CURRENT ASSETS					
6 Investments	3,093,902	3,672,254	4,345,136	3,885,083	439,833
7 Unamortized Debt Issuance Costs	8,735	9,922	11,109	12,295	13,482
8 Deferred Charges	93,286	64,374	33,564	23,124	2,504
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	185,659	173,738	136,726	73,917	72,779
11 Other Non-Current Assets	5,517	4,044	2,600		
12 Total Non-Current Assets	3,387,099	3,924,332	4,529,135	3,994,419	528,598
REGULATED PLANT					
13 Total Telecommunications Plant	10,248,262	10,034,679	9,855,222	9,496,419	9,444,349
14 Less: Accumulated Depr and Amort.	6,316,284	5,834,652	5,369,557	4,900,806	4,746,396
15 Net Regulated Plant	3,931,978	4,200,027	4,485,665	4,595,613	4,697,953
16 Total Assets & Other Debits	\$7,839,675	\$8,629,405	\$9,594,300	\$9,189,586	\$5,862,627
CURRENT LIABILITIES					
17 Accounts Payable	\$607,585	\$104,595	\$129,937	\$177,687	\$144,847
18 Notes Payable				3,696	6,854
19 Advanced Billings	11,710	10,430	10,053	9,088	9,252
20 Customer Deposits	1,545	1,595	1,645	1,770	1,770
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	(454,722)	(21,188)	84,544	(11,072)	68,125
24 Total Current Liabilities	166,118	95,432	226,179	181,169	230,848
LONG-TERM DEBT					
25 Long-Term Debt	1,164,947	1,298,722	1,426,926	1,549,842	1,670,852
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC				4,066	5,779
27 Non-Current Deferred Taxes	538,380	517,367	493,833	452,606	383,390
28 Other Deferred Credits	108,292	137,464	152,526	181,640	209,955
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	546,057	444,233	333,612	213,338	208,276
31 Total Other Liab. and Def. Credits	1,192,729	1,099,064	979,971	851,650	807,400
STOCKHOLDER'S EQUITY					
32 Common Stock	119,650	119,650	119,650	119,650	119,650
33 Preferred Stock		85,500	86,000	88,100	93,100
34 Other Paid in Capital					
35 Retained Earnings	5,196,231	5,931,037	6,755,574	6,399,175	2,940,777
36 Total Stockholder's Equity	5,315,881	6,136,187	6,961,224	6,606,925	3,153,527
37 Total Liab. and Stockholder's Equity	\$7,839,675	\$8,629,405	\$9,594,300	\$9,189,586	\$5,862,627

Newport Telephone Company, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$907,693	\$908,723	\$848,585	\$786,918	\$870,157	1
Network Access Services	1,102,473	1,089,433	1,025,731	965,726	968,205	2
Long Distance Network Services	74,434	97,366	102,679	79,564	(27,458)	3
Miscellaneous Revenues	851,376	731,722	864,961	1,061,139	1,124,718	4
Less: Uncollectible Revenues	500	3,000	3,000	1,750		5
Total Operating Revenues	2,935,476	2,824,244	2,838,956	2,891,597	2,935,622	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	9,060	5,205	1,245			7
General Support Expenses	128,942	128,229	120,690	125,251	114,616	8
Central Office Switching	194,076	212,723	204,781	206,384	181,934	9
Operator Systems Expense						10
Central Office Transmission	21,809	30,625	34,381	42,085	27,191	11
Info. Origination/Termination	82,084	55,245	78,108	97,784	57,502	12
Cable & Wire Facilities	146,222	161,242	178,684	159,494	184,768	13
Total Plant Specific Operations	582,193	593,269	617,889	630,998	566,011	14
Other Plant, Property & Equipment						15
Network Operations	103,770	90,438	82,808	77,040	72,904	16
Access Expense	38,986	26,876	23,170	14,224	6,444	17
Depreciation and Amortization	525,062	527,565	509,923	521,813	532,770	18
Total Plant Non-Specific Operations	667,818	644,879	615,901	613,077	612,118	19
Marketing Expense	31,025	15,548	14,177	12,840	37,339	20
Services Expense	456,227	475,385	429,251	415,819	407,616	21
Total Customer Operations	487,252	490,933	443,428	428,659	444,955	22
Executive & Planning	540,787	539,490	532,546	414,393	431,960	23
General & Administrative	551,949	471,699	461,073	530,299	480,495	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,092,736	1,011,189	993,619	944,692	912,455	27
Total Operations Expense	2,829,999	2,740,270	2,670,837	2,617,426	2,535,539	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	186,040	168,940	169,810	164,926	109,797	31
Net Operating Income Before FIT	(80,563)	(84,966)	(1,691)	109,245	290,286	32
Investment Tax Credits - Net						33
Federal Income Taxes	(39,199)	(20,331)	(9,005)	(72,795)	18,854	34
Provision - Def. Operating Income Taxes - Net	(20,514)	(61,005)	(50,696)	39,763	3,279	35
Net Operating Income	(\$20,850)	(\$3,630)	\$58,010	\$142,277	\$268,153	36

Newport Telephone Company, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	(\$20,850)	(\$3,630)	\$58,010	\$142,277	\$268,153
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	38,227	35,256	21,378	18,438	18,603
39 Interest Income		164	186	472	1,943
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	(680,176)	(783,503)	339,779	3,440,188	87,147
44 Other Non-Operating Income	(5,692)	55,620	65,274	(49,938)	(31,188)
45 Special Charges	9,032	6,522	6,379	5,861	4,988
46 Total Non-Operating Income & Expenses	(656,673)	(698,985)	420,238	3,403,299	71,517
NON-OPERATING TAXES					
47 Federal Income Taxes	7,080	28,713	23,290	(16,651)	(11,386)
48 Other					
49 Total Non-Operating Taxes	7,080	28,713	23,290	(16,651)	(11,386)
50 Income Available Before Interest Charges	(684,603)	(731,328)	454,958	3,562,227	351,056
INTEREST CHARGES					
51 Interest on Funded Debt	81,238	86,822	92,120	97,174	101,966
52 Other Interest Expense	1,226	1,242	1,276	1,351	1,469
53 Total Interest Charges	82,464	88,064	93,396	98,525	103,435
54 Income Before Extraordinary & Nonreg Items	(767,067)	(819,392)	361,562	3,463,702	247,621
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$767,067)	(\$819,392)	\$361,562	\$3,463,702	\$247,621
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$2,830,262	\$2,871,296	\$2,854,676	\$2,836,466	\$2,681,578
60 Transferred from Income	(86,891)	(35,889)	21,783	23,514	160,474
61 Appropriations					
Dividends Declared:					
62 Preferred Stock	2,400	5,145	5,163	5,304	5,586
63 Common Stock					
64 Adjustments	34,661				
65 Ending Year Balance	2,775,632	2,830,262	2,871,296	2,854,676	2,836,466
66 Appropriated/Undistr Affiliate Retained Earnings	2,420,599	3,100,775	3,884,278	3,544,499	104,311
67 Total Retained Earnings	\$5,196,231	\$5,931,037	\$6,755,574	\$6,399,175	\$2,940,777

Nicholville Telephone Company, Inc.
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$482,172	\$133,485	\$390,053	\$297,949	\$287,208
2 Accounts Receivable (Net)	1,068,425	981,855	875,113	721,846	422,647
3 Current Deferred Income Taxes					
4 Other Current Assets	203,918	190,442	209,542	174,737	199,739
5 Total Current Assets	1,754,515	1,305,782	1,474,708	1,194,532	909,593
NON-CURRENT ASSETS					
6 Investments	507,899	849,898	945,503	1,225,125	1,605,391
7 Unamortized Debt Issuance Costs	12,489	13,607	14,725	15,844	16,963
8 Deferred Charges			11,382	11,382	11,382
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	114,744	106,983	27,778	24,242	20,060
11 Other Non-Current Assets		316,895	254,148	195,440	174,789
12 Total Non-Current Assets	635,132	1,287,383	1,253,536	1,472,033	1,828,585
REGULATED PLANT					
13 Total Telecommunications Plant	10,678,951	10,716,542	10,439,743	10,450,241	10,378,593
14 Less: Accumulated Depr and Amort.	7,468,174	7,152,277	6,568,791	5,979,824	5,502,229
15 Net Regulated Plant	3,210,777	3,564,265	3,870,952	4,470,417	4,876,364
16 Total Assets & Other Debits	\$5,600,424	\$6,157,430	\$6,599,196	\$7,136,982	\$7,614,542
CURRENT LIABILITIES					
17 Accounts Payable	\$193,259	\$131,051	\$112,720	\$298,204	\$93,782
18 Notes Payable		118,000	118,000	118,000	293,000
19 Advanced Billings					
20 Customer Deposits					
21 Current Maturities - Long-Term Debt	185,022	173,003	162,763	154,423	147,923
22 Current Deferred Income Taxes					
23 Other Current Liabilities	95,538	33,297	171,225	152,069	223,178
24 Total Current Liabilities	473,819	455,351	564,708	722,696	757,883
LONG-TERM DEBT					
25 Long-Term Debt	2,381,396	2,570,551	2,747,463	2,913,340	3,067,035
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC			(4,569)	3,373	11,315
27 Non-Current Deferred Taxes	200,534	244,438	303,283	324,103	311,120
28 Other Deferred Credits	228,182	220,835	202,358	168,913	168,913
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					
31 Total Other Liab. and Def. Credits	428,716	465,273	501,072	496,389	491,348
STOCKHOLDER'S EQUITY					
32 Common Stock	41,000	41,000	41,000	41,000	41,000
33 Preferred Stock	100,000	100,000	100,000	100,000	100,000
34 Other Paid in Capital	(685,200)	(135,200)	(139,051)	(139,051)	(251,138)
35 Retained Earnings	2,860,693	2,660,455	2,784,004	3,002,608	3,408,413
36 Total Stockholder's Equity	2,316,493	2,666,255	2,785,953	3,004,557	3,298,276
37 Total Liab. and Stockholder's Equity	\$5,600,424	\$6,157,430	\$6,599,196	\$7,136,982	\$7,614,542

Nicholville Telephone Company, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$534,343	\$554,097	\$536,457	\$530,577	\$564,042	1
Network Access Services	2,558,386	2,579,975	2,790,443	2,734,910	2,527,815	2
Long Distance Network Services					(3)	3
Miscellaneous Revenues	309,413	327,480	345,807	336,151	381,422	4
Less: Uncollectible Revenues	5,604	9,168	9,424	6,285	7,789	5
Total Operating Revenues	3,396,539	3,452,384	3,663,283	3,595,353	3,465,488	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	3,592	10,589	15,319	14,927	9,836	7
General Support Expenses	281,195	290,066	308,553	279,614	258,673	8
Central Office Switching	301,941	282,588	211,587	220,861	251,967	9
Operator Systems Expense						10
Central Office Transmission	134,336	127,562	102,055	112,898	84,682	11
Info. Origination/Termination	31,121	34,486	31,055	47,428	74,510	12
Cable & Wire Facilities	129,078	189,876	132,419	177,412	163,576	13
Total Plant Specific Operations	881,263	935,168	800,989	853,140	843,243	14
Other Plant, Property & Equipment	16,935	11,005	7,696	29,155	22,861	15
Network Operations	310,208	234,601	231,256	278,980	224,734	16
Access Expense	32,008	30,403	14,185	10,362	(3,079)	17
Depreciation and Amortization	538,205	683,664	684,183	682,849	689,695	18
Total Plant Non-Specific Operations	897,357	959,673	937,321	1,001,347	934,211	19
Marketing Expense	93,790	96,127	103,743	114,680	106,030	20
Services Expense	296,157	304,989	302,659	339,448	348,541	21
Total Customer Operations	389,947	401,115	406,402	454,128	454,570	22
Executive & Planning	286,279	325,091	298,007	277,745	261,323	23
General & Administrative	600,801	647,502	578,390	631,647	657,405	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	887,079	972,593	876,398	909,392	918,728	27
Total Operations Expense	3,055,646	3,268,549	3,021,109	3,218,007	3,150,753	28
Other Operating Income & Expenses		30,426	(41,140)		(20,000)	29
State & Local Income Taxes						30
Other Taxes	167,913	168,344	180,068	175,876	174,705	31
Net Operating Income Before FIT	172,980	45,917	420,966	201,470	120,029	32
Investment Tax Credits - Net		(5,214)	7,789	7,789	7,789	33
Federal Income Taxes	53,094	2,546	96,035	(13,081)	(49,292)	34
Provision - Def. Operating Income Taxes - Net	(51,665)	(134,789)	(24,356)	(4,224)	(6,418)	35
Net Operating Income	\$171,551	\$172,946	\$357,076	\$226,565	\$183,529	36

Nicholville Telephone Company, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$171,551	\$172,946	\$357,076	\$226,565	\$183,529
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	24,743	14,713	8,034	5,670	767
39 Interest Income	2,205		(2,177)	4,459	
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property			(457)	(184,430)	
43 Equity in Earnings of Affiliated Companies	(349,694)	(170,327)	(282,890)	(316,579)	(92,421)
44 Other Non-Operating Income		34,371	(117,615)		(384)
45 Special Charges	(544,114)	7,990	12,913	(14,427)	23,287
46 Total Non-Operating Income & Expenses	221,368	(129,233)	(408,018)	(476,454)	(115,325)
NON-OPERATING TAXES					
47 Federal Income Taxes	6,194	(32,754)	(68,520)	(55,767)	(111,310)
48 Other	5,005	4,010	4,890	4,425	5,083
49 Total Non-Operating Taxes	11,199	(28,744)	(63,630)	(51,342)	(106,227)
50 Income Available Before Interest Charges	381,720	72,457	12,688	(198,547)	174,431
INTEREST CHARGES					
51 Interest on Funded Debt	161,680	172,305	181,239	192,182	197,610
52 Other Interest Expense	11,420	11,469	41,671	6,694	27,385
53 Total Interest Charges	173,100	183,774	222,910	198,876	224,995
54 Income Before Extraordinary & Nonreg Items	208,620	(111,317)	(210,222)	(397,423)	(50,565)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$208,620	(\$111,317)	(\$210,222)	(\$397,423)	(\$50,565)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$2,286,783	\$2,240,606	\$2,176,320	\$2,265,546	\$2,232,150
60 Transferred from Income	558,314	58,412	72,668	(80,844)	41,856
61 Appropriations					
Dividends Declared:					
62 Preferred Stock	6,000	6,000	6,000	6,000	6,000
63 Common Stock	2,382	2,382	2,382	2,382	2,460
64 Adjustments		(3,852)			
65 Ending Year Balance	2,836,715	2,286,784	2,240,606	2,176,320	2,265,546
66 Appropriated/Undistr Affiliate Retained Earnings	23,978	373,672	543,399	826,289	1,142,868
67 Total Retained Earnings	\$2,860,693	\$2,660,456	\$2,784,005	\$3,002,609	\$3,408,414

**Ogden Telephone Company
Comparative Balance Sheet
For the Year Ended December 31,**

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$7,210	\$11,000	(\$1,234)	(\$7,526)	(\$18)
2 Accounts Receivable (Net)	2,808,736	2,231,986	46,517,310	6,679,186	5,491,423
3 Current Deferred Income Taxes					
4 Other Current Assets	16,299	16,555	39,723	81,211	192,531
5 Total Current Assets	2,832,245	2,259,541	46,555,799	6,752,871	5,683,936
NON-CURRENT ASSETS					
6 Investments	11,889,321	10,632,476	414,835	416,420	680,759
7 Unamortized Debt Issuance Costs	55,850	66,110	76,370	86,630	98,376
8 Deferred Charges	868,090	867,669	864,800	823,012	823,015
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets	129,110	129,110	129,110	129,110	
12 Total Non-Current Assets	12,942,371	11,695,364	1,485,115	1,455,172	1,602,150
REGULATED PLANT					
13 Total Telecommunications Plant	42,689,479	41,824,960	40,810,847	39,699,959	39,661,557
14 Less: Accumulated Depr and Amort.	26,321,321	24,616,602	22,313,407	20,282,911	18,813,480
15 Net Regulated Plant	16,368,158	17,208,358	18,497,440	19,417,048	20,848,077
16 Total Assets & Other Debits	\$32,142,774	\$31,163,263	\$66,538,354	\$27,625,091	\$28,134,163
CURRENT LIABILITIES					
17 Accounts Payable	\$1,770,658	\$1,732,481	\$37,491,226		\$2,059,600.00
18 Notes Payable					
19 Advanced Billings	161,631	165,683	162,945	(\$594)	(594)
20 Customer Deposits	(8,516)	(8,537)	(8,537)	(8,537)	(8,465)
21 Current Maturities - Long-Term Debt	497,562	468,155	328,494	415,232	637,262
22 Current Deferred Income Taxes					(83,491)
23 Other Current Liabilities	(146,202)	1,177,097	12,327	(678,910)	881,663
24 Total Current Liabilities	2,275,133	3,534,879	37,986,455	(272,809)	3,485,975
LONG-TERM DEBT					
25 Long-Term Debt	3,486,569	3,984,132	4,562,318	4,890,812	5,599,123
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC			20,887	31,801	76,963
27 Non-Current Deferred Taxes	3,254,493	3,019,734	3,025,719	3,104,501	3,783,947
28 Other Deferred Credits	44,087	43,880	41,717		597,598
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					
31 Total Other Liab. and Def. Credits	3,298,580	3,063,614	3,088,323	3,136,302	4,458,508
STOCKHOLDER'S EQUITY					
32 Common Stock	2,007,694	2,007,694	2,007,694	2,007,694	2,007,694
33 Preferred Stock					
34 Other Paid in Capital	196,769	196,769	196,769	196,769	196,769
35 Retained Earnings	20,878,029	18,376,176	18,696,795	16,411,755	12,386,094
36 Total Stockholder's Equity	23,082,492	20,580,639	20,901,258	18,616,218	14,590,557
37 Total Liab. and Stockholder's Equity	\$32,142,774	\$31,163,264	\$66,538,354	\$26,370,523	\$28,134,163

Ogden Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$5,163,010	\$5,287,534	\$5,725,576	\$5,930,300	\$5,966,874	1
Network Access Services	4,404,637	2,889,237	4,564,641	4,100,923	3,574,408	2
Long Distance Network Services	(7)		9		2,736	3
Miscellaneous Revenues	865,468	937,990	873,339	951,661	832,115	4
Less: Uncollectible Revenues	29,585	(78,859)	104,582	74,933	53,497	5
Total Operating Revenues	10,403,523	9,193,619	11,058,983	10,907,951	10,322,636	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	59	4,285	21	8,164		7
General Support Expenses	728,119	877,451	734,638	722,127	825,410	8
Central Office Switching	284,093	262,360	190,121	195,266	170,192	9
Operator Systems Expense	1,621	1,216				10
Central Office Transmission	31,829	19,258	29,866	26,721	46,025	11
Info. Origination/Termination	171,578	99,302	31,392	31,449	66,615	12
Cable & Wire Facilities	547,640	513,777	457,737	430,449	402,185	13
Total Plant Specific Operations	1,764,939	1,777,649	1,443,775	1,414,176	1,510,427	14
Other Plant, Property & Equipment	3	53	93	7,083	5,424	15
Network Operations	544,035	597,957	717,565	505,563	862,961	16
Access Expense	301,392	155,576	105,087	164,518	232,661	17
Depreciation and Amortization	2,076,531	2,425,828	2,683,046	2,632,840	3,037,969	18
Total Plant Non-Specific Operations	2,921,960	3,179,414	3,505,791	3,310,004	4,139,015	19
Marketing Expense	39,233	53,099	87,170	92,752	293,223	20
Services Expense	413,047	498,736	820,751	769,521	1,174,736	21
Total Customer Operations	452,280	551,835	907,921	862,273	1,467,959	22
Executive & Planning	126,413	769,360	78,818	249,033	239,373	23
General & Administrative	493,985	555,902	721,854	167,131	1,978,353	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	620,398	1,325,261	800,672	416,164	2,217,726	27
Total Operations Expense	5,759,578	6,834,160	6,658,159	6,002,617	9,335,127	28
Other Operating Income & Expenses	(2,000)			(113,785)		29
State & Local Income Taxes						30
Other Taxes	621,676	619,480	574,834	465,197	451,600	31
Net Operating Income Before FIT	4,020,269	1,739,980	3,825,990	4,326,352	535,909	32
Investment Tax Credits - Net		20,887	28,038		28,038	33
Federal Income Taxes	1,595,089	587,247	931,730	815,994	399,830	34
Provision - Def. Operating Income Taxes - Net	(274,935)	(60,802)	340,645	(720,900)	(184,223)	35
Net Operating Income	\$2,700,115	\$1,234,422	\$2,581,653	\$4,231,258	\$348,340	36

Ogden Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$2,700,115	\$1,234,422	\$2,581,653	\$4,231,258	\$348,340
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	57,629	60,180	7,014		569
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	12,656	17,875	17,847	63,146	141,710
42 Gains/Losses - Disposal of Property		(13,552)			
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income					
45 Special Charges	18	317	22		
46 Total Non-Operating Income & Expenses	70,268	64,186	24,839	63,146	142,279
NON-OPERATING TAXES					
47 Federal Income Taxes				(80,501)	(89,138)
48 Other					
49 Total Non-Operating Taxes				(80,501)	(89,138)
50 Income Available Before Interest Charges	2,770,382	1,298,608	2,606,492	4,374,905	579,757
INTEREST CHARGES					
51 Interest on Funded Debt	258,268	287,899	311,192	337,498	389,097
52 Other Interest Expense	10,260	160,327	10,260	11,746	7,865
53 Total Interest Charges	268,528	448,226	321,452	349,244	396,962
54 Income Before Extraordinary & Nonreg Items	2,501,854	850,382	2,285,040	4,025,661	182,795
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$2,501,854	\$850,382	\$2,285,040	\$4,025,661	\$182,795
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RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$18,376,176	\$18,696,795	\$16,411,755	\$12,386,094	\$12,203,295
60 Transferred from Income	2,501,854	850,381	2,285,040	4,025,661	182,799
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock		1,171,000			
64 Adjustments					
65 Ending Year Balance	20,878,030	18,376,176	18,696,795	16,411,755	12,386,094
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$20,878,030	\$18,376,176	\$18,696,795	\$16,411,755	\$12,386,094

**Oneida County Rural Telephone Company
Comparative Balance Sheet
For the Year Ended December 31,**

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$3,763,786	\$3,991,208	\$3,713,239	\$2,945,994	\$3,633,710
2 Accounts Receivable (Net)	463,131	496,077	632,580	896,073	689,723
3 Current Deferred Income Taxes					
4 Other Current Assets	261,633	243,927	249,511	290,144	273,900
5 Total Current Assets	4,488,550	4,731,212	4,595,330	4,132,211	4,597,333
NON-CURRENT ASSETS					
6 Investments	4,612,301	4,417,979	3,923,270	4,296,582	5,277,317
7 Unamortized Debt Issuance Costs	453	850	1,246	1,643	2,040
8 Deferred Charges	104,782	104,782	104,782	104,782	104,782
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	88,126	74,141	61,200	1,821	3,642
11 Other Non-Current Assets	2,342,378	2,183,420	2,020,454	1,754,415	1,498,532
12 Total Non-Current Assets	7,148,040	6,781,172	6,110,952	6,159,243	6,886,313
REGULATED PLANT					
13 Total Telecommunications Plant	14,264,281	13,759,261	13,556,412	13,346,514	13,070,798
14 Less: Accumulated Depr and Amort.	7,687,292	7,042,478	5,982,526	5,045,023	4,064,082
15 Net Regulated Plant	6,576,989	6,716,783	7,573,886	8,301,491	9,006,716
16 Total Assets & Other Debits	\$18,213,579	\$18,229,167	\$18,280,168	\$18,592,945	\$20,490,362
CURRENT LIABILITIES					
17 Accounts Payable	\$309,856	\$133,727	\$182,876	\$276,980	\$236,245
18 Notes Payable				30,000	50,000
19 Advanced Billings	6,001	5,576	5,833	6,728	8,232
20 Customer Deposits	875	1,506	1,420	1,738	2,400
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	55,929	45,865	(158,521)	(74,643)	84,834
24 Total Current Liabilities	372,661	186,674	31,608	240,803	381,711
LONG-TERM DEBT					
25 Long-Term Debt	5,531,271	5,945,478	6,473,998	6,975,481	7,367,539
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC				3,535	5,303
27 Non-Current Deferred Taxes	983,346	1,106,039	1,184,540	1,004,160	1,593,847
28 Other Deferred Credits	94,299	93,168	91,910	92,587	93,028
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	250,000	210,000	180,000	150,000	120,000
31 Total Other Liab. and Def. Credits	1,327,645	1,409,207	1,456,450	1,250,282	1,812,178
STOCKHOLDER'S EQUITY					
32 Common Stock	85,100	85,100	85,100	85,100	85,100
33 Preferred Stock	34,850	35,350	35,350	35,450	35,450
34 Other Paid in Capital	(1,261,500)	(1,215,790)	(1,252,777)	(1,504,185)	(1,560,898)
35 Retained Earnings	12,123,552	11,783,148	11,450,439	11,510,016	12,369,282
36 Total Stockholder's Equity	10,982,002	10,687,808	10,318,112	10,126,381	10,928,934
37 Total Liab. and Stockholder's Equity	\$18,213,579	\$18,229,167	\$18,280,168	\$18,592,948	\$20,490,362

Oneida County Rural Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$864,803	\$918,354	\$876,667	\$914,389	\$972,633	1
Network Access Services	2,337,061	2,359,774	2,098,407	2,543,188	2,687,392	2
Long Distance Network Services	326,279	415,599	655,648	447,787	553,102	3
Miscellaneous Revenues	585,900	512,161	564,468	647,522	876,452	4
Less: Uncollectible Revenues	11,576	12,169	(1,864)	53,291	20,509	5
Total Operating Revenues	4,102,467	4,193,719	4,197,054	4,499,595	5,069,070	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	19,395	15,718	24,969	25,490	27,360	7
General Support Expenses	304,942	320,616	315,052	189,770	87,111	8
Central Office Switching	129,955	150,572	169,076	146,136	191,119	9
Operator Systems Expense						10
Central Office Transmission	140,350	109,720	64,160	74,345	153,368	11
Info. Origination/Termination	58,753	69,077	66,810	71,815	69,463	12
Cable & Wire Facilities	325,480	222,988	263,560	283,859	262,246	13
Total Plant Specific Operations	978,875	888,691	903,627	791,415	790,667	14
Other Plant, Property & Equipment						15
Network Operations	267,046	280,924	309,926	286,170	291,642	16
Access Expense	33,720	25,901	26,790	16,609	10,954	17
Depreciation and Amortization	865,467	1,118,052	1,103,414	1,098,071	1,104,074	18
Total Plant Non-Specific Operations	1,166,233	1,424,877	1,440,130	1,400,850	1,406,670	19
Marketing Expense	5,682	12,950	11,935	(978)	(2,684)	20
Services Expense	365,157	329,928	387,433	562,290	638,095	21
Total Customer Operations	370,839	342,878	399,368	561,312	635,411	22
Executive & Planning	341,745	324,676	361,474	411,897	402,648	23
General & Administrative	553,787	569,397	643,238	697,299	674,448	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	895,532	894,073	1,004,712	1,109,196	1,077,096	27
Total Operations Expense	3,411,479	3,550,519	3,747,837	3,862,773	3,909,844	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	248,531	206,638	255,166	257,042	253,532	31
Net Operating Income Before FIT	442,457	436,562	194,051	379,780	905,694	32
Investment Tax Credits - Net			3,535	1,768	1,768	33
Federal Income Taxes	170,451	111,417	(46,657)	(34,998)	37,281	34
Provision - Def. Operating Income Taxes - Net	(113,130)	(110,498)	(10,332)	(625,016)	92,450	35
Net Operating Income	\$385,136	\$435,643	\$254,575	\$1,041,562	\$777,731	36

Oneida County Rural Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$385,136	\$435,643	\$254,575	\$1,041,562	\$777,731
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	32,425	31,829	27,441	2,452	67,655
39 Interest Income	209,205	172,588	153,781	156,556	60,885
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property	2,806	(292)	(6,836)		
43 Equity in Earnings of Affiliated Companies	57,409	102,476	(20,299)	246,681	1,253,358
44 Other Non-Operating Income	74,893	(16,775)	(195,127)	(1,931,160)	(607,572)
45 Special Charges	17,641	3,334	(79,698)	(75,376)	22,931
46 Total Non-Operating Income & Expenses	359,097	286,492	38,658	(1,450,095)	751,395
NON-OPERATING TAXES					
47 Federal Income Taxes	61,040	26,738	(54,964)	35,650	223,175
48 Other					
49 Total Non-Operating Taxes	61,040	26,738	(54,964)	35,650	223,175
50 Income Available Before Interest Charges	683,193	695,397	348,197	(444,183)	1,305,951
INTEREST CHARGES					
51 Interest on Funded Debt	338,452	358,334	389,091	408,200	424,451
52 Other Interest Expense	434	437	14,764	2,958	3,022
53 Total Interest Charges	338,886	358,771	403,855	411,158	427,473
54 Income Before Extraordinary & Nonreg Items	344,307	336,626	(55,658)	(855,341)	878,478
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$344,307	\$336,626	(\$55,658)	(\$855,341)	\$878,478
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$9,718,565	\$9,488,334	\$9,527,611	\$10,633,557	\$11,078,739
60 Transferred from Income	286,898	234,150	(35,359)	(1,102,023)	(374,880)
61 Appropriations					
Dividends Declared:					
62 Preferred Stock	2,106	2,121	2,121	2,127	2,262
63 Common Stock	1,797	1,797	1,797	1,797	1,797
64 Adjustments					(66,243)
65 Ending Year Balance	10,001,560	9,718,566	9,488,334	9,527,611	10,633,557
66 Appropriated/Undistr Affiliate Retained Earnings	2,121,992	2,064,583	1,962,107	1,982,406	1,735,725
67 Total Retained Earnings	\$12,123,552	\$11,783,149	\$11,450,441	\$11,510,017	\$12,369,282

Ontario Telephone Company, Inc.
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$1,268,359	\$747,940	\$360,661	\$731,013	\$333,122
2 Accounts Receivable (Net)	800,132	1,058,314	1,290,097	999,449	1,354,725
3 Current Deferred Income Taxes		82	82	82	82
4 Other Current Assets	391,509	350,518	322,718	356,096	442,017
5 Total Current Assets	2,460,000	2,156,854	1,973,558	2,086,640	2,129,946
NON-CURRENT ASSETS					
6 Investments	714,980	724,302	864,541	869,641	1,030,009
7 Unamortized Debt Issuance Costs	8,400	9,600	10,800	12,750	
8 Deferred Charges				500	
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	414,346	479,636	409,827	111,175	171,446
11 Other Non-Current Assets	2,445,208	2,367,595	2,217,427	2,001,788	2,123,750
12 Total Non-Current Assets	3,582,935	3,581,133	3,502,595	2,995,854	3,325,205
REGULATED PLANT					
13 Total Telecommunications Plant	14,170,536	13,528,163	13,710,519	11,986,331	11,393,193
14 Less: Accumulated Depr and Amort.	6,181,372	5,707,170	5,956,803	5,781,389	5,679,192
15 Net Regulated Plant	7,989,164	7,820,993	7,753,715	6,204,942	5,714,001
16 Total Assets & Other Debits	\$14,032,098	\$13,558,979	\$13,229,868	\$11,287,436	\$11,169,152
CURRENT LIABILITIES					
17 Accounts Payable	\$267,186	\$285,193	\$393,299	\$245,457	\$324,956
18 Notes Payable	231,737	220,733	194,525	141,117	97,431
19 Advanced Billings	(5,321)	(26,569)	(20,112)	(20,589)	(8,349)
20 Customer Deposits				685	475
21 Current Maturities - Long-Term Debt	214,286		85,483	342,857	342,857
22 Current Deferred Income Taxes					
23 Other Current Liabilities	676,803	490,566	522,716	226,851	317,843
24 Total Current Liabilities	1,384,690	969,923	1,175,911	936,378	1,075,213
LONG-TERM DEBT					
25 Long-Term Debt	1,285,714	1,500,000	1,500,000	584,835	427,023
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC				6,046	12,046
27 Non-Current Deferred Taxes	1,858,339	1,956,887	1,765,756	1,387,083	1,316,203
28 Other Deferred Credits	234,310	285,447	400,851	342,553	337,703
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	698,307	513,416	400,316	273,704	198,846
31 Total Other Liab. and Def. Credits	2,790,956	2,755,750	2,566,923	2,009,386	1,864,798
STOCKHOLDER'S EQUITY					
32 Common Stock	115,000	115,000	115,000	115,000	115,000
33 Preferred Stock					
34 Other Paid in Capital	(1,455,712)	(1,461,140)	(1,569,440)	(3,141,133)	(1,813,162)
35 Retained Earnings	9,911,449	9,679,446	9,441,474	10,782,970	9,500,280
36 Total Stockholder's Equity	8,570,737	8,333,306	7,987,034	7,756,837	7,802,118
37 Total Liab. and Stockholder's Equity	\$14,032,098	\$13,558,979	\$13,229,868	\$11,287,436	\$11,169,152

Ontario Telephone Company, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$908,658	\$962,297	\$994,050	\$931,237	\$832,592	1
Network Access Services	2,043,559	2,143,950	2,015,854	2,146,223	1,992,494	2
Long Distance Network Services						3
Miscellaneous Revenues	629,122	530,616	575,124	626,831	752,594	4
Less: Uncollectible Revenues	19,816	12,439	12,549	11,604	8,258	5
Total Operating Revenues	3,561,523	3,624,424	3,572,479	3,692,687	3,569,422	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	5,086	3,049	6,023	9,758	4,879	7
General Support Expenses	173,324	134,855	120,858	98,362	96,518	8
Central Office Switching	253,412	275,428	275,711	301,983	239,079	9
Operator Systems Expense						10
Central Office Transmission		89,145	197,134	114,108	63,703	11
Info. Origination/Termination	66,520	59,096	50,200	36,734	27,192	12
Cable & Wire Facilities	225,966	274,887	353,548	378,184	386,512	13
Total Plant Specific Operations	724,309	836,459	1,003,474	939,129	817,883	14
Other Plant, Property & Equipment						15
Network Operations	171,091	223,395	218,759	200,649	161,582	16
Access Expense	73,311	57,279	46,595	36,274	27,068	17
Depreciation and Amortization	534,678	538,459	526,513	633,693	667,935	18
Total Plant Non-Specific Operations	779,079	819,134	791,867	870,616	856,585	19
Marketing Expense	100,095	98,970	50,042	152,575	100,514	20
Services Expense	604,658	462,811	478,955	523,263	487,995	21
Total Customer Operations	704,752	561,781	528,997	675,838	588,509	22
Executive & Planning	476,028	285,534	303,693	274,920	264,973	23
General & Administrative	439,276	428,505	448,400	462,328	445,288	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	915,303	714,039	752,093	737,248	710,261	27
Total Operations Expense	3,123,444	2,931,413	3,076,431	3,222,831	2,973,238	28
Other Operating Income & Expenses	(364)	(3,234)		(163)	163	29
State & Local Income Taxes						30
Other Taxes	243,763	216,490	193,950	175,109	166,441	31
Net Operating Income Before FIT	193,951	473,287	302,098	294,584	429,906	32
Investment Tax Credits - Net		75	5,176	6,000	6,000	33
Federal Income Taxes	(32,534)	(48,147)	(115,832)	(1,308)	111,789	34
Provision - Def. Operating Income Taxes - Net	(25,442)	138,534	237,482	117,518	(27,485)	35
Net Operating Income	\$251,928	\$382,975	\$185,624	\$184,374	\$351,602	36

Ontario Telephone Company, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	\$2,005	2004	2003	2002	2001
37 Net Operating Income	\$251,928	\$382,975	\$185,624	\$184,374	\$351,602
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	5,000	3,750			
39 Interest Income	33,631	31,061	2,500	34,213	69,102
40 Income - Sinking and Other Funds			756		
41 Allowance for Funds Used During Construction	4,846	24,664		23,831	19,956
42 Gains/Losses - Disposal of Property			44,207		
43 Equity in Earnings of Affiliated Companies	13,288	(174,258)	(1,419,378)	1,294,819	63,336
44 Other Non-Operating Income	122,587	95,984	8,840	(233,136)	23,824
45 Special Charges	12,248	(28,092)	27,311	2,881	8,233
46 Total Non-Operating Income & Expenses	167,105	9,293	(1,390,386)	1,116,846	167,985
NON-OPERATING TAXES					
47 Federal Income Taxes	32,534	6,551	(5,909)	(141,070)	(72,029)
48 Other				1,000	3,000
49 Total Non-Operating Taxes	32,534	6,551	(5,909)	(140,070)	(69,029)
50 Income Available Before Interest Charges	386,498	385,717	(1,198,853)	1,441,290	588,616
INTEREST CHARGES					
51 Interest on Funded Debt	72,385	68,403	60,614	58,463	71,819
52 Other Interest Expense	11,128	8,732	11,562	30,046	29,674
53 Total Interest Charges	83,513	77,135	72,176	88,509	101,493
54 Income Before Extraordinary & Nonreg Items	302,986	308,582	(1,271,029)	1,352,781	487,123
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$302,986	\$308,582	(\$1,271,029)	\$1,352,781	\$487,123
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$9,969,389	\$9,557,160	\$9,479,278	\$9,491,407	\$9,132,833
60 Transferred from Income	289,698	482,841	148,349	57,962	423,787
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	70,982	70,611	70,467	70,091	65,213
64 Adjustments					
65 Ending Year Balance	10,188,105	9,969,390	9,557,160	9,479,278	9,491,407
66 Appropriated/Undistr Affiliate Retained Earnings	(276,656)	(289,944)	(115,686)	1,303,692	8,873
67 Total Retained Earnings	\$9,911,449	\$9,679,445	\$9,441,474	\$10,782,970	\$9,500,280

Oriskany Falls Telephone Corporation
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$1,260,061	\$1,432,509	\$1,331,310	\$1,302,444	\$1,141,691
2 Accounts Receivable (Net)	86,239	83,998	78,124	91,570	149,437
3 Current Deferred Income Taxes					
4 Other Current Assets	25,143	23,558	33,733	14,927	16,660
5 Total Current Assets	1,371,443	1,540,065	1,443,167	1,408,941	1,307,789
NON-CURRENT ASSETS					
6 Investments					
7 Unamortized Debt Issuance Costs		5,051	5,246	5,440	5,634
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets				24,537	28,825
12 Total Non-Current Assets		5,051	5,246	29,977	34,459
REGULATED PLANT					
13 Total Telecommunications Plant	1,511,477	1,536,448	1,517,750	1,582,804	1,597,098
14 Less: Accumulated Depr and Amort.	904,095	887,288	861,847	935,906	851,062
15 Net Regulated Plant	607,382	649,160	655,903	646,897	746,036
16 Total Assets & Other Debits	\$1,978,825	\$2,194,276	\$2,104,316	\$2,085,815	\$2,088,284
CURRENT LIABILITIES					
17 Accounts Payable	\$62,754	\$57,971	\$45,018	\$32,805	\$44,554
18 Notes Payable					
19 Advanced Billings	3,979	4,176	4,350	4,212	4,108
20 Customer Deposits					
21 Current Maturities - Long-Term Debt		7,000	6,620	6,300	5,991
22 Current Deferred Income Taxes	(139)	(560)	(386)		
23 Other Current Liabilities	7,413	17,954	10,587	9,728	11,849
24 Total Current Liabilities	74,007	86,541	66,189	53,045	66,501
LONG-TERM DEBT					
25 Long-Term Debt		276,181	282,769	288,995	294,923
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	139,710	130,445	132,794	148,374	31,352
28 Other Deferred Credits	366			2,765	3,248
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	1,326	2,169	9,458	16,828	21,807
31 Total Other Liab. and Def. Credits	141,402	132,614	142,252	167,967	56,407
STOCKHOLDER'S EQUITY					
32 Common Stock	1,490	1,490	1,490	1,490	1,490
33 Preferred Stock					
34 Other Paid in Capital					
35 Retained Earnings	1,761,926	1,697,450	1,611,616	1,574,318	1,668,963
36 Total Stockholder's Equity	1,763,416	1,698,940	1,613,106	1,575,808	1,670,453
37 Total Liab. and Stockholder's Equity	\$1,978,825	\$2,194,276	\$2,104,316	\$2,085,815	\$2,088,285

Oriskany Falls Telephone Corporation
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$242,342	\$254,175	\$236,834	\$227,682	\$225,089	1
Network Access Services	144,842	174,838	191,552	174,509	148,649	2
Long Distance Network Services						3
Miscellaneous Revenues	64,539	68,147	58,783	84,565	79,826	4
Less: Uncollectible Revenues	1,336	4,449	8,681	45,107	1,925	5
Total Operating Revenues	450,387	492,711	478,488	441,650	451,639	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	2,106	1,660	1,359	775	244	7
General Support Expenses	8,255	9,037	11,034	9,206	9,878	8
Central Office Switching	3,165	3,820	4,996	6,625	5,394	9
Operator Systems Expense						10
Central Office Transmission	4,564	539	1,209	2,334	678	11
Info. Origination/Termination	14,744	8,996	10,372	11,612	15,143	12
Cable & Wire Facilities	11,975	9,944	5,658	8,553	6,883	13
Total Plant Specific Operations	44,809	33,996	34,628	39,105	38,219	14
Other Plant, Property & Equipment					(56)	15
Network Operations	39,924	33,379	34,321	33,689	29,915	16
Access Expense	5,544	7,487				17
Depreciation and Amortization	56,532	70,888	75,684	111,846	110,723	18
Total Plant Non-Specific Operations	102,000	111,754	110,005	145,535	140,582	19
Marketing Expense	29,669	31,709	33,147	33,098	29,568	20
Services Expense	77,514	68,594	62,757	66,740	63,767	21
Total Customer Operations	107,183	100,303	95,904	99,838	93,335	22
Executive & Planning	8,531	8,745	7,184	7,052	9,833	23
General & Administrative	88,451	74,237	69,839	67,430	74,636	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	96,982	82,982	77,023	74,482	84,469	27
Total Operations Expense	350,974	329,035	317,560	358,960	356,605	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	32,869	33,072	32,949	35,340	33,269	31
Net Operating Income Before FIT	66,544	130,604	127,979	47,349	61,765	32
Investment Tax Credits - Net						33
Federal Income Taxes	13,839	47,281	78,391	67,796	93,355	34
Provision - Def. Operating Income Taxes - Net	9,688	(2,523)	5,806	1,424	(72,353)	35
Net Operating Income	\$43,017	\$85,846	\$43,782	(\$21,871)	\$40,763	36

Oriskany Falls Telephone Corporation
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$43,017	\$85,846	\$43,782	(\$21,871)	\$40,763
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	44,863	20,683	13,166	23,970	49,263
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	(4,954)				
45 Special Charges	422	351	282	119,690	350
46 Total Non-Operating Income & Expenses	39,487	20,332	12,884	(95,720)	48,913
NON-OPERATING TAXES					
47 Federal Income Taxes	10,478	5,828	4,499	(38,055)	14,864
48 Other					
49 Total Non-Operating Taxes	10,478	5,828	4,499	(38,055)	14,864
50 Income Available Before Interest Charges	72,026	100,350	52,167	(79,536)	74,812
INTEREST CHARGES					
51 Interest on Funded Debt	6,985	14,322	14,623	14,912	15,185
52 Other Interest Expense	565	194	247	194	194
53 Total Interest Charges	7,550	14,516	14,870	15,106	15,379
54 Income Before Extraordinary & Nonreg Items	64,476	85,834	37,297	(94,642)	59,433
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$64,476	\$85,834	\$37,297	(\$94,642)	\$59,433
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RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$1,697,450	\$1,611,619	\$1,574,322	\$1,668,964	\$1,609,535
60 Transferred from Income	64,476	85,834	37,297	(94,642)	59,432
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock					
64 Adjustments					(3)
65 Ending Year Balance	1,761,926	1,697,453	1,611,619	1,574,322	1,668,964
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$1,761,926	\$1,697,453	\$1,611,619	\$1,574,322	\$1,668,964

**Pattersonville Telephone Company
Comparative Balance Sheet
For the Year Ended December 31,**

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$854,505	\$480,208	\$693,619	\$503,981	\$589,274
2 Accounts Receivable (Net)	119,478	222,646	170,847	219,394	149,330
3 Current Deferred Income Taxes					
4 Other Current Assets	90,066	86,306	95,109	157,823	101,946
5 Total Current Assets	1,064,050	789,161	959,575	881,198	840,550
NON-CURRENT ASSETS					
6 Investments	4,225	4,278	6,456	10,704	15,023
7 Unamortized Debt Issuance Costs	1,765	2,126	2,487	2,847	3,318
8 Deferred Charges	12,914	12,317	11,696	11,042	10,583
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets					
12 Total Non-Current Assets	18,904	18,720	20,639	24,593	28,924
REGULATED PLANT					
13 Total Telecommunications Plant	4,527,764	4,522,985	4,480,618	3,794,921	3,630,419
14 Less: Accumulated Depr and Amort.	3,132,138	2,922,711	2,653,464	2,460,041	2,202,057
15 Net Regulated Plant	1,395,626	1,600,274	1,827,154	1,334,880	1,428,362
16 Total Assets & Other Debits	\$2,478,580	\$2,408,155	\$2,807,367	\$2,240,671	\$2,297,836
CURRENT LIABILITIES					
17 Accounts Payable	\$55,960	\$50,521	\$460,097	\$37,927	\$200,919
18 Notes Payable					
19 Advanced Billings	11,682	13,488	14,969	22,834	21,363
20 Customer Deposits	633	673	723	863	943
21 Current Maturities - Long-Term Debt	20,096	19,534	18,993	18,897	25,940
22 Current Deferred Income Taxes					
23 Other Current Liabilities	28,694	18,826	31,391	32,416	13,326
24 Total Current Liabilities	117,065	103,041	526,173	112,937	262,491
LONG-TERM DEBT					
25 Long-Term Debt	55,376	75,473	95,007	114,001	132,902
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC	1,881	2,677	3,639	4,695	5,908
27 Non-Current Deferred Taxes	350,743	301,636	272,380	216,689	175,620
28 Other Deferred Credits	31,084	35,069	39,030	42,958	47,082
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	(13,145)	43,741	77,845	74,367	101,648
31 Total Other Liab. and Def. Credits	370,564	383,123	392,893	338,709	330,258
STOCKHOLDER'S EQUITY					
32 Common Stock	96,000	96,000	96,000	96,000	96,000
33 Preferred Stock					
34 Other Paid in Capital	(83,270)	(83,270)	(83,270)	(83,270)	(83,270)
35 Retained Earnings	1,922,846	1,833,788	1,780,564	1,662,294	1,559,455
36 Total Stockholder's Equity	1,935,576	1,846,518	1,793,294	1,675,024	1,572,185
37 Total Liab. and Stockholder's Equity	\$2,478,580	\$2,408,155	\$2,807,367	\$2,240,671	\$2,297,836

Pattersonville Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$452,975	\$481,798	\$492,923	\$497,470	\$513,204	1
Network Access Services	411,211	426,092	453,886	413,711	459,661	2
Long Distance Network Services	839,400	731,539	616,103	650,784	469,065	3
Miscellaneous Revenues	184,728	196,130	211,133	214,609	227,988	4
Less: Uncollectible Revenues	2,332	3,821	2,922	2,161	2,336	5
Total Operating Revenues	1,885,982	1,831,738	1,771,123	1,774,413	1,667,582	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	6,593	4,727	4,679	6,487	5,855	7
General Support Expenses	75,423	66,392	68,555	53,889	69,076	8
Central Office Switching	170,586	207,741	163,495	164,572	146,374	9
Operator Systems Expense						10
Central Office Transmission	73,588	80,576	75,373	64,194	53,520	11
Info. Origination/Termination	29,500	28,036	25,557	27,657	26,481	12
Cable & Wire Facilities	103,541	100,237	85,849	107,725	89,076	13
Total Plant Specific Operations	459,231	487,710	423,507	424,524	390,382	14
Other Plant, Property & Equipment						15
Network Operations	81,699	77,156	64,701	64,147	51,390	16
Access Expense	26,402	16,881	23,918	22,784	9,354	17
Depreciation and Amortization	279,292	295,413	260,542	313,440	288,580	18
Total Plant Non-Specific Operations	387,393	389,450	349,161	400,371	349,324	19
Marketing Expense	11,097	9,613	11,745	20,575	28,448	20
Services Expense	165,603	158,641	152,903	158,082	145,671	21
Total Customer Operations	176,700	168,254	164,648	178,657	174,119	22
Executive & Planning	200,323	218,999	292,689	262,066	241,098	23
General & Administrative	405,148	382,300	274,481	300,208	321,745	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	605,470	601,299	567,170	562,274	562,843	27
Total Operations Expense	1,628,795	1,646,712	1,504,486	1,565,826	1,476,668	28
Other Operating Income & Expenses	1,520	2,647	2,831	5,749	1,061	29
State & Local Income Taxes						30
Other Taxes	90,081	88,631	82,068	76,152	73,827	31
Net Operating Income Before FIT	168,626	99,042	187,399	138,184	118,148	32
Investment Tax Credits - Net						33
Federal Income Taxes	5,823	(18,630)	11,313	4,057	36,671	34
Provision - Def. Operating Income Taxes - Net	45,262	25,409	51,844	27,912	(6,555)	35
Net Operating Income	\$117,541	\$92,263	\$124,242	\$106,215	\$88,032	36

Pattersonville Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$117,541	\$92,263	\$124,242	\$106,215	\$88,032
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	1,607	1,380	798	672	618
39 Interest Income	17,180	6,565	6,735	9,784	21,488
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income					11,293
45 Special Charges	2,105	1,440	1,129	892	869
46 Total Non-Operating Income & Expenses	16,682	6,505	6,404	9,564	32,530
NON-OPERATING TAXES					
47 Federal Income Taxes	(796)	(961)	(1,056)	(1,214)	(1,243)
48 Other					
49 Total Non-Operating Taxes	(796)	(961)	(1,056)	(1,214)	(1,243)
50 Income Available Before Interest Charges	135,018	99,728	131,701	116,993	121,805
INTEREST CHARGES					
51 Interest on Funded Debt	4,313	4,860	5,377	5,976	6,613
52 Other Interest Expense	(353)	(358)	(346)	(222)	360
53 Total Interest Charges	3,960	4,502	5,031	5,754	6,973
54 Income Before Extraordinary & Nonreg Items	131,058	95,226	126,670	111,239	114,832
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$131,058	\$95,226	\$126,670	\$111,239	\$114,832
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RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$1,833,788	\$1,780,564	\$1,662,294	\$1,559,455	\$1,485,583
60 Transferred from Income	131,058	95,226	126,670	111,239	114,832
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	42,000	42,000	8,400	8,400	33,600
64 Adjustments					(7,360)
65 Ending Year Balance	1,922,846	1,833,790	1,780,564	1,662,294	1,559,455
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$1,922,846	\$1,833,790	\$1,780,564	\$1,662,294	\$1,559,455

**Port Byron Telephone Company
Comparative Balance Sheet
For the Year Ended December 31,**

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$220,639	\$9,570,181	\$9,171,481	\$8,909,711	\$8,357,849
2 Accounts Receivable (Net)	627,668	496,661	680,568	569,557	940,865
3 Current Deferred Income Taxes					
4 Other Current Assets	154,089	178,054	204,381	112,172	112,778
5 Total Current Assets	1,002,396	10,244,896	10,056,430	9,591,440	9,411,492
NON-CURRENT ASSETS					
6 Investments	269,927	305,135	342,375	439,875	49,875
7 Unamortized Debt Issuance Costs		3,692	4,275	4,858	5,441
8 Deferred Charges	35,309	48,138	20,143	9,571	
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets				140,996	164,495
12 Total Non-Current Assets	305,236	356,965	366,793	595,300	219,811
REGULATED PLANT					
13 Total Telecommunications Plant	10,565,469	10,186,548	10,107,739	10,297,308	10,113,405
14 Less: Accumulated Depr and Amort.	5,362,226	4,936,651	4,554,283	4,701,625	4,076,041
15 Net Regulated Plant	5,203,243	5,249,897	5,553,456	5,595,683	6,037,364
16 Total Assets & Other Debits	\$6,510,875	\$15,851,758	\$15,976,679	\$15,782,423	\$15,668,666
CURRENT LIABILITIES					
17 Accounts Payable	\$358,385	\$337,102	\$298,406	\$307,402	\$316,695
18 Notes Payable					
19 Advanced Billings			119	137	118
20 Customer Deposits					
21 Current Maturities - Long-Term Debt	35,208	359,350	342,948	317,808	273,734
22 Current Deferred Income Taxes	(2,800)	(3,955)	(2,590)		
23 Other Current Liabilities	156,960	77,327	114,829	58,195	55,670
24 Total Current Liabilities	547,753	769,824	753,712	683,542	646,217
LONG-TERM DEBT					
25 Long-Term Debt	213,626	2,110,032	2,476,120	2,871,221	2,798,349
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					4,035
27 Non-Current Deferred Taxes	703,434	749,296	700,984	789,400	801,773
28 Other Deferred Credits	184,411	213,052	252,343	285,140	323,357
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	12,023	18,455	21,981	11,338	(1,643)
31 Total Other Liab. and Def. Credits	899,868	980,803	975,308	1,085,878	1,127,522
STOCKHOLDER'S EQUITY					
32 Common Stock	60,002	60,002	60,002	60,002	45,003
33 Preferred Stock					
34 Other Paid in Capital	57,079	57,079	57,079	57,079	57,079
35 Retained Earnings	4,732,547	11,874,018	11,654,458	11,024,701	10,994,496
36 Total Stockholder's Equity	4,849,628	11,991,099	11,771,539	11,141,783	11,096,578
37 Total Liab. and Stockholder's Equity	\$6,510,875	\$15,851,758	\$15,976,679	\$15,782,423	\$15,668,666

Port Byron Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	792,802	837,523	751,199	645,507	\$623,135	1
Network Access Services	1,661,037	1,645,253	1,621,910	1,634,187	1,727,874	2
Long Distance Network Services			(2)			3
Miscellaneous Revenues	416,618	430,084	474,326	556,210	693,309	4
Less: Uncollectible Revenues	13,617	25,003	25,818	52,532	8,494	5
Total Operating Revenues	2,856,840	2,887,857	2,821,615	2,783,372	3,035,824	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	16,157	12,163	7,675	12,133	10,391	7
General Support Expenses	45,479	41,740	46,317	60,039	55,876	8
Central Office Switching	84,400	92,121	82,335	59,695	56,210	9
Operator Systems Expense						10
Central Office Transmission	100,170	16,025	29,814	18,548	16,803	11
Info. Origination/Termination	152,050	245,561	305,127	235,408	301,038	12
Cable & Wire Facilities	108,263	122,050	132,941	117,268	95,886	13
Total Plant Specific Operations	506,519	529,660	604,209	503,091	536,204	14
Other Plant, Property & Equipment		(1)			970	15
Network Operations	309,358	230,261	242,035	233,040	199,390	16
Access Expense	96,292	37,830	29,853	17,855	11,045	17
Depreciation and Amortization	666,082	625,361	593,974	719,623	703,786	18
Total Plant Non-Specific Operations	1,071,732	893,451	865,862	970,518	915,191	19
Marketing Expense	182,461	208,229	234,278	229,148	190,523	20
Services Expense	189,895	231,183	358,813	392,736	364,605	21
Total Customer Operations	372,356	439,412	593,091	621,884	555,128	22
Executive & Planning	177,014	154,459	81,807	36,162	49,520	23
General & Administrative	412,678	356,343	356,933	332,250	342,798	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	589,692	510,802	438,740	368,412	392,318	27
Total Operations Expense	2,540,299	2,373,325	2,501,902	2,463,905	2,398,841	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	190,540	186,183	182,248	221,018	178,961	31
Net Operating Income Before FIT	126,001	328,349	137,465	98,449	458,022	32
Investment Tax Credits - Net				4,035	9,783	33
Federal Income Taxes	87,550	55,342	(1,663,671)	16,941	179,464	34
Provision - Def. Operating Income Taxes - Net	(44,709)	46,947	49,990	8,952	(55,261)	35
Net Operating Income	\$83,160	\$226,060	\$1,751,146	\$76,591	\$343,602	36

Port Byron Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$83,160	\$226,060	\$1,751,146	\$76,591	\$343,602
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	12,188	7,200	4,032	3,150	
39 Interest Income	255,712	139,117	169,889	171,368	359,846
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	(7,254)		(39)	(173)	(458)
45 Special Charges	3,982	4,168	2,429	3,654	2,253
46 Total Non-Operating Income & Expenses	256,664	142,149	171,453	170,691	357,135
NON-OPERATING TAXES					
47 Federal Income Taxes	51,952	20,895	1,957,290	22,760	94,010
48 Other			(807,409)		
49 Total Non-Operating Taxes	51,952	20,895	1,149,881	22,760	94,010
50 Income Available Before Interest Charges	287,872	347,314	772,718	224,522	606,728
INTEREST CHARGES					
51 Interest on Funded Debt	56,448	126,493	142,239	156,771	170,632
52 Other Interest Expense	3,895	1,261	723	22,545	583
53 Total Interest Charges	60,343	127,754	142,962	179,316	171,215
54 Income Before Extraordinary & Nonreg Items	227,529	219,560	629,756	45,205	435,512
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$227,529	\$219,560	\$629,756	\$45,205	\$435,512
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$11,874,018	\$11,654,458	\$11,024,702	\$10,994,496	\$10,558,984
60 Transferred from Income	227,529	219,560	\$629,756	45,205	435,512
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	7,369,000				
64 Adjustments				(15,000)	
65 Ending Year Balance	4,732,547	11,874,018	11,654,458	11,024,702	10,994,496
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$4,732,547	\$11,874,018	\$11,654,458	\$11,024,702	\$10,994,496

Rochester Telephone Corporation
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$512,311	\$450,716	\$2,184,662	\$10,249,105	\$4,128,267
2 Accounts Receivable (Net)	84,823,657	83,001,825	259,680,571	543,942,857	56,910,734
3 Current Deferred Income Taxes				2,989,233	
4 Other Current Assets	13,530,367	13,393,157	16,813,892	21,435,701	13,066,492
5 Total Current Assets	98,866,336	96,845,697	278,679,125	578,616,896	74,105,493
NON-CURRENT ASSETS					
6 Investments	13,282,179	(28,690,033)	268,080,378	(471,226,541)	(163,235,656)
7 Unamortized Debt Issuance Costs					14,343
8 Deferred Charges	426,993	48,909	(567,274)	(1,707,306)	(653,848)
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes				282,618,262	
11 Other Non-Current Assets	185,055,250	188,285,250	193,384,974	204,581,585	197,071,133
12 Total Non-Current Assets	198,764,422	159,644,126	460,898,078	14,266,000	33,195,972
REGULATED PLANT					
13 Total Telecommunications Plant	1,400,353,222	1,387,816,834	1,357,566,544	1,333,952,521	1,283,195,741
14 Less: Accumulated Depr and Amort.	839,629,993	795,857,132	737,051,640	680,986,552	633,478,520
15 Net Regulated Plant	560,723,229	591,959,702	620,514,904	652,965,969	649,717,220
16 Total Assets & Other Debits	\$858,353,987	\$848,449,524	\$1,360,092,108	\$1,245,848,865	\$757,018,685
CURRENT LIABILITIES					
17 Accounts Payable	\$41,094,741	\$94,500,832	\$633,671,315	\$41,409,138	\$58,720,196
18 Notes Payable					
19 Advanced Billings	3,893,387	4,315,748	4,142,157	4,270,932	4,348,635
20 Customer Deposits	59,706	100,412	142,824	290,300	213,132
21 Current Maturities - Long-Term Debt					40,000,000
22 Current Deferred Income Taxes				745,969	
23 Other Current Liabilities	8,908,054	10,089,550	12,452,874	17,129,971	41,260,486
24 Total Current Liabilities	53,955,888	109,006,542	650,409,169	63,846,310	144,542,449
LONG-TERM DEBT					
25 Long-Term Debt					
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC				3,271,452	3,271,452
27 Non-Current Deferred Taxes	56,759,978	38,005,266	29,384,773	493,403,672	3,534,736
28 Other Deferred Credits	(14,953,664)	(13,919,784)	(9,177,567)	(5,838,466)	(4,284,082)
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	98,363,817	90,986,107	98,872,893	78,461,847	66,846,034
31 Total Other Liab. and Def. Credits	140,170,132	115,071,589	119,080,098	569,298,505	69,368,140
STOCKHOLDER'S EQUITY					
32 Common Stock					
33 Preferred Stock					
34 Other Paid in Capital	451,236,610	451,236,610	451,236,610	451,236,610	451,236,610
35 Retained Earnings	212,991,357	173,134,777	139,366,226	161,467,441	91,871,487
36 Total Stockholder's Equity	664,227,967	624,371,387	590,602,836	612,704,051	543,108,097
37 Total Liab. and Stockholder's Equity	\$858,353,987	\$848,449,518	\$1,360,092,103	\$1,245,848,865	\$757,018,685

Rochester Telephone Corporation
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$158,986,026	\$166,019,418	\$170,566,593	\$175,599,570	\$184,888,900	1
Network Access Services	107,708,627	104,793,356	99,803,373	98,852,179	99,035,318	2
Long Distance Network Services	2,196,598	2,464,887	3,019,353	3,674,965	4,292,125	3
Miscellaneous Revenues	70,103,826	72,012,603	76,939,577	80,617,133	87,046,588	4
Less: Uncollectible Revenues	3,110,744	3,102,236	10,124,761	3,665,668	2,509,555	5
Total Operating Revenues	335,884,333	342,188,028	340,204,135	355,078,179	372,753,377	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	350,830	432,265	272,333	216,652	380,808	7
General Support Expenses	19,280,686	27,146,333	19,069,319	15,007,008	12,398,084	8
Central Office Switching	8,954,538	9,718,302	11,934,277	12,188,583	12,236,161	9
Operator Systems Expense	495,622	500,045	253,405	396,482	37,716	10
Central Office Transmission	5,581,298	5,302,390	3,659,971	3,401,474	4,586,462	11
Info. Origination/Termination	5,679,359	5,903,480	8,637,772	7,228,786	5,583,261	12
Cable & Wire Facilities	29,386,226	32,428,805	33,034,950	28,487,748	28,189,245	13
Total Plant Specific Operations	69,728,560	81,431,620	76,862,025	66,926,732	63,411,737	14
Other Plant, Property & Equipment	527	1,780	1,064	(2,603)		15
Network Operations	24,353,363	22,333,165	24,629,678	21,836,512	27,900,949	16
Access Expense	12,072,783	11,158,298	12,969,581	8,038,606	13,589,412	17
Depreciation and Amortization	72,655,379	71,698,324	31,983,144	63,244,522	59,364,119	18
Total Plant Non-Specific Operations	109,082,053	105,191,567	69,583,467	93,117,037	100,854,479	19
Marketing Expense	10,261,648	9,285,070	9,650,029	10,335,953	11,537,190	20
Services Expense	39,107,058	39,744,511	44,276,658	44,628,579	55,358,033	21
Total Customer Operations	49,368,706	49,029,581	53,926,686	54,964,532	66,895,223	22
Executive & Planning	3,942,235	20,628,563	3,986,616	1,434,134	2,607,209	23
General & Administrative	17,949,465	21,064,771	21,938,521	21,177,787	35,796,463	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	21,891,700	41,693,333	25,925,137	22,611,920	38,403,673	27
Total Operations Expense	250,071,017	277,346,101	226,297,315	237,620,222	269,565,112	28
Other Operating Income & Expenses						29
State & Local Income Taxes		(3,349)	(44)			30
Other Taxes	21,448,332	20,472,341	22,166,766	17,239,157	17,253,553	31
Net Operating Income Before FIT	64,364,983	44,372,936	91,740,098	100,218,800	85,934,712	32
Investment Tax Credits - Net						33
Federal Income Taxes	23,896,043	16,977,162	(189,078)	(15,623,629)	16,492,791	34
Provision - Def. Operating Income Taxes - Net	(3,067,948)	2,959,097	16,211,766	26,015,625	12,984,091	35
Net Operating Income	\$43,536,888	\$24,436,677	\$75,717,410	\$89,826,803	\$56,457,830	36

Rochester Telephone Corporation
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$43,536,888	\$24,436,677	\$75,717,410	\$89,826,803	\$56,457,830
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	220,838	12,245,086	2,789,321	32,821	1,786,499
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	489,260	537,104	656,573	2,768,830	3,077,930
42 Gains/Losses - Disposal of Property		12,000			
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	1,227,185	4,091,478	3,544,442	2,908,899	1,975,325
45 Special Charges	166,842	655,850	1,062,217	829,611	1,280,918
46 Total Non-Operating Income & Expenses	1,770,441	16,229,818	5,928,119	4,880,939	5,558,836
NON-OPERATING TAXES					
47 Federal Income Taxes					
48 Other					
49 Total Non-Operating Taxes					
50 Income Available Before Interest Charges	45,307,329	40,666,495	81,645,529	94,707,742	62,016,667
INTEREST CHARGES					
51 Interest on Funded Debt				717,622	3,004,000
52 Other Interest Expense	5,450,748	6,897,943	53,450,211	24,394,165	7,401,847
53 Total Interest Charges	5,450,748	6,897,943	53,450,211	25,111,787	10,405,847
54 Income Before Extraordinary & Nonreg Items	39,856,581	33,768,552	28,195,318	69,595,955	51,610,820
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$39,856,581	\$33,768,552	\$28,195,318	\$69,595,955	\$51,610,820
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$173,134,778	\$139,366,226	\$111,170,913	\$91,871,489	\$57,216,381
60 Transferred from Income	39,856,581	33,768,552	28,195,318	69,595,955	51,610,820
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock					
64 Adjustments			(4)	(50,296,532)	(16,955,711)
65 Ending Year Balance	212,991,359	173,134,778	139,366,226	111,170,913	91,871,489
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$212,991,359	\$173,134,778	\$139,366,226	\$111,170,913	\$91,871,489

**State Telephone Company
Comparative Balance Sheet
For the Year Ended December 31,**

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	(\$3,612)	\$371,593	\$443,716	\$725,279	\$524,928
2 Accounts Receivable (Net)	476,773	516,517	485,731	507,712	690,873
3 Current Deferred Income Taxes					
4 Other Current Assets	440,043	422,215	357,164	345,171	318,090
5 Total Current Assets	913,204	1,310,325	1,286,611	1,578,162	1,533,891
NON-CURRENT ASSETS					
6 Investments	941,662	770,035	586,932	463,506	311,417
7 Unamortized Debt Issuance Costs					
8 Deferred Charges	69,705	64,735	274,213	141,817	150,968
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets				147,628	140,440
12 Total Non-Current Assets	1,011,367	834,770	861,145	752,951	602,825
REGULATED PLANT					
13 Total Telecommunications Plant	17,141,611	16,182,929	15,329,519	14,424,006	13,871,844
14 Less: Accumulated Depr and Amort.	12,414,793	11,451,700	10,651,436	9,860,385	9,019,155
15 Net Regulated Plant	4,726,818	4,731,229	4,678,083	4,563,621	4,852,689
16 Total Assets & Other Debits	\$6,651,389	\$6,876,324	\$6,825,839	\$6,894,734	\$6,989,405
CURRENT LIABILITIES					
17 Accounts Payable	\$76,468	\$61,158	\$131,871	\$188,630	\$182,025
18 Notes Payable					
19 Advanced Billings					
20 Customer Deposits	18,943	19,853	20,088	21,537	22,512
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	149,250	106,340	(51,364)	91,547	153,051
24 Total Current Liabilities	244,661	187,351	100,595	301,714	357,588
LONG-TERM DEBT					
25 Long-Term Debt					
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	68,724	233,971	308,341	251,943	407,102
28 Other Deferred Credits	569,885	542,228	570,495	532,786	532,786
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	1,171,473	1,120,312	1,073,529	976,347	904,422
31 Total Other Liab. and Def. Credits	1,810,082	1,896,511	1,952,365	1,761,076	1,844,310
STOCKHOLDER'S EQUITY					
32 Common Stock	80,000	80,000	80,000	80,000	80,000
33 Preferred Stock					
34 Other Paid in Capital					
35 Retained Earnings	4,516,646	4,712,462	4,692,879	4,751,944	4,707,507
36 Total Stockholder's Equity	4,596,646	4,792,462	4,772,879	4,831,944	4,787,507
37 Total Liab. and Stockholder's Equity	\$6,651,389	\$6,876,324	\$6,825,839	\$6,894,734	\$6,989,405

State Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,358,235	\$1,463,020	\$1,464,262	\$1,499,410	\$1,522,329	1
Network Access Services	1,943,155	2,109,367	2,040,646	2,083,683	1,761,646	2
Long Distance Network Services	1,022,824	1,019,838	992,677	895,643	1,072,286	3
Miscellaneous Revenues	887,666	820,772	827,399	743,240	706,894	4
Less: Uncollectible Revenues	(8,872)	(4,855)	16,192	25,735	7,711	5
Total Operating Revenues	5,220,752	5,417,852	5,308,792	5,196,241	5,055,444	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	40,335	30,016	28,781	53,625	7,069	7
General Support Expenses	236,675	231,173	270,849	238,385	257,863	8
Central Office Switching	422,753	437,949	311,533	205,499	181,986	9
Operator Systems Expense						10
Central Office Transmission	32,204	14,391	20,897	12,450	42,822	11
Info. Origination/Termination	270,351	264,121	253,904	231,286	246,449	12
Cable & Wire Facilities	269,746	266,469	188,883	271,056	189,182	13
Total Plant Specific Operations	1,272,064	1,244,119	1,074,847	1,012,301	925,371	14
Other Plant, Property & Equipment	71,881	71,599	66,700	64,151	59,273	15
Network Operations	301,802	278,950	262,994	262,127	249,610	16
Access Expense	69,616	69,099	54,941	41,245	26,248	17
Depreciation and Amortization	1,028,726	970,352	918,383	891,095	771,838	18
Total Plant Non-Specific Operations	1,472,025	1,390,000	1,303,018	1,258,618	1,106,969	19
Marketing Expense	26,782	25,537	19,707	13,657	7,996	20
Services Expense	695,610	678,654	754,270	704,446	611,426	21
Total Customer Operations	722,392	704,191	773,977	718,103	619,422	22
Executive & Planning	577,696	598,222	541,700	542,000	561,640	23
General & Administrative	320,183	321,035	333,094	367,718	409,703	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	897,879	919,257	874,794	909,718	971,343	27
Total Operations Expense	4,364,360	4,257,567	4,026,636	3,898,740	3,623,105	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	271,555	273,203	244,971	161,470	218,598	31
Net Operating Income Before FIT	584,837	887,082	1,037,185	1,136,031	1,213,741	32
Investment Tax Credits - Net						33
Federal Income Taxes	362,145	289,639	261,459	541,502	550,424	34
Provision - Def. Operating Income Taxes - Net	(191,492)	(59,958)	112,408	(146,009)	(57,931)	35
Net Operating Income	\$414,184	\$657,401	\$663,318	\$740,538	\$721,248	36

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State Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$414,184	\$657,401	\$663,318	\$740,538	\$721,248
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income					
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	171,627	178,271			
44 Other Non-Operating Income			123,426	151,989	87,421
45 Special Charges	3,827	34,289	4,009	6,290	11,693
46 Total Non-Operating Income & Expenses	167,800	143,982	119,417	145,699	75,728
NON-OPERATING TAXES					
47 Federal Income Taxes					
48 Other					
49 Total Non-Operating Taxes					
50 Income Available Before Interest Charges	581,984	801,383	782,735	886,237	796,976
INTEREST CHARGES					
51 Interest on Funded Debt					
52 Other Interest Expense	1,800	1,800	1,800	1,800	1,800
53 Total Interest Charges	1,800	1,800	1,800	1,800	1,800
54 Income Before Extraordinary & Nonreg Items	580,184	799,583	780,935	884,437	795,176
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$580,184	\$799,583	\$780,935	\$884,437	\$795,176
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RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$3,942,427	\$4,101,115	\$4,751,944	\$4,707,507	\$4,752,331
60 Transferred from Income	408,557	621,312	780,935	884,437	795,176
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	776,000	780,000	840,000	840,000	840,000
64 Adjustments			(591,764)		
65 Ending Year Balance	3,574,984	3,942,427	4,101,115	4,751,944	4,707,507
66 Appropriated/Undistr Affiliate Retained Earnings	941,662	770,035	591,764		
67 Total Retained Earnings	\$4,516,646	\$4,712,462	\$4,692,879	\$4,751,944	\$4,707,507

Taconic Telephone Corp.
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$191,152	\$418,418	\$752,017	\$468,951	\$275,926
2 Accounts Receivable (Net)	4,926,287	8,103,507	6,892,224	8,180,538	4,788,497
3 Current Deferred Income Taxes	122,905	193,061	225,714	262,200	200,312
4 Other Current Assets	814,034	828,911	796,824	796,865	890,683
5 Total Current Assets	6,054,378	9,543,897	8,666,779	9,708,554	6,155,417
NON-CURRENT ASSETS					
6 Investments	3,827,752	2,456,958	2,689,498	3,649,721	5,079,481
7 Unamortized Debt Issuance Costs					
8 Deferred Charges		556,233	556,234	556,234	556,234
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	1,228,921	1,010,102	932,585	741,693	459,136
11 Other Non-Current Assets					
12 Total Non-Current Assets	5,056,673	4,023,293	4,178,317	4,947,648	6,094,851
REGULATED PLANT					
13 Total Telecommunications Plant	66,580,161	65,208,428	64,391,345	63,392,303	61,930,356
14 Less: Accumulated Depr and Amort.	43,768,731	40,041,412	36,110,244	33,047,625	30,770,662
15 Net Regulated Plant	22,811,429	25,167,016	28,281,101	30,344,678	31,159,694
16 Total Assets & Other Debits	\$33,922,480	\$38,734,206	\$41,126,197	\$45,000,880	\$43,409,962
CURRENT LIABILITIES					
17 Accounts Payable	\$1,112,841	\$4,859,437	\$5,761,192	\$5,426,640	\$4,504,662
18 Notes Payable					
19 Advanced Billings		2,500	2,500	2,500	2,500
20 Customer Deposits	4,013	4,688	8,419	10,538	10,746
21 Current Maturities - Long-Term Debt		508,377	465,858	424,980	388,641
22 Current Deferred Income Taxes					
23 Other Current Liabilities	314,265	328,980	654,102	966,295	226,029
24 Total Current Liabilities	1,431,120	5,703,982	6,892,071	6,830,953	5,132,578
LONG-TERM DEBT					
25 Long-Term Debt		4,048,266	4,433,658	4,897,195	5,319,754
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC	21,302	28,800	36,295	52,603	75,199
27 Non-Current Deferred Taxes	2,000,495	2,174,867	2,410,043	2,685,866	2,869,661
28 Other Deferred Credits	1,960,779	2,385,449	2,205,897	2,057,501	1,876,964
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	46,296	50,140	43,655	47,377	46,447
31 Total Other Liab. and Def. Credits	4,028,872	4,639,256	4,695,890	4,843,347	4,868,270
STOCKHOLDER'S EQUITY					
32 Common Stock	677,719	677,719	677,719	677,719	677,719
33 Preferred Stock					
34 Other Paid in Capital	1,581,615	1,581,615	1,581,615	1,581,615	1,581,615
35 Retained Earnings	26,203,154	22,083,369	22,845,244	26,170,051	25,830,026
36 Total Stockholder's Equity	28,462,488	24,342,703	25,104,578	28,429,385	28,089,359
37 Total Liab. and Stockholder's Equity	\$33,922,480	\$38,734,207	\$41,126,197	\$45,000,880	\$43,409,962

Taconic Telephone Corp.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$7,013,828	\$7,162,020	\$7,181,223	\$6,855,738	\$6,585,311	1
Network Access Services	12,281,595	12,046,572	11,964,054	11,070,116	10,510,349	2
Long Distance Network Services	196,568	14,182	81,678	141,646	232,532	3
Miscellaneous Revenues	1,351,012	1,375,472	1,427,684	2,537,387	2,647,298	4
Less: Uncollectible Revenues	487,545	159,954	(15,015)	419,325	156,900	5
Total Operating Revenues	20,355,459	20,438,292	20,669,654	20,185,562	19,818,589	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	12,153	9,306	4,925	9,694	9,276	7
General Support Expenses	1,033,756	803,151	794,479	405,689	458,481	8
Central Office Switching	885,491	935,099	739,617	772,619	821,161	9
Operator Systems Expense			367	167	1,572	10
Central Office Transmission	90,558	140,722	136,917	136,392	107,497	11
Info. Origination/Termination				250,323	357,508	12
Cable & Wire Facilities	1,909,349	1,698,429	1,588,292	1,726,145	1,423,945	13
Total Plant Specific Operations	3,931,307	3,586,707	3,264,597	3,301,029	3,179,440	14
Other Plant, Property & Equipment	281	215	956	17,768	14,626	15
Network Operations	1,505,305	1,435,747	1,342,498	1,763,968	1,436,009	16
Access Expense	454,367	416,015	318,170	173,643	120,824	17
Depreciation and Amortization	4,072,228	4,104,610	4,050,578	3,945,279	3,428,856	18
Total Plant Non-Specific Operations	6,032,181	5,956,587	5,712,202	5,900,658	5,000,315	19
Marketing Expense	446,191	436,432	382,232	450,837	532,844	20
Services Expense	1,679,441	1,246,197	1,265,434	1,619,244	1,606,887	21
Total Customer Operations	2,125,632	1,682,629	1,647,666	2,070,081	2,139,731	22
Executive & Planning	773,306	989,511	996,474	1,827,631	2,218,175	23
General & Administrative	3,211,555	2,380,739	2,675,971	1,710,803	1,671,687	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	3,984,861	3,370,250	3,672,445	3,538,434	3,889,862	27
Total Operations Expense	16,073,981	14,596,173	14,296,910	14,810,202	14,209,348	28
Other Operating Income & Expenses	12,499	15,077	14,605			29
State & Local Income Taxes	53,434	15,275	13,468	10,948	8,800	30
Other Taxes	882,004	967,102	935,768	763,150	1,099,528	31
Net Operating Income Before FIT	3,358,538	4,874,819	5,438,112	4,601,262	4,500,913	32
Investment Tax Credits - Net	7,498	7,495	16,308	22,596	35,404	33
Federal Income Taxes	1,432,548	1,738,442	1,920,027	1,743,514	1,564,984	34
Provision - Def. Operating Income Taxes - Net	(342,643)	(213,667)	(218,971)	(322,688)	(93,514)	35
Net Operating Income	\$2,276,131	\$3,357,539	\$3,753,364	\$3,203,032	\$3,064,847	36

Taconic Telephone Corp.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$2,276,131	\$3,357,539	\$3,753,364	\$3,203,032	\$3,064,847
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income		11,621	7	829	
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	4,410	58,830	82,125	99,281	164,734
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	638,951	459,215	657,632	852,861	530,870
44 Other Non-Operating Income	10,482,745	10,237,157	8,920,085	6,770,932	4,436,743
45 Special Charges	7,893	10,767	13,373	7,914	20,100
46 Total Non-Operating Income & Expenses	11,118,213	10,756,056	9,646,476	7,715,989	5,112,247
NON-OPERATING TAXES					
47 Federal Income Taxes	3,650,750	3,467,690	3,024,523	2,282,005	1,369,419
48 Other	15,149	64,749	39,021	59,153	49,670
49 Total Non-Operating Taxes	3,665,899	3,532,439	3,063,544	2,341,158	1,419,089
50 Income Available Before Interest Charges	9,728,445	10,581,155	10,336,297	8,577,863	6,758,005
INTEREST CHARGES					
51 Interest on Funded Debt	203,659	445,262	484,040	525,860	557,037
52 Other Interest Expense		455	18,062	979	1,346
53 Total Interest Charges	203,659	445,717	502,102	526,839	558,383
54 Income Before Extraordinary & Nonreg Items	9,524,786	10,135,439	9,834,194	8,051,025	6,199,623
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$9,524,786	\$10,135,439	\$9,834,194	\$8,051,025	\$6,199,623
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$21,829,321	\$23,050,413	\$26,600,850	\$26,293,687	\$23,270,935
60 Transferred from Income	8,885,835	9,676,224	9,176,562	7,198,163	5,668,753
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	5,405,000	10,897,314	13,159,000	7,711,000	2,893,000
64 Adjustments			432,000	820,000	247,000
65 Ending Year Balance	25,310,156	21,829,323	23,050,413	26,600,850	26,293,687
66 Appropriated/Undistr Affiliate Retained Earnings	892,998	254,047	(205,168)	(430,800)	(463,661)
67 Total Retained Earnings	\$26,203,154	\$22,083,370	\$22,845,245	\$26,170,051	\$25,830,026

Township Telephone Company, Inc.
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$241,873	\$50,308	\$566,077	\$740,820	\$1,132,364
2 Accounts Receivable (Net)	1,286,055	1,143,091	676,017	687,164	736,014
3 Current Deferred Income Taxes					
4 Other Current Assets	172,617	170,566	80,629	110,741	92,172
5 Total Current Assets	1,700,545	1,363,965	1,322,723	1,538,725	1,960,551
NON-CURRENT ASSETS					
6 Investments	170,450	178,800	178,800	178,800	178,800
7 Unamortized Debt Issuance Costs		6,412	7,547	8,683	9,819
8 Deferred Charges		10,549	28,632	46,715	5,057
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets					
12 Total Non-Current Assets	170,450	195,761	214,979	234,198	193,675
REGULATED PLANT					
13 Total Telecommunications Plant	17,718,799	17,183,684	16,508,882	15,900,208	15,046,640
14 Less: Accumulated Depr and Amort.	8,038,403	7,659,131	7,360,861	7,301,074	7,039,997
15 Net Regulated Plant	9,680,396	9,524,553	9,148,021	8,599,134	8,006,643
16 Total Assets & Other Debits	\$11,551,391	\$11,084,279	\$10,685,723	\$10,372,057	\$10,160,869
CURRENT LIABILITIES					
17 Accounts Payable	\$578,976	\$605,168	\$527,949	\$568,367	\$411,574
18 Notes Payable					
19 Advanced Billings	45,868	48,843	52,801	50,440	45,178
20 Customer Deposits					
21 Current Maturities - Long-Term Debt		222,843	212,500	202,707	193,372
22 Current Deferred Income Taxes	(2,275)	(2,415)	(525)		
23 Other Current Liabilities	85,937	60,915	52,532	49,853	55,456
24 Total Current Liabilities	708,506	935,354	845,257	871,367	705,579
LONG-TERM DEBT					
25 Long-Term Debt	15,074	3,086,024	3,274,746	3,486,359	3,688,204
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					1
27 Non-Current Deferred Taxes	1,745,720	1,717,543	1,181,262	1,042,171	978,125
28 Other Deferred Credits	316,134	430,882	550,911	657,737	671,314
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	527,548	514,438	571,394	300,589	243,769
31 Total Other Liab. and Def. Credits	2,589,402	2,662,863	2,303,567	2,000,498	1,893,209
STOCKHOLDER'S EQUITY					
32 Common Stock	10,000	10,000	10,000	10,000	10,000
33 Preferred Stock					
34 Other Paid in Capital	3,668,739	68,739	68,739	68,739	68,739
35 Retained Earnings	4,559,670	4,321,299	4,183,414	3,935,095	3,795,139
36 Total Stockholder's Equity	8,238,409	4,400,038	4,262,153	4,013,833	3,873,877
37 Total Liab. and Stockholder's Equity	\$11,551,391	\$11,084,279	\$10,685,723	\$10,372,056	\$10,160,869

Township Telephone Company, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,201,128	\$1,192,194	\$1,156,224	\$1,047,670	\$974,697	1
Network Access Services	2,274,268	1,980,125	2,201,236	1,946,151	2,484,709	2
Long Distance Network Services						3
Miscellaneous Revenues	749,887	616,605	609,774	466,877	673,742	4
Less: Uncollectible Revenues	7,239	50,186	(6,070)	25,472	3,804	5
Total Operating Revenues	4,218,044	3,738,738	3,973,304	3,435,226	4,129,343	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	21,619	21,198	26,714	25,909	19,289	7
General Support Expenses	52,835	74,742	85,313	54,217	57,091	8
Central Office Switching	118,835	112,846	117,756	97,375	71,919	9
Operator Systems Expense						10
Central Office Transmission	136,428	25,153	38,140	28,970	25,533	11
Info. Origination/Termination	326,507	276,435	190,538	183,072	182,282	12
Cable & Wire Facilities	189,301	184,249	197,239	120,202	114,722	13
Total Plant Specific Operations	845,525	694,623	655,700	509,745	470,836	14
Other Plant, Property & Equipment					(576)	15
Network Operations	366,350	293,205	301,792	282,088	314,687	16
Access Expense	125,623	59,815	48,976	23,256	15,021	17
Depreciation and Amortization	767,537	690,541	607,086	564,005	1,002,188	18
Total Plant Non-Specific Operations	1,259,510	1,043,561	957,854	869,349	1,331,320	19
Marketing Expense	260,950	279,842	249,465	218,204	195,532	20
Services Expense	380,659	446,810	439,232	427,546	572,352	21
Total Customer Operations	641,609	726,652	688,697	645,750	767,884	22
Executive & Planning	138,209	70,981	81,783	106,052	165,468	23
General & Administrative	668,809	629,761	847,141	678,508	711,090	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	807,018	700,742	928,924	784,560	876,558	27
Total Operations Expense	3,553,662	3,165,578	3,231,175	2,809,404	3,446,598	28
Other Operating Income & Expenses		203			(15,755)	29
State & Local Income Taxes						30
Other Taxes	237,022	199,717	199,756	196,417	198,870	31
Net Operating Income Before FIT	427,360	373,646	542,373	429,405	468,120	32
Investment Tax Credits - Net					7,980	33
Federal Income Taxes	68,208	(467,337)	(47,529)	12,489	117,504	34
Provision - Def. Operating Income Taxes - Net	28,317	534,390	138,567	64,046	(35,932)	35
Net Operating Income	\$330,835	\$306,593	\$451,335	\$352,870	\$394,528	36

Township Telephone Company, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$330,835	\$306,593	\$451,335	\$352,870	\$394,528
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	65,838	30,930	16,506	12,726	
39 Interest Income	6,514	4,752	7,937	21,787	36,798
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	(32,145)	(360)	(360)	(360)	(655)
45 Special Charges	3,244	2,738	2,929	3,427	4,797
46 Total Non-Operating Income & Expenses	36,963	32,584	21,154	30,726	31,346
NON-OPERATING TAXES					
47 Federal Income Taxes	18,232	7,740	7,896	4,931	7,218
48 Other					
49 Total Non-Operating Taxes	18,232	7,740	7,896	4,931	7,218
50 Income Available Before Interest Charges	349,566	331,437	464,593	378,664	418,656
INTEREST CHARGES					
51 Interest on Funded Debt	80,941	171,253	181,166	190,193	198,834
52 Other Interest Expense	29,254	22,299	35,107	48,516	49,169
53 Total Interest Charges	110,195	193,552	216,273	238,709	248,003
54 Income Before Extraordinary & Nonreg Items	239,371	137,885	248,320	139,956	170,653
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$239,371	\$137,885	\$248,320	\$139,956	\$170,653
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$4,321,299	\$4,183,415	\$3,935,095	\$3,795,139	\$3,624,487
60 Transferred from Income	239,371	137,885	248,320	139,956	170,653
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	1,000				
64 Adjustments					
65 Ending Year Balance	4,559,670	4,321,300	4,183,415	3,935,095	3,795,139
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$4,559,670	\$4,321,300	\$4,183,415	\$3,935,095	\$3,795,139

Trumansburg Home Telephone Company
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$3,587,582	\$3,107,618	\$2,326,917	\$1,527,623	\$2,191,639
2 Accounts Receivable (Net)	906,019	918,262	1,052,994	1,172,389	961,054
3 Current Deferred Income Taxes		152	152	152	152
4 Other Current Assets	384,539	336,516	458,713	590,103	578,897
5 Total Current Assets	4,878,140	4,362,548	3,838,776	3,290,267	3,731,742
NON-CURRENT ASSETS					
6 Investments	714,979	724,302	980,355	985,157	1,145,929
7 Unamortized Debt Issuance Costs	16,800	19,200	21,600	24,583	
8 Deferred Charges	5,832	5,832	21,478	39,857	
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	508,267	447,043	368,349	112,669	180,953
11 Other Non-Current Assets	3,197,177	3,101,454	2,938,357	2,607,870	2,832,883
12 Total Non-Current Assets	4,443,055	4,297,831	4,330,139	3,770,136	4,159,765
REGULATED PLANT					
13 Total Telecommunications Plant	22,699,916	21,702,945	21,002,685	18,794,909	18,087,510
14 Less: Accumulated Depr and Amort.	11,402,782	10,502,531	9,717,699	8,869,357	8,618,614
15 Net Regulated Plant	11,297,134	11,200,414	11,284,986	9,925,551	9,468,896
16 Total Assets & Other Debits	\$20,618,329	\$19,860,793	\$19,453,901	\$16,985,954	\$17,360,403
CURRENT LIABILITIES					
17 Accounts Payable	\$648,590	\$660,444	\$989,524	\$865,495	\$912,796
18 Notes Payable	400,857	383,728	381,911	325,596	1,059,921
19 Advanced Billings	122,621	50,185	47,432	42,931	48,625
20 Customer Deposits					
21 Current Maturities - Long-Term Debt	357,143		128,542	514,286	564,286
22 Current Deferred Income Taxes					
23 Other Current Liabilities	890,600	530,852	574,753	180,972	345,725
24 Total Current Liabilities	2,419,811	1,625,209	2,122,162	1,929,280	2,931,353
LONG-TERM DEBT					
25 Long-Term Debt	2,142,857	2,500,000	2,500,000	1,628,572	642,857
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC				13,035	28,303
27 Non-Current Deferred Taxes	2,281,063	2,431,283	2,068,256	1,555,679	1,604,009
28 Other Deferred Credits	321,509	445,920	482,015	361,336	344,818
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	950,356	598,741	494,876	336,039	268,932
31 Total Other Liab. and Def. Credits	3,552,928	3,475,944	3,045,147	2,266,089	2,246,062
STOCKHOLDER'S EQUITY					
32 Common Stock	240,000	240,000	240,000	240,000	240,000
33 Preferred Stock					
34 Other Paid in Capital	(2,129,768)	(2,161,448)	(2,424,978)	(4,288,025)	(2,721,224)
35 Retained Earnings	14,392,500	14,181,088	13,971,570	15,210,038	14,021,355
36 Total Stockholder's Equity	12,502,733	12,259,640	11,786,592	11,162,013	11,540,131
37 Total Liab. and Stockholder's Equity	\$20,618,329	\$19,860,793	\$19,453,901	\$16,985,954	\$17,360,403

Trumansburg Home Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,774,199	\$1,833,520	\$1,853,969	\$1,615,638	\$1,600,142	1
Network Access Services	3,179,549	3,291,797	3,116,693	2,950,033	2,927,758	2
Long Distance Network Services						3
Miscellaneous Revenues	684,888	467,228	546,838	615,148	548,781	4
Less: Uncollectible Revenues	24,293	15,394	16,982	17,661	15,046	5
Total Operating Revenues	5,614,342	5,577,151	5,500,518	5,163,158	5,061,635	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	5,597	3,282	7,217	17,063	17,233	7
General Support Expenses	284,802	299,577	224,189	172,515	170,164	8
Central Office Switching	246,712	314,996	270,432	193,202	242,391	9
Operator Systems Expense						10
Central Office Transmission	105,291	179,272	267,359	174,858	149,668	11
Info. Origination/Termination	89,077	80,840	67,196	31,236	34,166	12
Cable & Wire Facilities	528,989	489,463	672,230	710,912	722,862	13
Total Plant Specific Operations	1,260,467	1,367,431	1,508,623	1,299,786	1,336,484	14
Other Plant, Property & Equipment	(0)					15
Network Operations	164,437	234,889	276,653	283,609	208,837	16
Access Expense	111,969	81,291	66,026	49,738	34,463	17
Depreciation and Amortization	1,165,724	1,122,664	1,049,508	1,198,817	1,134,405	18
Total Plant Non-Specific Operations	1,442,130	1,438,844	1,392,187	1,532,164	1,377,705	19
Marketing Expense	162,771	167,398	86,102	190,945	112,554	20
Services Expense	837,754	614,203	625,852	662,341	588,046	21
Total Customer Operations	1,000,525	781,601	711,954	853,286	700,600	22
Executive & Planning	729,451	470,299	433,493	418,367	421,610	23
General & Administrative	722,265	686,681	713,029	695,591	633,360	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,451,716	1,156,980	1,146,522	1,113,958	1,054,970	27
Total Operations Expense	5,154,839	4,744,857	4,759,286	4,799,194	4,469,759	28
Other Operating Income & Expenses		(1,725)	(1,170)	202	2,018	29
State & Local Income Taxes						30
Other Taxes	392,151	378,045	337,677	285,353	264,654	31
Net Operating Income Before FIT	67,353	452,524	402,385	78,813	329,240	32
Investment Tax Credits - Net			4,413	15,268	15,268	33
Federal Income Taxes	138,934	(94,840)	(112,046)	(131,017)	40,654	34
Provision - Def. Operating Income Taxes - Net	(205,450)	184,647	202,378	91,433	(18,603)	35
Net Operating Income	\$133,870	\$362,717	\$316,466	\$133,665	\$322,457	36

Trumansburg Home Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$133,870	\$362,717	\$316,466	\$133,665	\$322,457
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	5,020	3,802	2,500		
39 Interest Income	34,202	78,373	15,328	77,577	140,847
40 Income - Sinking and Other Funds	63,492				
41 Allowance for Funds Used During Construction	20,517	47,654	44,883	35,139	55,913
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	13,288	(174,210)	(1,419,378)	1,294,893	63,452
44 Other Non-Operating Income	292,980	172,381	3,123	(230,933)	141,953
45 Special Charges	19,463	9,098	22,755	7,657	23,323
46 Total Non-Operating Income & Expenses	410,035	118,902	(1,376,299)	1,169,019	378,842
NON-OPERATING TAXES					
47 Federal Income Taxes	121,506	74,779	(2,475)	(117,299)	85,995
48 Other				1,500	6,200
49 Total Non-Operating Taxes	121,506	74,779	(2,475)	(115,799)	92,195
50 Income Available Before Interest Charges	422,399	406,840	(1,057,358)	1,418,483	609,104
INTEREST CHARGES					
51 Interest on Funded Debt	119,783	111,831	102,277	105,127	116,471
52 Other Interest Expense	21,916	16,463	9,992	56,159	55,783
53 Total Interest Charges	141,699	128,294	112,269	161,286	172,254
54 Income Before Extraordinary & Nonreg Items	280,700	278,546	(1,169,627)	1,257,197	436,850
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$280,700	\$278,546	(\$1,169,627)	\$1,257,197	\$436,850
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$14,611,390	\$14,227,661	\$14,046,751	\$14,152,961	\$13,833,478
60 Transferred from Income	267,411	452,757	249,751	(37,696)	373,398
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	69,286	69,029	68,841	68,514	53,915
64 Adjustments					
65 Ending Year Balance	14,809,515	14,611,389	14,227,661	14,046,751	14,152,961
66 Appropriated/Undistr Affiliate Retained Earnings	(417,015)	(430,302)	(256,092)	1,163,286	(131,607)
67 Total Retained Earnings	\$14,392,500	\$14,181,087	\$13,971,569	\$15,210,037	\$14,021,354

Vernon Telephone Company, Inc.
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$89,148	\$212,698	\$760,703	\$491,019	\$201,018
2 Accounts Receivable (Net)	375,296	450,935	388,740	414,348	628,260
3 Current Deferred Income Taxes					
4 Other Current Assets	108,144	111,582	184,617	112,620	109,739
5 Total Current Assets	572,588	775,215	1,334,060	1,017,986	939,017
NON-CURRENT ASSETS					
6 Investments	19,152	19,152	19,152	19,152	19,152
7 Unamortized Debt Issuance Costs					
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets					
12 Total Non-Current Assets	19,152	19,152	19,152	19,152	19,152
REGULATED PLANT					
13 Total Telecommunications Plant	9,759,363	9,638,408	9,453,378	9,633,059	9,466,385
14 Less: Accumulated Depr and Amort.	3,899,045	3,624,601	3,491,201	3,519,207	3,089,343
15 Net Regulated Plant	5,860,318	6,013,807	5,962,177	6,113,853	6,377,042
16 Total Assets & Other Debits	\$6,452,058	\$6,808,174	\$7,315,389	\$7,150,991	\$7,335,212
CURRENT LIABILITIES					
17 Accounts Payable	\$315,397	\$263,237	\$207,047	\$210,141	\$200,652
18 Notes Payable		2,123,062	2,873,062	2,873,062	3,178,062
19 Advanced Billings	16,095	14,433	15,134	14,974	14,008
20 Customer Deposits			7,409		
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes	(2,030)	(2,415)	(1,470)		
23 Other Current Liabilities	49,875	61,054	77,101	97,465	58,269
24 Total Current Liabilities	379,337	2,459,371	3,178,283	3,195,642	3,450,991
LONG-TERM DEBT					
25 Long-Term Debt	8,495	18,689			
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	918,706	904,343	766,092	699,103	685,426
28 Other Deferred Credits	2,546	3,260			
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	22,568	29,433	42,346	23,948	49,624
31 Total Other Liab. and Def. Credits	943,820	937,036	808,438	723,051	735,050
STOCKHOLDER'S EQUITY					
32 Common Stock	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
33 Preferred Stock					
34 Other Paid in Capital	2,775,139	1,039,139	1,039,139	1,039,139	1,039,139
35 Retained Earnings	(54,733)	(46,061)	(110,471)	(206,841)	(289,969)
36 Total Stockholder's Equity	5,120,406	3,393,078	3,328,668	3,232,298	3,149,170
37 Total Liab. and Stockholder's Equity	\$6,452,058	\$6,808,174	\$7,315,389	\$7,150,991	\$7,335,212

Vernon Telephone Company, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$964,627	\$1,040,182	\$980,471	\$953,609	\$920,510	1
Network Access Services	1,012,761	984,909	1,064,799	939,264	1,072,390	2
Long Distance Network Services						3
Miscellaneous Revenues	319,620	372,871	344,139	404,442	442,957	4
Less: Uncollectible Revenues	11,849	42,353	16,722	22,324	6,024	5
Total Operating Revenues	2,285,159	2,355,609	2,372,687	2,274,991	2,429,833	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	16,831	16,679	18,082	13,719	14,964	7
General Support Expenses	39,811	36,013	50,884	48,238	50,615	8
Central Office Switching	60,197	69,720	71,190	68,262	63,796	9
Operator Systems Expense						10
Central Office Transmission	72,070	20,826	23,236	19,394	10,110	11
Info. Origination/Termination	180,325	256,732	143,297	155,196	160,507	12
Cable & Wire Facilities	89,019	89,095	78,372	80,149	83,459	13
Total Plant Specific Operations	458,253	489,065	385,061	384,958	383,451	14
Other Plant, Property & Equipment					(475)	15
Network Operations	284,981	270,928	291,130	282,481	240,296	16
Access Expense	56,176	37,266	14,926	6,344		17
Depreciation and Amortization	525,353	500,159	506,455	492,193	546,663	18
Total Plant Non-Specific Operations	866,510	808,353	812,511	781,018	786,484	19
Marketing Expense	128,261	137,341	128,261	118,975	99,359	20
Services Expense	318,296	279,444	281,405	332,688	309,872	21
Total Customer Operations	446,557	416,785	409,666	451,664	409,231	22
Executive & Planning	33,960	36,430	29,393	28,530	43,490	23
General & Administrative	321,628	284,842	336,985	221,564	281,110	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	355,588	321,272	366,378	250,095	324,601	27
Total Operations Expense	2,126,908	2,035,475	1,973,616	1,867,734	1,903,767	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	138,543	121,867	127,964	121,466	117,456	31
Net Operating Income Before FIT	19,708	198,267	271,107	285,791	408,610	32
Investment Tax Credits - Net						33
Federal Income Taxes	(39,001)	(106,205)	(16,554)	37,622	(49,919)	34
Provision - Def. Operating Income Taxes - Net	14,747	137,305	65,519	13,677	78,384	35
Net Operating Income	\$43,962	\$167,167	\$222,142	\$234,492	\$380,145	36

Vernon Telephone Company, Inc.
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	\$43,962	\$167,167	\$222,142	\$234,492	\$380,145
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	7,749	8,100	5,670	5,670	7,358
39 Interest Income	12,668	3,682	8,761	3,144	7,918
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction		4,513			
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income			(172)		
45 Special Charges	1,354	2,151	1,629	3,247	2,287
46 Total Non-Operating Income & Expenses	19,063	14,144	12,630	5,567	12,989
NON-OPERATING TAXES					
47 Federal Income Taxes	5,385	4,755	3,787	1,891	3,653
48 Other					
49 Total Non-Operating Taxes	5,385	4,755	3,787	1,891	3,653
50 Income Available Before Interest Charges	57,640	176,556	230,985	238,168	389,481
INTEREST CHARGES					
51 Interest on Funded Debt					
52 Other Interest Expense	66,312	112,146	134,615	155,040	325,501
53 Total Interest Charges	66,312	112,146	134,615	155,040	325,501
54 Income Before Extraordinary & Nonreg Items	(8,672)	64,410	96,370	83,128	63,980
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$8,672)	\$64,410	\$96,370	\$83,128	\$63,980
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	(\$46,061)	(\$110,471)	(\$206,841)	(\$289,969)	(\$353,949)
60 Transferred from Income	(8,672)	64,410	96,370	83,128	63,980
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock					
64 Adjustments					
65 Ending Year Balance	(54,733)	(46,061)	(110,471)	(206,841)	(289,969)
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	(\$54,733)	(\$46,061)	(\$110,471)	(\$206,841)	(\$289,969)

Warwick Valley Telephone Company
Comparative Balance Sheet
For the Year Ended December 31,

	2005	2004	2003	2002	2001
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$11,275,443	\$13,206,610	\$2,856,999	\$510,089	\$421,997
2 Accounts Receivable (Net)	11,246,301	10,778,720	10,341,308	7,263,531	3,487,072
3 Current Deferred Income Taxes					
4 Other Current Assets	1,931,172	1,612,035	1,472,334	1,554,212	2,455,435
5 Total Current Assets	24,452,916	25,597,365	14,670,641	9,327,832	6,364,504
NON-CURRENT ASSETS					
6 Investments	7,832,137	7,617,621	9,366,575	11,701,452	8,746,966
7 Unamortized Debt Issuance Costs	89,775	102,595	115,195	5,063	10,347
8 Deferred Charges	847,793	888,797	509,940	27,007	(29,219)
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	2,191,389	2,224,674	1,865,746	775,585	469,125
11 Other Non-Current Assets	747,954		744,102	831,419	
12 Total Non-Current Assets	11,709,048	10,833,687	12,601,558	13,340,527	9,197,219
REGULATED PLANT					
13 Total Telecommunications Plant	65,149,611	63,803,154	59,799,701	57,266,736	55,372,825
14 Less: Accumulated Depr and Amort.	32,196,983	29,039,845	25,279,795	23,213,563	22,800,517
15 Net Regulated Plant	32,952,628	34,763,309	34,519,907	34,053,173	32,572,307
16 Total Assets & Other Debits	\$69,114,592	\$71,194,361	\$61,792,106	\$56,721,533	\$48,134,030
CURRENT LIABILITIES					
17 Accounts Payable	\$3,008,986	\$2,954,436	\$3,333,586	\$3,711,753	\$2,926,366
18 Notes Payable				5,000,000	6,250,000
19 Advanced Billings	201,893	212,291	216,778	216,510	202,162
20 Customer Deposits	141,536	156,311	135,089	125,194	127,502
21 Current Maturities - Long-Term Debt	1,518,633	1,518,632		4,000,000	
22 Current Deferred Income Taxes					
23 Other Current Liabilities	1,893,059	5,511,415	3,001,730	2,311,442	240,627
24 Total Current Liabilities	6,764,107	10,353,084	6,687,183	15,364,899	9,746,657
LONG-TERM DEBT					
25 Long-Term Debt	8,732,149	10,250,782	7,149,073		4,000,000
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC		(107)	10,693	21,493	46,590
27 Non-Current Deferred Taxes	8,113,907	4,624,966	5,073,000	4,235,728	2,771,021
28 Other Deferred Credits	19	912,031	21,637	19,493	30,983
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	5,272,971	4,400,313	4,511,253	1,713,409	642,790
31 Total Other Liab. and Def. Credits	13,386,897	9,937,203	9,616,583	5,990,123	3,491,384
STOCKHOLDER'S EQUITY					
32 Common Stock	59,846	59,846	59,846	3,481,441	3,471,077
33 Preferred Stock	500,000	500,000	500,000	500,000	500,000
34 Other Paid in Capital	(1,260,878)	(111,378)	(125,029)	(3,598,160)	(3,384,800)
35 Retained Earnings	40,932,473	40,204,824	37,904,450	34,983,227	30,309,712
36 Total Stockholder's Equity	40,231,441	40,653,291	38,339,267	35,366,508	30,895,989
37 Total Liab. and Stockholder's Equity	\$69,114,595	\$71,194,361	\$61,792,106	\$56,721,530	\$48,134,030

Warwick Valley Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

INCOME STATEMENT	2005	2004	2003	2002	2001	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$3,987,206	\$4,217,853	\$4,245,807	\$4,439,838	\$4,249,452	1
Network Access Services	10,531,607	10,015,418	11,014,877	10,721,722	9,328,793	2
Long Distance Network Services	1,303,026	1,803,651	1,828,125	2,007,478	2,124,913	3
Miscellaneous Revenues	4,378,543	4,560,604	5,059,119	4,649,371	5,119,099	4
Less: Uncollectible Revenues	179,000	120,000	146,400	465,329	91,047	5
Total Operating Revenues	20,021,382	20,477,526	22,001,528	21,353,080	20,731,210	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	8,764	9,666	8,728	8,728	8,728	7
General Support Expenses	652,010	627,266	589,411	748,947	594,147	8
Central Office Switching	604,984	583,933	485,161	512,641	419,064	9
Operator Systems Expense				30	2,917	10
Central Office Transmission	1,261,462	1,167,154	1,371,781	980,734	959,399	11
Info. Origination/Termination	1,002,534	955,497	1,088,630	940,652	851,947	12
Cable & Wire Facilities	1,044,012	758,877	782,089	744,483	651,368	13
Total Plant Specific Operations	4,573,766	4,102,394	4,325,800	3,936,215	3,487,571	14
Other Plant, Property & Equipment	36,070	(20,823)				15
Network Operations	926,791	850,176	926,318	887,529	925,918	16
Access Expense						17
Depreciation and Amortization	3,744,436	3,775,562	3,727,957	3,213,967	2,967,931	18
Total Plant Non-Specific Operations	4,707,296	4,604,915	4,654,275	4,101,496	3,893,849	19
Marketing Expense	910,113	997,159	835,584	684,045	418,131	20
Services Expense	3,078,303	3,288,581	3,304,584	3,168,562	3,832,629	21
Total Customer Operations	3,988,415	4,285,740	4,140,168	3,852,608	4,250,760	22
Executive & Planning	1,581,076	1,603,930	1,640,858	1,867,880	1,174,083	23
General & Administrative	6,841,809	4,306,442	2,518,220	1,885,078	1,875,280	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	8,422,885	5,910,373	4,159,078	3,752,958	3,049,363	27
Total Operations Expense	21,692,362	18,903,422	17,279,321	15,643,277	14,681,544	28
Other Operating Income & Expenses			(35,000)			29
State & Local Income Taxes						30
Other Taxes	1,281,462	1,177,816	1,387,512	1,304,055	1,270,210	31
Net Operating Income Before FIT	(2,952,442)	396,289	3,299,695	4,405,748	4,779,456	32
Investment Tax Credits - Net	(107)	10,800	10,800	25,097	34,457	33
Federal Income Taxes	(1,036,662)	(347,544)	511,072	727,927	1,390,690	34
Provision - Def. Operating Income Taxes - Net	(11,183)	412,194	577,367	602,296	76,275	35
Net Operating Income	(\$1,904,704)	\$342,438	\$2,222,056	\$3,100,621	\$3,346,948	36

Warwick Valley Telephone Company
Comparative Income and Retained Earnings Statements
For the Year Ended December 31,

	2005	2004	2003	2002	2001
37 Net Operating Income	(\$1,904,704)	\$342,438	\$2,222,056	\$3,100,621	\$3,346,948
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	200,659	18,811			
39 Interest Income	256,162	28,511			287
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	11,645	6,887	41,707	237,823	283,315
42 Gains/Losses - Disposal of Property	98,287	26,968	20,123	(27,841)	48,191
43 Equity in Earnings of Affiliated Companies	78,315	112,121	34,043	575,820	1,309,564
44 Other Non-Operating Income	10,821,574	12,729,225	8,920,934	7,578,667	4,991,042
45 Special Charges	44,312	59,814	59,646	51,716	56,242
46 Total Non-Operating Income & Expenses	11,422,331	12,862,709	8,957,160	8,312,753	6,576,157
NON-OPERATING TAXES					
47 Federal Income Taxes	3,721,813	4,327,937	2,857,159	2,549,697	1,694,315
48 Other					
49 Total Non-Operating Taxes	3,721,813	4,327,937	2,857,159	2,549,697	1,694,315
50 Income Available Before Interest Charges	5,795,815	8,877,211	8,322,057	8,863,677	8,228,790
INTEREST CHARGES					
51 Interest on Funded Debt	599,384	349,905	401,190	282,000	282,000
52 Other Interest Expense	26,617	15,027	41,766	284,862	374,434
53 Total Interest Charges	626,001	364,932	442,956	566,862	656,434
54 Income Before Extraordinary & Nonreg Items	5,169,814	8,512,279	7,879,100	8,296,816	7,572,356
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$5,169,814	\$8,512,279	\$7,879,100	\$8,296,816	\$7,572,356
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$40,496,921	\$37,450,313	\$28,342,749	\$24,245,051	\$21,073,172
60 Transferred from Income	5,091,499	8,400,157	7,845,059	7,720,997	6,262,793
61 Appropriations					
Dividends Declared:					
62 Preferred Stock	25,000	25,000	25,000	25,000	25,000
63 Common Stock	4,281,424	5,293,524	3,780,536	3,190,637	3,065,913
64 Adjustments	(427,838)	(439,243)	(1,152,346)	(407,663)	
65 Ending Year Balance	40,854,158	40,092,703	31,229,926	28,342,749	24,245,051
66 Appropriated/Undistr Affiliate Retained Earnings	78,315	112,121	6,674,524	6,640,481	6,064,661
67 Total Retained Earnings	\$40,932,473	\$40,204,824	\$37,904,450	\$34,983,230	\$30,309,713