

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	(\$263,332)	(\$411,047)	(\$580,355)	(\$143,898)	(\$204,325)	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	1,829,710	2,298,853	2,324,699	2,326,017	2,186,483	2
Changes in Deferred Income Taxes	(154,292)	165,507	116,800	276,386	(287,859)	3
Changes in Working Capital	(661,206)	(1,146,964)	802,393	(4,923,331)	271,576	4
Capitalized AFDC - Equity	33	9	(779,764)	(2,112)	(1,824)	5
Other	290,054	462,180	1,720,944	643,708	316,333	6
Total Non-Cash Items	1,304,300	1,779,585	4,185,072	(1,679,332)	2,484,710	7
Net Cash Provided From Operating Activities	<u>1,040,967</u>	<u>1,368,539</u>	<u>3,604,717</u>	<u>(1,823,230)</u>	<u>2,280,385</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(1,446,474)	(1,317,547)	(1,361,831)	(2,880,368)	(2,639,303)	9
Purchase of Other Investments	(83,440)	389,675	(900,122)	427,044	190,212	10
Sale of Other Investments	193,852	(65,448)	1,067,965	1,157,375	89,180	11
Other	8,895	16,976	(889,376)	(128,042)	(24,701)	12
Net Cash Provided From Investing Activities	<u>(1,327,166)</u>	<u>(976,344)</u>	<u>(2,083,363)</u>	<u>(1,423,991)</u>	<u>(2,384,613)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(211,980)	(851,617)	(1,101,950)	1,045,723	(394,193)	14
Common Stock	(1,996)	(766)	(14,522)	(8,551)	(861)	15
Preferred Stock	(86)	(1)	(27)	1,295	1,189	16
Short-Term Debt	55,826	599,606	(78,071)	2,406,512	843,135	17
Dividends Paid	(106,165)	(94,714)	(194,562)	(160,587)	(205,716)	18
Other Financing	526,675	(31,769)	(132,472)	(33,334)	(193,225)	19
Net Cash Provided From Financing Activities	<u>301,018</u>	<u>(349,442)</u>	<u>(1,658,690)</u>	<u>3,273,998</u>	<u>223,014</u>	20
Net Increase (Decrease) in Cash & Equivalents	14,819	42,753	(137,336)	26,777	118,786	21
Cash & Equivalents at Beginning of Year	516,385	474,013	611,349	584,572	465,786	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$531,205</b>	<b>\$516,766</b>	<b>\$474,013</b>	<b>\$611,349</b>	<b>\$584,572</b>	23

Table 5 T

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

	2005	2004	2003	2002	2001
1 Revenues	\$7,139,842	\$7,632,191	\$7,827,351	\$8,219,824	\$8,373,980
2 Access Lines	9,694,056	10,812,113	11,540,971	12,638,060	12,639,900
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	\$3,548,841	\$3,538,024	\$4,352,048	\$3,652,585	\$3,577,662
4 Depreciation and Amortization	1,831,106	2,298,959	2,289,236	2,329,899	2,189,365
5 Other Operations Expense	1,908,327	1,985,123	1,958,516	1,901,858	2,209,645
6 Total Operation Expenses	7,288,274	7,822,107	8,599,800	7,884,342	7,976,672
7 Income Taxes - Operating Taxes	(196,012)	(345,884)	(606,282)	(169,679)	(133,521)
8 Other Taxes - Operating Taxes	557,259	622,347	722,231	623,262	584,329
9 Capital Costs	(509,680)	(466,379)	(888,398)	(118,101)	(53,500)
10 Total	\$7,139,842	\$7,632,191	\$7,827,351	\$8,219,824	\$8,373,980
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	49.7	46.4	55.6	44.4	42.7
12 Depreciation and Amortization	25.6	30.1	29.2	28.3	26.1
13 Other Operations Expense	26.7	26.0	25.0	23.1	26.4
14 Income Taxes - Operating Taxes	(2.7)	(4.5)	(7.7)	(2.1)	(1.6)
15 Other Taxes - Operating Taxes	7.8	8.2	9.2	7.6	7.0
16 Capital Costs	(7.1)	(6.1)	(11.3)	(1.4)	(0.6)
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	366.08	327.23	377.10	289.01	283.05
19 Depreciation and Amortization	188.89	212.63	198.36	184.36	173.21
20 Other Operations Expense	196.86	183.60	169.70	150.49	174.82
21 Income Taxes - Operating Taxes	(20.22)	(31.99)	(52.53)	(13.43)	(10.56)
22 Other Taxes - Operating Taxes	57.48	57.56	62.58	49.32	46.23
23 Capital Costs	(52.58)	(43.13)	(76.98)	(9.34)	(4.23)
24 Total	736.52	705.89	678.22	650.40	662.50

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$3,963,659.87	\$4,184,600.63	\$4,159,424.24	\$3,863,611.71	\$3,731,258.57	1
Central Office Assets	13,756,724	13,862,208	13,827,034	13,489,417	12,767,135	2
Information Origination/Termination	513,540	625,103	608,609	672,567	785,165	3
Cable And Wire Facilities	13,936,831	13,362,619	12,927,173	12,424,730	11,817,724	4
Amortizable Assets	624,646	792,504	823,127	795,178	856,522	5
<b>Total Plant In Service</b>	<b>32,795,401</b>	<b>32,827,035</b>	<b>32,345,367</b>	<b>31,245,504</b>	<b>29,957,804</b>	<b>6</b>
Property Held For Future Use	1,963	1,920	2,129	2,323	2,117	7
Plant Under Construction	306,739	359,717	210,247	487,124	668,813	8
Tel. Acquisition	142,620	142,620	142,698	142,698	141,895	9
Other Plant	423	423	427	427	427	10
Nonoperating Plant	39,175	34,179	35,913	145,975	112,625	11
Goodwill				8,778		12
<b>Total Telecommunications Plant</b>	<b>33,286,322</b>	<b>33,365,894</b>	<b>32,736,782</b>	<b>32,032,829</b>	<b>30,883,680</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	21,226,826	20,390,940	18,796,108	17,761,593	16,183,169	14
<b>Net Total Utility Plant</b>	<b>\$12,059,495</b>	<b>\$12,974,955</b>	<b>\$13,940,673</b>	<b>\$14,271,236</b>	<b>\$14,700,512</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.46	0.38	0.48	0.71	0.48	16
Total Capitalization (\$000)	\$8,469,620	\$8,342,482	\$9,258,951	\$11,073,302	\$7,982,287	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	34.9%	35.6%	41.8%	43.3%	44.7%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	32.9%	30.0%	34.3%	34.2%	58.6%	20
Short-Term Debt	32.2%	34.4%	23.9%	22.5%	-3.4%	21
Pretax Coverage of Interest Expense	-0.87	-2.01	-2.99	-0.42	-0.60	22
Com. Stock Dividends as a % of Earnings	-21.0%	-24.4%	-16.5%	-52.0%	-15.5%	23
Return on Common Equity	-19.0%	-14.5%	-35.0%	-9.6%	-10.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	72.0%	103.9%	198.2%	-63.3%	85.1%	25
CWIP as a % of Plant	1.4%	1.5%	0.6%	1.5%	2.2%	26

**Notes:**

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

Current Assets	2,176,552,854	2,012,758,158	3,588,956,459	4,397,345,295	3,527,360,942
Current Liabilities	4,782,057,794	5,263,173,428	7,492,355,623	6,214,982,379	7,405,913,460
Total Capitalization	8,469,620,384	8,342,481,988	9,258,950,985	11,073,302,136	7,982,286,904
Long-Term Debt	2,954,250,938	2,971,502,229	3,868,232,866	4,796,748,218	3,571,487,135
Preferred Stock	926,700	1,012,700	1,013,200	1,015,400	1,020,400
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,784,126,273	2,502,348,122	3,179,788,750	3,784,134,485	4,679,246,765
Short-Term Debt	2,730,316,474	2,867,618,937	2,209,916,170	2,491,404,033	(269,467,395)
Pretax Income	(314,242,344)	(631,622,917)	(1,371,972,615)	(172,243,539)	(234,025,368)
Interest Expense	360,573,682	314,072,741	458,530,988	410,265,287	388,444,398
Dividends Paid	105,747,507	100,116,505	207,162,449	222,986,840	80,263,343
Net Income (Excl. Preferred Stock Dividends)	(503,153,230)	(410,977,884)	(1,258,685,040)	(428,508,824)	(518,043,424)
Internal Cash	1,040,965,082	1,368,538,564	2,698,631,029	(1,823,260,152)	2,246,742,741
Cash Outflows for Construction	(1,446,474,317)	(1,317,546,711)	(1,361,830,539)	(2,880,367,836)	(2,639,009,587)
CWIP	437,168,044	490,553,176	210,247,016	487,124,014	668,812,679
Total Plant	30,964,604,414	32,482,887,386	32,736,781,608	32,024,051,434	30,883,680,272
Shares Outstanding	7,575,710	7,575,565	7,575,165	3,389,991	3,393,865
Number of Employees	27,937	28,916	29,123	30,791	39,741

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$161,601	\$132,686	\$111,768	\$167,747	\$129,671	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	178,022	179,753	171,399	170,337	170,646	2
Changes in Deferred Income Taxes	24,334	9,110	(47,159)	234,119	(73,970)	3
Changes in Working Capital	(81,731)	(491,939)	559,012	(1,022,236)	19,702	4
Capitalized AFDC - Equity	33	9	(779,764)	(2,112)	(1,824)	5
Other	(6,404)	(17,209)	209,312	253,584	(221,491)	6
Total Non-Cash Items	114,254	(320,275)	112,800	(366,307)	(106,936)	7
Net Cash Provided From Operating Activities	<u>275,855</u>	<u>(187,589)</u>	<u>224,568</u>	<u>(198,560)</u>	<u>22,735</u>	<u>8</u>
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(100,985)	(102,998)	(152,948)	(1,112,375)	(231,833)	(0)
Purchase of Other Investments	(90,235)	389,675	(900,122)	427,044	190,212	(0)
Sale of Other Investments	10,064	2,210	856,089	968,124	(28,200)	(0)
Other	8,895	16,976	10,018	6,024	6,582	(0)
Net Cash Provided From Investing Activities	<u>(172,261)</u>	<u>305,862</u>	<u>(186,962)</u>	<u>288,817</u>	<u>(63,239)</u>	<u>(0)</u>
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(14,169)	(2,126)	(1,245)	(43,649)	33,742	14
Common Stock	(1,996)	(766)	(14,522)	(8,551)	(861)	15
Preferred Stock	(86)	(1)	(27)	1,295	1,189	16
Short-Term Debt	(8,492)	(6,893)	(6,380)	(5,873)	(4,307)	17
Dividends Paid	(106,165)	(94,714)	(14,562)	(26,587)	(10,716)	18
Other Financing	3,413	(848)	(1,126)	256	(6,655)	19
	523	151	459		0	
Net Cash Provided From Financing Activities	<u>(126,972)</u>	<u>(105,197)</u>	<u>(37,405)</u>	<u>(83,108)</u>	<u>12,392</u>	<u>20</u>
Net Increase (Decrease) in Cash & Equivalents	(23,378)	13,076	202	7,149	(28,113)	21
Cash & Equivalents at Beginning of Year	33,662	20,586	20,384	13,236	41,348	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$10,284</b>	<b>\$33,662</b>	<b>\$20,586</b>	<b>\$20,384</b>	<b>\$13,236</b>	<b>23</b>

Table 5 WT

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

	2005	2004	2003	2002	2001
1 Revenues	\$904,748	\$906,727	\$904,408	\$910,958	\$919,924
2 Access Lines	1,152,835	1,234,644	1,288,862	1,327,238	1,329,078
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	\$164,776	\$162,825	\$175,008	\$204,940	\$310,288
4 Depreciation and Amortization	179,417	179,860	135,936	174,220	173,528
5 Other Operations Expense	266,232	318,656	276,023	241,126	173,263
6 Total Operation Expenses	610,425	661,341	586,968	620,286	657,079
7 Income Taxes - Operating Taxes	82,177	70,817	71,719	48,816	105,022
8 Other Taxes - Operating Taxes	50,914	51,121	52,297	48,078	44,081
9 Capital Costs	161,233	123,447	193,425	193,778	113,743
10 Total	\$904,748	\$906,727	\$904,408	\$910,958	\$919,924
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	18.2	18.0	19.4	22.5	33.7
12 Depreciation and Amortization	19.8	19.8	15.0	19.1	18.9
13 Other Operations Expense	29.4	35.1	30.5	26.5	18.8
14 Income Taxes - Operating Taxes	9.1	7.8	7.9	5.4	11.4
15 Other Taxes - Operating Taxes	5.6	5.6	5.8	5.3	4.8
16 Capital Costs	17.8	13.6	21.4	21.3	12.4
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	142.93	131.88	135.79	154.41	233.46
19 Depreciation and Amortization	155.63	145.68	105.47	131.26	130.56
20 Other Operations Expense	230.94	258.10	214.16	181.67	130.36
21 Income Taxes - Operating Taxes	71.28	57.36	55.64	36.78	79.02
22 Other Taxes - Operating Taxes	44.16	41.41	40.58	36.22	33.17
23 Capital Costs	139.86	99.99	150.07	146.00	85.58
24 Total	784.80	734.40	701.71	686.36	692.15

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$327,056	\$334,395	\$325,107	\$318,720	\$284,423	1
Central Office Assets	1,335,930	1,317,474	1,277,813	1,214,870	1,108,465	2
Information Origination/Termination	41,283	33,989	37,324	36,742	41,543	3
Cable And Wire Facilities	1,561,623	1,526,658	1,486,463	1,401,205	1,312,444	4
Amortizable Assets	22,242	20,520	20,057	22,735	15,133	5
<b>Total Plant In Service</b>	<b>3,288,134</b>	<b>3,233,037</b>	<b>3,146,765</b>	<b>2,994,273</b>	<b>2,762,008</b>	<b>6</b>
Property Held For Future Use	107	162	128	321	370	7
Plant Under Construction	39,486	35,458	40,415	119,048	256,332	8
Tel. Acquisition	142,620	142,620	142,698	142,698	141,895	9
Other Plant	423	423	427	427	427	10
Nonoperating Plant	1,556	1,522	3,549	3,553	3,522	11
Goodwill				8,778		12
<b>Total Telecommunications Plant</b>	<b>3,472,326</b>	<b>3,413,223</b>	<b>3,333,981</b>	<b>3,269,098</b>	<b>3,164,553</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.				(16,134,688)	(14,676,574)	14
<b>Net Total Utility Plant</b>					<b>\$17,841,126</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.91	1.33	0.67	10.02	1.07	16
Total Capitalization (\$000)	\$1,485,939	\$1,451,896	\$1,424,044	\$1,982,571	\$1,570,151	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	3.7%	5.2%	5.5%	33.4%	23.9%	18
Preferred Stock	0.1%	0.1%	0.1%	0.1%	0.1%	19
Common Stock & Retained Earnings	95.5%	93.9%	93.6%	65.5%	74.7%	20
Short-Term Debt	0.7%	0.9%	0.8%	1.1%	1.4%	21
Pretax Coverage of Interest Expense	22.52	16.91	2.98	6.54	11.15	22
Com. Stock Dividends as a % of Earnings	65.4%	75.4%	24.3%	19.7%	13.1%	23
Return on Common Equity	11.6%	9.8%	7.8%	11.2%	7.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	273.2%	-182.1%	146.8%	-17.9%	-4.7%	25
CWIP as a % of Plant	14.8%	6.6%	1.2%	3.7%	8.1%	26

**Notes:**

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

Current Assets	306,174,546	323,706,943	1,187,286,461	1,246,793,270	246,537,967
Current Liabilities	160,149,075	242,616,474	1,766,774,137	124,463,463	229,345,812
Total Capitalization	1,485,939,119	1,451,895,659	1,424,043,908	1,982,571,179	1,570,151,324
Long-Term Debt	55,009,448	74,990,398	78,498,496	661,672,200	375,524,768
Preferred Stock	926,700	1,012,700	1,013,200	1,015,400	1,020,400
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,419,529,957	1,363,176,490	1,332,845,497	1,298,071,149	1,172,310,054
Short-Term Debt	10,473,015	12,716,072	11,686,716	21,812,430	21,296,101
Pretax Income	258,215,351	220,839,737	271,541,004	257,618,254	231,037,080
Interest Expense	11,464,873	13,062,558	91,238,166	39,371,166	20,713,641
Dividends Paid	105,747,507	100,116,505	27,162,449	32,986,840	14,263,343
Net Income (Excl. Preferred Stock Dividends)	161,598,304	132,755,482	111,741,491	167,618,170	109,252,745
Internal Cash	275,852,312	(187,588,617)	224,568,438	(198,590,437)	(10,907,491)
Cash Outflows for Construction	(100,985,330)	(102,997,825)	(152,947,637)	(1,112,375,082)	(231,540,125)
CWIP	169,915,190	166,294,500	40,414,844	119,048,187	256,332,224
Total Plant	1,150,609,219	2,530,216,016	3,333,980,777	3,260,320,046	3,164,552,774
Shares Outstanding	7,575,709	7,575,564	7,575,164	3,389,990	3,393,864
Number of Employees	2,243	2,482	2,548	2,658	4,183

Table 4

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	(\$324,212)	(\$462,990)	(\$608,233)	(\$197,413)	(\$250,952)	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	1,775,806	2,244,257	2,272,878	2,279,567	2,134,625	2
Changes in Deferred Income Taxes	(156,058)	158,723	130,703	259,670	(260,409)	3
Changes in Working Capital	(649,609)	(1,132,429)	328,056	(4,424,495)	277,512	4
Capitalized AFDC - Equity	119	119	(779,550)	(1,636)	(1,624)	5
Other	302,821	473,339	2,029,439	306,330	314,847	6
Total Non-Cash Items	1,273,080	1,744,010	3,981,526	(1,580,565)	2,464,951	7
Net Cash Provided From Operating Activities	<u>948,868</u>	<u>1,281,019</u>	<u>3,373,293</u>	<u>(1,777,978)</u>	<u>2,213,999</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(1,412,291)	(1,282,360)	(1,324,993)	(2,846,307)	(2,579,191)	9
Purchase of Other Investments	(50,649)	406,398	(739,307)	307,991	175,683	10
Sale of Other Investments	186,358	(67,769)	1,066,743	1,157,111	90,102	11
Other	(0)		(899,394)	(134,066)	(31,283)	12
Net Cash Provided From Investing Activities	<u>(1,276,582)</u>	<u>(943,731)</u>	<u>(1,896,951)</u>	<u>(1,515,271)</u>	<u>(2,344,690)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(197,812)	(849,491)	(1,100,705)	1,049,372	(387,935)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	64,318	606,499	(71,690)	2,412,385	847,442	17
Dividends Paid	(62,500)	(64,660)	(180,000)	(134,000)	(195,000)	18
Other Financing	523,262	(30,921)	(131,346)	(32,412)	(185,858)	19
	38,221	29,669	(137,544)	22,940	172,685	
Net Cash Provided From Financing Activities	<u>365,490</u>	<u>(308,904)</u>	<u>(1,621,285)</u>	<u>3,318,286</u>	<u>251,334</u>	20
Net Increase (Decrease) in Cash & Equivalents	37,776	28,384	(144,944)	25,036	120,643	21
Cash & Equivalents at Beginning of Year	447,839	419,455	564,399	539,363	418,719	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$485,615</b>	<b>\$447,839</b>	<b>\$419,455</b>	<b>\$564,399</b>	<b>\$539,363</b>	23

Table 5 AT

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

	2,005	2004	2003	2002	2001
1 Revenues	\$6,827,479	\$7,318,212	\$7,509,655	\$7,901,251	\$8,055,115
2 Access Lines	9,296,448	10,391,707	11,099,791	12,180,340	12,193,374
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	\$3,483,696	\$3,473,308	\$4,277,326	\$3,579,769	\$3,501,430
4 Depreciation and Amortization	1,776,499	2,242,903	2,241,442	2,275,410	2,134,487
5 Other Operations Expense	1,811,983	1,879,882	1,860,569	1,794,550	2,116,546
6 Total Operation Expenses	7,072,178	7,596,093	8,379,336	7,649,729	7,752,464
7 Income Taxes - Operating Taxes	(222,732)	(369,068)	(629,502)	(183,490)	(159,979)
8 Other Taxes - Operating Taxes	541,103	605,133	705,616	606,086	566,537
9 Capital Costs	(563,070)	(513,946)	(945,794)	(171,073)	(103,907)
10 Total	\$6,827,479	\$7,318,212	\$7,509,655	\$7,901,251	\$8,055,115
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	51.0	47.5	57.0	45.3	43.5
12 Depreciation and Amortization	26.0	30.6	29.8	28.8	26.5
13 Other Operations Expense	26.5	25.7	24.8	22.7	26.3
14 Income Taxes - Operating Taxes	(3.3)	(5.0)	(8.4)	(2.3)	(2.0)
15 Other Taxes - Operating Taxes	7.9	8.3	9.4	7.7	7.0
16 Capital Costs	(8.2)	(7.0)	(12.6)	(2.2)	(1.3)
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	374.73	334.24	385.35	293.90	287.16
19 Depreciation and Amortization	191.09	215.84	201.94	186.81	175.05
20 Other Operations Expense	194.91	180.90	167.62	147.33	173.58
21 Income Taxes - Operating Taxes	(23.96)	(35.52)	(56.71)	(15.06)	(13.12)
22 Other Taxes - Operating Taxes	58.21	58.23	63.57	49.76	46.46
23 Capital Costs	(60.57)	(49.46)	(85.21)	(14.05)	(8.52)
24 Total	734.42	704.24	676.56	648.69	660.61

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

	2,005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b><u>Plant In Service</u></b>						
General Support Assets	\$3,837,092	\$4,056,625	\$4,034,390	\$3,739,627	\$3,608,805	1
Central Office Assets	13,352,128	13,466,314	13,442,350	13,121,406	12,417,034	2
Information Origination/Termination	508,012	617,616	600,359	664,003	770,904	3
Cable And Wire Facilities	13,473,802	12,911,326	12,490,520	12,007,917	11,412,309	4
Amortizable Assets	618,435	788,522	819,156	789,270	853,769	5
<b>Total Plant In Service</b>	<b>31,789,468</b>	<b>31,840,403</b>	<b>31,386,775</b>	<b>30,322,222</b>	<b>29,062,821</b>	<b>6</b>
Property Held For Future Use	1,857	1,758	2,002	2,002	1,747	7
Plant Under Construction	292,867	348,678	194,961	467,615	631,182	8
Tel. Acquisition	142,405	142,405	142,405	142,405	141,601	9
Other Plant						10
Nonoperating Plant	37,656	32,694	34,467	144,525	111,206	11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>32,264,254</b>	<b>32,365,938</b>	<b>31,760,610</b>	<b>31,078,769</b>	<b>29,948,558</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	20,616,772	19,823,080	18,270,778	17,281,563	15,724,104	14
<b>Net Total Utility Plant</b>	<b>\$11,647,481</b>	<b>\$12,542,858</b>	<b>\$13,489,832</b>	<b>\$13,797,206</b>	<b>\$14,224,454</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.43	0.36	0.46	0.61	0.46	16
Total Capitalization (\$000)	\$7,918,896	\$7,787,578	\$8,715,816	\$10,163,192	\$7,433,951	17
<b><u>Percent Of Capitalization (Incl. S-T- Debt)</u></b>						
Long-Term Debt	36.6%	37.2%	43.5%	42.9%	46.8%	18
Preferred Stock						19
Common Stock & Retained Earnings	29.0%	26.1%	31.3%	32.8%	57.1%	20
Short-Term Debt	34.3%	36.7%	25.2%	24.3%	-3.9%	21
Pretax Coverage of Interest Expense	-1.17	-2.33	-3.46	-0.64	-0.84	22
Com. Stock Dividends as a % of Earnings	-11.1%	-14.0%	-14.0%	-39.4%	-11.7%	23
Return on Common Equity	-26.0%	-19.4%	-40.9%	-11.9%	-12.0%	24
Internal Cash Generated as a % of Cash Outflows for Construction	67.2%	99.9%	186.2%	-62.5%	84.5%	25
CWIP as a % of Plant	1.4%	1.5%	0.6%	1.5%	2.1%	26

**Notes:**

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

Current Assets	2,036,629	1,845,352	3,342,516	3,769,513	3,395,246
Current Liabilities	4,721,259	5,181,646	7,304,622	6,156,202	7,334,862
Total Capitalization	7,918,896	7,787,578	8,715,816	10,163,192	7,433,951
Long-Term Debt	2,899,241	2,896,512	3,789,734	4,360,222	3,481,093
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,299,811	2,036,163	2,727,852	3,333,379	4,243,622
Short-Term Debt	2,719,843	2,854,903	2,198,229	2,469,592	(290,763)
Pretax Income	(413,230)	(718,801)	(1,458,785)	(254,355)	(317,642)
Interest Expense	354,560	307,908	421,897	397,254	379,544
Dividends Paid	62,500	64,660	180,000	190,000	66,000
Net Income (Excl. Preferred Stock Dividends)	(564,031)	(462,990)	(1,286,537)	(481,895)	(566,024)
Internal Cash	948,865	1,281,019	2,467,207	(1,777,978)	2,178,688
Cash Outflows for Construction	(1,412,291)	(1,282,360)	(1,324,993)	(2,846,307)	(2,578,898)
CWIP	423,297	479,514	194,961	467,615	631,182
Total Plant	29,985,092	31,482,931	31,760,610	31,078,769	29,948,558
Shares Outstanding	0	0	0	0	0
Number of Employees	26,953	27,871	28,060	29,672	38,390

Table 4 I

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$60,880	\$51,944	\$27,878	\$53,515	\$46,627	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	53,904	54,596	51,822	46,450	51,858	2
Changes in Deferred Income Taxes	1,767	6,785	(13,903)	16,717	(27,450)	3
Changes in Working Capital	(11,597)	(14,535)	474,337	(498,836)	(5,936)	4
Capitalized AFDC - Equity	(87)	(110)	(214)	(476)	(200)	5
Other	(12,767)	(11,159)	(308,495)	337,378	1,486	6
Total Non-Cash Items	31,220	35,576	203,546	(98,767)	19,759	7
Net Cash Provided From Operating Activities	92,100	87,519	231,424	(45,252)	66,386	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(34,183)	(35,187)	(36,838)	(34,061)	(60,112)	9
Purchase of Other Investments	(32,791)	(16,723)	(160,815)	119,053	14,529	10
Sale of Other Investments	7,494	2,321	1,222	264	(922)	11
Other	8,896	16,976	10,018	6,024	6,582	12
Net Cash Provided From Investing Activities	(50,584)	(32,614)	(186,412)	91,280	(39,923)	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(14,169)	(2,126)	(1,245)	(3,649)	(6,258)	14
Common Stock	(1,996)	(766)	(14,522)	(8,551)	(861)	15
Preferred Stock	(86)	(1)	(27)	1,295	1,189	16
Short-Term Debt	(8,492)	(6,893)	(6,380)	(5,873)	(4,307)	17
Dividends Paid	(43,665)	(30,054)	(14,562)	(26,587)	(10,716)	18
Other Financing	3,413	(848)	(1,126)	(923)	(7,367)	19
	523	151	459	-	0	
Net Cash Provided From Financing Activities	(64,472)	(40,537)	(37,405)	(44,287)	(28,320)	20
Net Increase (Decrease) in Cash & Equivalents	(22,956)	14,369	7,608	1,741	(1,857)	21
Cash & Equivalents at Beginning of Year	68,546	54,558	46,950	45,209	47,066	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$45,590</b>	<b>\$68,927</b>	<b>\$54,558</b>	<b>\$46,950</b>	<b>\$45,209</b>	<b>23</b>

Table 5 BT

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

	2005	2004	2003	2002	2001
1 Revenues	\$312,363	\$313,979	\$317,696	\$318,573	\$318,866
2 Access Lines	397,608	420,406	441,180	457,720	446,526
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	65,145	64,716	74,722	72,816	76,232
4 Depreciation and Amortization	54,606	56,056	47,794	54,489	54,878
5 Other Operations Expense	96,345	105,241	97,948	107,308	93,099
6 Total Operation Expenses	216,096	226,014	220,464	234,613	224,209
7 Income Taxes - Operating Taxes	26,721	23,184	23,221	13,812	26,458
8 Other Taxes - Operating Taxes	16,156	17,215	16,615	17,176	17,792
9 Capital Costs	53,390	47,567	57,396	52,972	50,407
10 Total	\$312,363	\$313,979	\$317,696	\$318,573	\$318,866
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	20.9	20.6	23.5	22.9	23.9
12 Depreciation and Amortization	17.5	17.9	15.0	17.1	17.2
13 Other Operations Expense	30.8	33.5	30.8	33.7	29.2
14 Income Taxes - Operating Taxes	8.6	7.4	7.3	4.3	8.3
15 Other Taxes - Operating Taxes	5.2	5.5	5.2	5.4	5.6
16 Capital Costs	17.1	15.1	18.1	16.6	15.8
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	164	154	169	159	171
19 Depreciation and Amortization	137	133	108	119	123
20 Other Operations Expense	242	250	222	234	208
21 Income Taxes - Operating Taxes	67	55	53	30	59
22 Other Taxes - Operating Taxes	41	41	38	38	40
23 Capital Costs	134	113	130	116	113
24 Total Annual	786	747	720	696	714

Table 6 I

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$126,568	\$127,976	\$125,035	\$123,985	\$122,454	1
Central Office Assets	404,596	395,894	384,684	368,012	350,100	2
Information Origination/Termination	5,528	7,487	8,250	8,565	14,261	3
Cable And Wire Facilities	463,029	451,293	436,653	416,813	405,415	4
Amortizable Assets	6,211	3,982	3,971	5,908	2,754	5
<b>Total Plant In Service</b>	<b>1,005,933</b>	<b>986,632</b>	<b>958,592</b>	<b>923,282</b>	<b>894,983</b>	<b>6</b>
Property Held For Future Use	107	162	128	321	370	7
Plant Under Construction	13,871	11,039	15,286	19,509	37,630	8
Tel. Acquisition	215	215	293	293	293	9
Other Plant	423	423	427	427	427	10
Nonoperating Plant	1,518	1,485	1,446	1,450	1,419	11
Goodwill				8,778		12
<b>Total Telecommunications Plant</b>	<b>1,022,068</b>	<b>999,957</b>	<b>976,172</b>	<b>954,060</b>	<b>935,122</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	610,054	567,860	525,331	480,030	459,064	14
<b>Net Total Utility Plant</b>	<b>\$412,014</b>	<b>\$432,097</b>	<b>\$450,841</b>	<b>\$474,030</b>	<b>\$476,058</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	2.30	2.05	1.31	10.68	1.86	16
Total Capitalization (\$000)	\$550,724	\$554,904	\$543,135	\$910,110	\$548,335	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	10.0%	13.5%	14.5%	48.0%	16.5%	18
Preferred Stock	0.2%	0.2%	0.2%	0.1%	0.2%	19
Common Stock & Retained Earnings	87.9%	84.0%	83.2%	49.5%	79.4%	20
Short-Term Debt	1.9%	2.3%	2.2%	2.4%	3.9%	21
Pretax Coverage of Interest Expense	16.46	14.14	2.37	6.31	9.40	22
Com. Stock Dividends as a % of Earnings	71.0%	68.2%	97.5%	61.8%	29.7%	23
Return on Common Equity	12.8%	11.3%	6.2%	12.0%	11.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	269.4%	248.7%	628.2%	-132.9%	113.2%	25
CWIP as a % of Plant	1.4%	1.1%	1.6%	2.1%	4.0%	26

Current Assets	139,923	167,406	246,440	627,832	132,115
Current Liabilities	60,799	81,527	187,734	58,780	71,051
Total Capitalization	550,724	554,904	543,135	910,110	548,335
Long-Term Debt	55,009	74,990	78,498	436,526	90,394
Preferred Stock	927	1,013	1,013	1,015	1,020
Common Stock and Retained Earnings (Excl. Preferred Stock)	484,315	466,185	451,937	450,756	435,625
Short-Term Debt	10,473	12,716	11,687	21,812	21,296
Pretax Income	98,987	87,178	86,812	82,112	83,617
Interest Expense	6,014	6,165	36,634	13,011	8,900
Dividends Paid	43,248	35,457	27,162	32,987	14,263
Net Income (Excl. Preferred Stock Dividends)	60,878	52,013	27,852	53,386	47,980
Internal Cash	92,100	87,519	231,424	(45,282)	68,055
Cash Outflows for Construction	(34,183)	(35,187)	(36,838)	(34,061)	(60,112)
CWIP	13,871	11,039	15,286	19,509	37,630
Total Plant	979,512	999,957	976,172	945,282	935,122
Shares Outstanding	7,576	7,576	7,575	3,390	3,394
Number of Employees	984	1,045	1,063	1,119	1,351

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$6,711,334	\$7,104,581	\$6,546,475	\$4,849,770	\$4,659,505	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	9,681,082	9,553,704	9,395,139	9,774,592	9,514,692	2
Changes in Deferred Income Taxes	(1,744,640)	1,653,017	(178,558)	(218,350)	409,263	3
Changes in Working Capital	(423,574)	1,444,918	(326,376)	(2,583,409)	(3,244,016)	4
Capitalized AFDC - Equity	(74,907)	(87,835)	(90,558)	(138,750)	(66,415)	5
Other	481,562	(729,542)	(528,329)	2,338,434	367,155	6
Total Non-Cash Items	7,919,523	11,834,262	8,271,318	9,172,517	6,980,679	7
Net Cash Provided From Operating Activities	<u>14,630,857</u>	<u>18,938,843</u>	<u>14,817,793</u>	<u>14,022,287</u>	<u>11,640,184</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(6,954,855)	(5,543,805)	(5,373,166)	(6,818,890)	(6,857,291)	9
Purchase of Other Investments						10
Sale of Other Investments						11
Other						12
Net Cash Provided From Investing Activities	<u>(6,954,855)</u>	<u>(5,543,805)</u>	<u>(5,373,166)</u>	<u>(6,818,890)</u>	<u>(6,857,291)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments):						
Long-Term Debt	(2,272,400)	(2,272,400)	(2,272,400)	(2,272,400)	(2,272,400)	14
Common Stock	0					15
Preferred Stock	0					16
Short-Term Debt	0		(916,664)	(1,120,868)	1,417,034	17
Dividends Paid	(5,896,999)	(6,189,002)	(5,363,003)	(3,713,000)	(4,109,070)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(8,169,399)</u>	<u>(8,461,402)</u>	<u>(8,552,067)</u>	<u>(7,106,268)</u>	<u>(4,964,436)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(493,397)	4,933,636	892,560	97,129	(181,543)	21
Cash & Equivalents at Beginning of Year	6,165,132	1,231,496	338,936	241,807	423,350	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$5,671,735</b>	<b>\$6,165,132</b>	<b>\$1,231,496</b>	<b>\$338,936</b>	<b>\$241,807</b>	<b>23</b>

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

	2005	2004	2003	2002	2001
1 Revenues	\$55,178,848	\$57,008,896	\$58,177,102	\$56,837,481	\$57,641,788
2 Access Lines	88,168	95,002	98,362	101,290	102,500
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	6,165,830	\$6,238,562	\$6,690,748	\$6,837,588	\$6,911,773
4 Depreciation and Amortization	9,681,082	9,553,704	9,395,139	9,774,592	9,514,692
5 Other Operations Expense	17,475,740	16,738,654	17,907,269	18,247,561	19,630,820
6 Total Operation Expenses	33,322,652	32,530,920	33,993,156	34,859,741	36,057,285
7 Income Taxes - Operating Taxes	6,520,646	6,862,664	6,664,913	5,794,772	5,706,101
8 Other Taxes - Operating Taxes	3,158,682	4,574,631	4,673,686	4,678,423	4,099,588
9 Capital Costs	12,176,868	13,040,681	12,845,347	11,504,545	11,778,814
10 Total	\$55,178,848	\$57,008,896	\$58,177,102	\$56,837,481	\$57,641,788
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	11.2	10.9	11.5	12.0	12.0
12 Depreciation and Amortization	17.5	16.8	16.1	17.2	16.5
13 Other Operations Expense	31.7	29.4	30.8	32.1	34.1
14 Income Taxes - Operating Taxes	11.8	12.0	11.5	10.2	9.9
15 Other Taxes - Operating Taxes	5.7	8.0	8.0	8.2	7.1
16 Capital Costs	22.1	22.9	22.1	20.2	20.4
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	69.93	65.67	68.02	67.51	67.43
19 Depreciation and Amortization	109.80	100.56	95.52	96.50	92.83
20 Other Operations Expense	198.21	176.19	182.05	180.15	191.52
21 Income Taxes - Operating Taxes	73.96	72.24	67.76	57.21	55.67
22 Other Taxes - Operating Taxes	35.83	48.15	47.52	46.19	40.00
23 Capital Costs	138.11	137.27	130.59	113.58	114.92
24 Total	625.84	600.08	591.46	561.14	562.36

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	19,893,437	\$19,634,030	\$19,666,896	\$20,028,245	\$20,052,693	1
Central Office Assets	80,782,788	79,430,735	78,850,893	76,232,789	74,278,443	2
Information Origination/Termination	301,830	387,386	422,733	392,650	438,204	3
Cable And Wire Facilities	94,129,024	93,174,250	91,062,023	85,145,900	92,657,877	4
Amortizable Assets	0					5
<b>Total Plant In Service</b>	<b>195,107,079</b>	<b>192,626,401</b>	<b>190,002,545</b>	<b>181,799,584</b>	<b>187,427,217</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction	3,893,929	2,396,939	2,615,635	4,184,373	3,072,229	8
Tel. Acquisition						9
Other Plant	148,560	148,560	148,560	148,560	148,560	10
Nonoperating Plant	37,008	37,008	37,008	37,008	37,008	11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>199,186,576</b>	<b>195,208,908</b>	<b>192,803,748</b>	<b>186,169,525</b>	<b>190,685,014</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	120,746,036	114,021,473	107,836,078	97,343,835	99,528,135	14
<b>Net Total Utility Plant</b>	<b>\$78,440,540</b>	<b>\$81,187,435</b>	<b>\$84,967,670</b>	<b>\$88,825,690</b>	<b>\$91,156,879</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.79	1.72	1.24	1.08	0.92	16
Total Capitalization	\$70,479,266	\$71,937,331	\$73,294,152	\$75,299,744	\$77,556,242	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	12.0%	14.9%	17.7%	21.5%	25.3%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	84.8%	81.9%	79.2%	75.5%	71.8%	20
Short-Term Debt	3.2%	3.2%	3.1%	3.0%	2.9%	21
Pretax Coverage of Interest Expense	10.31	9.31	7.60	5.18	4.48	22
Com. Stock Dividends as a % of Earnings	87.9%	87.1%	81.9%	76.6%	88.2%	23
Return on Common Equity	11.3%	12.1%	11.4%	8.6%	8.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	210.4%	341.6%	275.8%	205.6%	169.7%	25
CWIP as a % of Plant	2.0%	1.2%	1.4%	2.2%	1.6%	26

Current Assets	11,597,574	12,201,363	9,383,992	9,004,315	10,041,968
Current Liabilities	6,474,158	7,089,628	7,567,204	8,360,075	10,945,657
Total Capitalization	70,479,266	71,937,331	73,294,152	75,299,744	77,556,242
Long-Term Debt	8,456,800	10,729,200	13,001,600	16,190,664	19,583,932
Preferred Stock	0	0	0	0	0
Common Stock and Retained Earnings (Excl. Preferred Stock)	59,750,066	58,935,731	58,020,152	56,836,680	55,699,910
Short-Term Debt	2,272,400	2,272,400	2,272,400	2,272,400	2,272,400
Pretax Income	12,045,845	12,847,567	12,250,045	9,957,148	9,910,489
Interest Expense	1,167,807	1,380,584	1,611,431	1,923,334	2,214,468
Common Dividends Paid	5,896,999	6,189,002	5,363,003	3,713,000	4,109,070
Net Income (Excl. Preferred Stock Dividends)	6,711,334	7,104,581	6,546,475	4,849,770	4,659,505
Internal Cash	14,630,857	18,938,843	14,817,793	14,022,287	11,640,184
Cash Outflows for Construction	(6,954,855)	(5,543,805)	(5,373,166)	(6,818,890)	(6,857,291)
CWIP	3,893,929	2,396,939	2,615,635	4,184,373	3,072,229
Total Plant	199,186,576	195,208,908	192,803,748	186,169,525	190,685,014
Shares Outstanding	2,621	2,621	2,621	2,621	2,621
Number of Employees	80	96	107	110	128

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	(\$91,489)	\$227,186	\$258,080	\$368,264	\$256,851	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	924,596	865,424	622,637	672,332	667,537	2
Changes in Deferred Income Taxes	47,244	20,161	55,277	54,059	(73,624)	3
Changes in Working Capital	217,716	85,360	(127,324)	131,545	108,512	4
Capitalized AFDC - Equity						5
Other	(27,146)	(15,205)	(153,956)	133,168	185,158	6
Total Non-Cash Items	1,162,410	955,740	396,634	991,104	887,583	7
Net Cash Provided From Operating Activities	<u>1,070,921</u>	<u>1,182,926</u>	<u>654,714</u>	<u>1,359,368</u>	<u>1,144,434</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(740,163)	(765,858)	(835,220)	(1,006,311)	(547,786)	9
Purchase of Other Investments						10
Sale of Other Investments	7,581	5,530	4,363	1,959	31,655	11
Other	(14,624)	(6,697)	(1,459)	(3,218)	(7,220)	12
Net Cash Provided From Investing Activities	<u>(747,206)</u>	<u>(767,025)</u>	<u>(832,316)</u>	<u>(1,007,570)</u>	<u>(523,351)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(136,042)	(133,650)	(131,794)	(125,855)	(147,517)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid					(100,000)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(136,042)</u>	<u>(133,650)</u>	<u>(131,794)</u>	<u>(125,855)</u>	<u>(247,517)</u>	20
Net Increase (Decrease) in Cash & Equivalents	187,673	282,251	(309,396)	225,943	373,566	21
Cash & Equivalents at Beginning of Year	1,454,245	1,171,994	1,481,390	1,255,447	881,881	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$1,641,918</b>	<b>\$1,454,245</b>	<b>\$1,171,994</b>	<b>\$1,481,390</b>	<b>\$1,255,447</b>	<b>23</b>

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

		<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1	Revenues	\$4,513,762	\$4,567,303	\$4,183,437	\$4,199,133
2	Access Lines	3,515	3,571	3,728	3,578
<b>DOLLAR AMOUNTS</b>					
3	Wages and Benefits	\$1,501,493	\$1,574,856	\$1,455,020	\$1,306,188
4	Depreciation and Amortization	924,596	864,309	621,521	671,216
5	Other Operations Expense	1,790,658	1,445,490	1,372,364	1,247,626
6	Total Operation Expenses	4,216,747	3,884,655	3,448,905	3,225,030
7	Income Taxes - Operating Taxes	(7,986)	13,137	38,391	104,225
8	Other Taxes - Operating Taxes	236,609	260,959	261,802	246,736
9	Capital Costs	68,392	408,552	434,339	623,142
10	Total	\$4,513,762	\$4,567,303	\$4,183,437	\$4,199,133
<b>PERCENT OF REVENUES</b>					
11	Wages and Benefits	33.3	34.5	34.8	31.1
12	Depreciation and Amortization	20.5	18.9	14.9	16.0
13	Other Operations Expense	39.7	31.6	32.8	29.7
14	Income Taxes - Operating Taxes	(0.2)	0.3	0.9	2.5
15	Other Taxes - Operating Taxes	5.2	5.7	6.3	5.9
16	Capital Costs	1.5	8.9	10.4	14.8
17	Total	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18	Wages and Benefits	427.17	441.01	390.30	350.37
19	Depreciation and Amortization	263.04	242.04	166.72	180.05
20	Other Operations Expense	509.43	404.79	368.12	334.66
21	Income Taxes - Operating Taxes	(2.27)	3.68	10.30	27.96
22	Other Taxes - Operating Taxes	67.31	73.08	70.23	66.18
23	Capital Costs	19.46	114.41	116.51	167.15
24	Total	1,284.14	1,279.00	1,122.17	1,117.72

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$2,373,753	\$2,298,894	\$2,489,651	\$2,427,577	\$2,418,899	1
Central Office Assets	5,433,580	5,198,453	4,592,761	3,948,453	3,634,930	2
Information Origination/Termination	213,080	204,194	191,480	177,545	154,672	3
Cable And Wire Facilities	5,370,611	5,162,107	4,949,292	4,676,378	4,379,601	4
Amortizable Assets						5
<b>Total Plant In Service</b>	13,391,024	12,863,648	12,223,184	11,229,953	10,588,102	6
Property Held For Future Use						7
Plant Under Construction	1,431	234	761	208,021	3,118	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	13,392,455	12,863,882	12,223,945	11,437,974	10,591,220	13
Less Acc. Prov. For Depreciation & Amort.	7,184,844	6,479,884	5,742,660	5,167,483	4,657,086	14
<b>Net Total Utility Plant</b>	\$6,207,611	\$6,383,998	\$6,481,285	\$6,270,491	\$5,934,134	15
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	3.87	4.06	4.03	2.68	3.79	16
Total Capitalization	\$7,050,698	\$7,278,229	\$7,184,693	\$7,058,406	\$6,815,995	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	49.7%	49.9%	52.5%	55.4%	58.7%	18
Preferred Stock						19
Common Stock & Retained Earnings	48.4%	48.1%	45.6%	42.7%	38.8%	20
Short-Term Debt	2.0%	2.0%	1.9%	1.9%	2.4%	21
Pretax Coverage of Interest Expense	0.50	2.27	2.49	3.70	2.70	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	-2.6%	6.7%	8.2%	13.0%	10.0%	24
Internal Cash Generated as a % of Cash Outflows for Construction	144.7%	154.5%	78.4%	135.1%	208.9%	25
CWIP as a % of Plant	0.0%	0.0%	0.0%	1.8%	0.0%	26

Current Assets	2,515,894	2,467,555	2,188,324	2,670,990	2,281,239
Current Liabilities	650,770	607,284	542,448	997,091	601,910
Total Capitalization	7,050,698	7,278,229	7,184,693	7,058,406	6,815,995
Long-Term Debt	3,501,270	3,635,270	3,773,292	3,911,304	4,002,301
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	3,409,090	3,500,579	3,273,393	3,015,312	2,647,047
Short-Term Debt	140,338	142,380	138,008	131,790	166,647
Pretax Income	93,115	436,503	495,576	756,915	567,729
Interest Expense	185,024	192,573	198,783	204,740	210,591
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(91,489)	227,186	258,080	368,264	256,851
Internal Cash	1,070,921	1,182,926	654,714	1,359,368	1,144,434
Cash Outflows for Construction	(740,163)	(765,858)	(835,220)	(1,006,311)	(547,786)
CWIP	1,431	234	761	208,021	3,118
Total Plant	13,392,455	12,863,882	12,223,945	11,437,974	10,591,220
Shares Outstanding	4,860	4,850	4,850	4,850	4,850
Number of Employees	24	24	18	18	18

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$272,177	\$1,326	\$351,948	\$413,267	\$302,723	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	939,874	899,318	867,587	860,009	838,070	2
Changes in Deferred Income Taxes	(220,104)	443,369	29,480	86,099	(50,057)	3
Changes in Working Capital	3,031,857	(228,998)	380,657	215,212	196,081	4
Capitalized AFDC - Equity						5
Other	322,288	(781,250)	180,084	(215,978)	(45,945)	6
Total Non-Cash Items	4,073,915	332,439	1,457,808	945,342	938,149	7
Net Cash Provided From Operating Activities	<u>4,346,092</u>	<u>333,765</u>	<u>1,809,756</u>	<u>1,358,609</u>	<u>1,240,872</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(807,298)	(516,046)	(662,671)	(384,910)	(627,822)	9
Purchase of Other Investments			(24,504)	5,466	44,520	10
Sale of Other Investments	2,548,956	219,156	(2,673)	1,657		11
Other						12
Net Cash Provided From Investing Activities	<u>1,741,658</u>	<u>(296,890)</u>	<u>(689,848)</u>	<u>(377,787)</u>	<u>(583,302)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(1,554,267)	(270,726)	(253,401)	(237,029)	(222,005)	14
Common Stock						15
Preferred Stock					(106,800)	16
Short-Term Debt	124,938				(175,776)	17
Dividends Paid	(4,782,537)	(154,521)	(154,522)	(158,976)	(126,720)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(6,211,866)</u>	<u>(425,247)</u>	<u>(407,923)</u>	<u>(396,005)</u>	<u>(631,301)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(124,116)	(388,372)	711,985	584,817	26,269	21
Cash & Equivalents at Beginning of Year	1,564,043	1,952,415	1,240,430	655,613	629,344	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$1,439,927</b>	<b>\$1,564,043</b>	<b>\$1,952,415</b>	<b>\$1,240,430</b>	<b>\$655,613</b>	<b>23</b>

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

	2005	2004	2003	2002	2001
1 Revenues	\$4,357,399	\$4,322,302	\$4,397,586	\$4,632,566	\$4,814,112
2 Access Lines	6,391	6,562	6,703	6,800	6,876
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	\$1,276,226	\$1,564,424	\$1,543,574	\$1,984,559	\$2,142,191
4 Depreciation and Amortization	932,036	895,832	864,102	856,523	829,287
5 Other Operations Expense	2,107,706	1,041,736	1,430,522	986,617	1,274,343
6 Total Operation Expenses	4,315,968	3,501,992	3,838,198	3,827,699	4,245,821
7 Income Taxes - Operating Taxes	(168,993)	144,208	25,240	75,208	(45,231)
8 Other Taxes - Operating Taxes	171,893	230,822	234,104	220,518	213,741
9 Capital Costs	38,530	445,280	300,044	509,141	399,781
10 Total	\$4,357,399	\$4,322,302	\$4,397,586	\$4,632,566	\$4,814,112
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	29.3	36.2	35.1	42.8	44.5
12 Depreciation and Amortization	21.4	20.7	19.6	18.5	17.2
13 Other Operations Expense	48.4	24.1	32.5	21.3	26.5
14 Income Taxes - Operating Taxes	(3.9)	3.3	0.6	1.6	(0.9)
15 Other Taxes - Operating Taxes	3.9	5.3	5.3	4.8	4.4
16 Capital Costs	0.9	10.3	6.8	11.0	8.3
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	199.69	238.41	230.28	291.85	311.55
19 Depreciation and Amortization	145.84	136.52	128.91	125.96	120.61
20 Other Operations Expense	329.79	158.75	213.42	145.09	185.33
21 Income Taxes - Operating Taxes	(26.44)	21.98	3.77	11.06	(6.58)
22 Other Taxes - Operating Taxes	26.90	35.18	34.93	32.43	31.09
23 Capital Costs	6.03	67.86	44.76	74.87	58.14
24 Total	681.80	658.69	656.06	681.26	700.13

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$2,926,850	\$2,931,448	\$2,822,904	\$2,758,859	\$2,857,879	1
Central Office Assets	4,669,332	4,649,353	4,554,341	4,234,619	4,164,126	2
Information Origination/Termination	309,682	309,682	309,681	309,681	309,681	3
Cable And Wire Facilities	6,540,160	6,506,322	6,360,026	6,188,464	6,049,189	4
Amortizable Assets	60,754	754	754	754	754	5
<b>Total Plant In Service</b>	14,506,778	14,397,559	14,047,706	13,492,377	13,381,629	6
Property Held For Future Use						7
Plant Under Construction	695,386	85,358	16,513	13,915	11,618	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	141,975	145,271	145,271	145,271	145,271	11
Goodwill						12
<b>Total Telecommunications Plant</b>	15,344,139	14,628,188	14,209,490	13,651,563	13,538,518	13
Less Acc. Prov. For Depreciation & Amort.	8,399,351	7,499,948	6,633,384	5,883,149	5,291,290	14
<b>Net Total Utility Plant</b>	\$6,944,788	\$7,128,240	\$7,576,106	\$7,768,414	\$8,247,228	15
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.73	7.49	1.58	1.42	1.24	16
Total Capitalization	\$6,239,330	\$12,179,020	\$12,564,260	\$12,593,738	\$12,827,876	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	19.8%	22.9%	24.3%	26.3%	27.7%	18
Preferred Stock						19
Common Stock & Retained Earnings	78.2%	77.1%	75.7%	73.7%	72.3%	20
Short-Term Debt	2.0%					21
Pretax Coverage of Interest Expense	1.14	1.70	2.57	2.83	1.87	22
Com. Stock Dividends as a % of Earnings	1757.1%	11653.2%	43.9%	38.5%	41.9%	23
Return on Common Equity	3.8%	0.0%	3.7%	4.5%	3.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	538.4%	64.7%	273.1%	353.0%	197.6%	25
CWIP as a % of Plant	4.5%	0.6%	0.1%	0.1%	0.1%	26

Current Assets	2,760,020	2,523,999	2,842,914	2,494,211	1,884,016
Current Liabilities	3,771,283	337,010	1,799,436	1,752,566	1,520,908
Total Capitalization	6,239,330	12,179,020	12,564,260	12,593,738	12,827,876
Long-Term Debt	1,233,193	2,787,460	3,058,186	3,311,587	3,548,616
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	4,881,199	9,391,560	9,506,074	9,282,151	9,279,260
Short-Term Debt	124,938				
Pretax Income	199,322	384,096	631,205	764,078	560,365
Interest Expense	174,668	226,282	245,793	270,311	299,371
Common Dividends Paid	4,782,536	154,521	154,522	158,976	126,720
Net Income (Excl. Preferred Stock Dividends)	272,177	1,326	351,948	413,267	302,723
Internal Cash	4,346,092	333,765	1,809,756	1,358,609	1,240,872
Cash Outflows for Construction	(807,298)	(516,046)	(662,671)	(384,910)	(627,822)
CWIP	695,386	85,358	16,513	13,915	11,618
Total Plant	15,344,139	14,628,188	14,209,490	13,651,563	13,538,518
Shares Outstanding	1,536	1,536	1,536	1,536	1,536
Number of Employees	19	30	27	28	27

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$58,477	\$174,247	\$190,052	\$26,477	\$227,251	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	153,439	151,468	115,940	110,460	104,492	2
Changes in Deferred Income Taxes	21,063	84,158	8,900	(12,471)	(13,529)	3
Changes in Working Capital	(395,978)	(102,726)	415,285	6,447	46,492	4
Capitalized AFDC - Equity						5
Other	89,377	165,757	(90,794)	58,017	(112,170)	6
Total Non-Cash Items	(132,099)	298,657	449,331	162,453	25,285	7
Net Cash Provided From Operating Activities	<u>(73,622)</u>	<u>472,904</u>	<u>639,383</u>	<u>188,930</u>	<u>252,536</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(55,301)	(173,868)	(749,378)	(77,792)	(106,179)	9
Purchase of Other Investments						10
Sale of Other Investments	11,644	33,837	7,410	(1,963)	2,078	11
Other						12
Net Cash Provided From Investing Activities	<u>(43,657)</u>	<u>(140,031)</u>	<u>(741,968)</u>	<u>(79,755)</u>	<u>(104,101)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt		(141,667)	(21,789)	(20,723)	(19,725)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	250,000	20,000	70,000	(91,000)	(99,000)	17
Dividends Paid	(132,050)	(208,500)				18
Other Financing						19
Net Cash Provided From Financing Activities	<u>117,950</u>	<u>(330,167)</u>	<u>48,211</u>	<u>(111,723)</u>	<u>(118,725)</u>	20
Net Increase (Decrease) in Cash & Equivalents	671	2,706	(54,374)	(2,548)	29,710	21
Cash & Equivalents at Beginning of Year	4,029	1,323	55,697	58,245	28,535	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$4,700</b>	<b>\$4,029</b>	<b>\$1,323</b>	<b>\$55,697</b>	<b>\$58,245</b>	<b>23</b>

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$1,029,743	\$992,071	\$974,929	\$914,315	\$916,671
2 Access Lines	1,478	1,485	1,589	1,658	1,646
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	291,502	\$309,414	\$326,208	\$309,392	\$299,419
4 Depreciation and Amortization	153,439	150,366	115,739	110,260	104,292
5 Other Operations Expense	381,636	415,288	370,310	352,800	331,404
6 Total Operation Expenses	826,577	875,068	812,257	772,452	735,115
7 Income Taxes - Operating Taxes	47,240	28,238	44,756	32,260	49,195
8 Other Taxes - Operating Taxes	33,267	45,475	40,151	32,468	31,907
9 Capital Costs	122,659	43,290	77,765	77,135	100,454
10 Total	1,029,743	\$992,071	\$974,929	\$914,315	\$916,671
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	28.3	31.2	33.5	33.8	32.7
12 Depreciation and Amortization	14.9	15.2	11.9	12.1	11.4
13 Other Operations Expense	37.1	41.9	38.0	38.6	36.2
14 Income Taxes - Operating Taxes	4.6	2.8	4.6	3.5	5.4
15 Other Taxes - Operating Taxes	3.2	4.6	4.1	3.6	3.5
16 Capital Costs	11.9	4.4	8.0	8.4	11.0
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	197.23	208.36	205.29	186.61	181.91
19 Depreciation and Amortization	103.82	101.26	72.84	66.50	63.36
20 Other Operations Expense	258.21	279.66	233.05	212.79	201.34
21 Income Taxes - Operating Taxes	31.96	19.02	28.17	19.46	29.89
22 Other Taxes - Operating Taxes	22.51	30.62	25.27	19.58	19.38
23 Capital Costs	82.99	29.15	48.94	46.52	61.03
24 Total	696.71	668.06	613.55	551.46	556.91

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$281,597	\$284,446	\$287,104	\$186,203	\$186,203	1
Central Office Assets	1,103,934	1,076,547	954,379	875,226	837,800	2
Information Origination/Termination	65,610	65,610	65,610	65,610	65,610	3
Cable And Wire Facilities	1,210,026	1,199,212	1,181,471	1,124,602	1,092,270	4
Amortizable Assets						5
<b>Total Plant In Service</b>	<b>2,661,167</b>	<b>2,625,814</b>	<b>2,488,564</b>	<b>2,251,641</b>	<b>2,181,883</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction		847	555,927	55,771	53,944	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>2,661,167</b>	<b>2,626,661</b>	<b>3,044,491</b>	<b>2,307,412</b>	<b>2,235,827</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	1,227,415	1,083,126	1,490,623	1,379,774	1,277,684	14
<b>Net Total Utility Plant</b>	<b>\$1,433,752</b>	<b>\$1,543,535</b>	<b>\$1,553,868</b>	<b>\$927,638</b>	<b>\$958,143</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	5.24	1.12	0.67	-1.40	-2.26	16
Total Capitalization	\$1,378,699	\$1,202,272	\$1,358,192	\$1,119,929	\$1,205,175	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt			8.7%	12.6%	13.6%	18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	120.8%	109.4%	115.8%	105.4%	20
Short-Term Debt		-20.8%	-18.2%	-28.4%	-18.9%	21
Pretax Coverage of Interest Expense	-46.73	-41.67	-33.89	-8.52	-65.03	22
Com. Stock Dividends as a % of Earnings	225.8%	119.7%				23
Return on Common Equity	4.1%	11.9%	13.7%	2.1%	19.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-133.1%	272.0%	85.3%	242.9%	237.8%	25
CWIP as a % of Plant		0.0%	18.3%	2.4%	2.4%	26

Current Assets	207,375	223,766	198,049	266,585	261,118
Current Liabilities	39,598	200,045	294,968	(190,176)	(115,491)
Total Capitalization	1,378,699	1,202,272	1,358,192	1,119,929	1,205,175
Long-Term Debt			118,674	141,577	163,360
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,378,699	1,452,272	1,486,525	1,296,473	1,269,996
Short-Term Debt		(250,000)	(247,007)	(318,121)	(228,181)
Pretax Income	103,502	197,740	228,079	52,567	266,941
Interest Expense	(2,215)	(4,745)	(6,729)	(6,170)	(4,105)
Common Dividends Paid	132,050	208,500			
Net Income (Excl. Preferred Stock Dividends)	58,477	174,247	190,052	26,477	227,251
Internal Cash	(73,622)	472,904	639,383	188,930	252,536
Cash Outflows for Construction	(55,301)	(173,868)	(749,378)	(77,792)	(106,179)
CWIP		847	555,927	55,771	53,944
Total Plant	2,661,167	2,626,661	3,044,491	2,307,412	2,235,827
Shares Outstanding	695	695	695	695	695
Number of Employees	5	5	5	6	7

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$863,191	\$396,342	(\$82,257)	(\$707,379)	\$1,163,067	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	704,329	613,697	589,597	638,005	644,536	2
Changes in Deferred Income Taxes	109,077	(56,172)	(1,011,621)	304,089	(3,634)	3
Changes in Working Capital	(1,154,557)	515,754	1,406,597	(249,651)	475,877	4
Capitalized AFDC - Equity						5
Other	(158,704)	218,316	(88,699)	1,183,117	(180,485)	6
Total Non-Cash Items	(499,855)	1,291,595	895,874	1,875,560	936,294	7
Net Cash Provided From Operating Activities	<u>363,336</u>	<u>1,687,937</u>	<u>813,617</u>	<u>1,168,181</u>	<u>2,099,361</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(539,405)	(1,034,929)	(543,211)	(835,275)	(1,085,161)	9
Purchase of Other Investments					1,321,780	10
Sale of Other Investments	16,454	2,534	3,482	6,401	8,329	11
Other						12
Net Cash Provided From Investing Activities	<u>(522,951)</u>	<u>(1,032,395)</u>	<u>(539,729)</u>	<u>(828,874)</u>	<u>244,948</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)	(134,235)	(380,271)				
Long-Term Debt			153,283	(108,923)	(103,585)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(9,024)	(9,024)	(530,000)		(550,000)	17
Dividends Paid	(59,888)	(59,888)	(68,912)	(68,912)	(1,673,912)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(203,147)</u>	<u>(449,183)</u>	<u>(445,629)</u>	<u>(177,835)</u>	<u>(2,327,497)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(362,762)	206,359	(171,741)	161,472	16,812	21
Cash & Equivalents at Beginning of Year	481,622	275,263	447,004	285,532	268,720	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$118,860</b>	<b>\$481,622</b>	<b>\$275,263</b>	<b>\$447,004</b>	<b>\$285,532</b>	<b>23</b>

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

	2005	2004	2003	2002	2001
1 Revenues	\$5,873,970	\$5,299,948	\$5,621,274	\$6,433,890	\$6,804,982
2 Access Lines	5,798	5,914	5,566	6,151	6,178
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	\$2,418,686	\$2,154,811	\$1,716,184	\$1,479,013	\$1,651,102
4 Depreciation and Amortization	702,850	612,248	588,149	636,556	643,087
5 Other Operations Expense	1,368,328	1,266,214	2,042,118	3,315,526	3,265,426
6 Total Operation Expenses	4,489,864	4,033,273	4,346,451	5,431,095	5,559,615
7 Income Taxes - Operating Taxes	401,710	312,782	(12,911)	(12,609)	253,318
8 Other Taxes - Operating Taxes	171,128	237,358	202,943	239,645	297,088
9 Capital Costs	811,268	716,535	1,084,791	775,759	694,961
10 Total	\$5,873,970	\$5,299,948	\$5,621,274	\$6,433,890	\$6,804,982
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	41.2	40.7	30.5	23.0	24.3
12 Depreciation and Amortization	12.0	11.6	10.5	9.9	9.5
13 Other Operations Expense	23.3	23.9	36.3	51.5	48.0
14 Income Taxes - Operating Taxes	6.8	5.9	(0.2)	(0.2)	3.7
15 Other Taxes - Operating Taxes	2.9	4.5	3.6	3.7	4.4
16 Capital Costs	13.8	13.5	19.3	12.1	10.2
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	417.16	364.36	308.33	240.45	267.26
19 Depreciation and Amortization	121.22	103.53	105.67	103.49	104.09
20 Other Operations Expense	236.00	214.10	366.89	539.02	528.56
21 Income Taxes - Operating Taxes	69.28	52.89	(2.32)	(2.05)	41.00
22 Other Taxes - Operating Taxes	29.52	40.13	36.46	38.96	48.09
23 Capital Costs	139.92	121.16	194.90	126.12	112.49
24 Total	1,013.10	896.17	1,009.93	1,045.99	1,101.49

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$3,062,927	\$3,090,596	\$2,643,781	\$2,705,301	\$2,692,702	1
Central Office Assets	3,006,191	2,869,240	2,675,972	2,432,421	4,747,829	2
Information Origination/Termination	158,982	121,984	104,250	82,902	52,698	3
Cable And Wire Facilities	6,928,438	6,525,804	6,363,319	6,190,991	5,876,882	4
Amortizable Assets						5
<b>Total Plant In Service</b>	<b>13,156,538</b>	<b>12,607,624</b>	<b>11,787,322</b>	<b>11,411,615</b>	<b>13,370,111</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction	52,783	331,533	138,599	226,430	316,358	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>13,209,321</b>	<b>12,939,157</b>	<b>11,925,921</b>	<b>11,638,045</b>	<b>13,686,469</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	6,881,075	6,417,400	5,867,919	5,526,725	7,801,735	14
<b>Net Total Utility Plant</b>	<b>\$6,328,246</b>	<b>\$6,521,757</b>	<b>\$6,058,002</b>	<b>\$6,111,320</b>	<b>\$5,884,734</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.74	0.85	1.08	1.93	1.14	16
Total Capitalization	\$4,990,698	\$4,330,654	\$4,066,807	\$4,862,421	\$6,717,524	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	30.2%	38.1%	43.7%	38.9%	29.8%	18
Preferred Stock	2.8%	3.2%	3.4%	2.9%	2.1%	19
Common Stock & Retained Earnings	64.4%	55.9%	50.2%	45.1%	58.7%	20
Short-Term Debt	2.7%	2.8%	2.7%	13.1%	9.5%	21
Pretax Coverage of Interest Expense	12.97	8.87	0.40	-1.72	9.13	22
Com. Stock Dividends as a % of Earnings	7.0%	15.5%	-65.6%	-8.4%	144.3%	23
Return on Common Equity	30.3%	17.4%	-4.3%	-23.4%	25.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	67.4%	163.1%	149.8%	139.9%	193.5%	25
CWIP as a % of Plant	0.4%	2.6%	1.2%	1.9%	2.3%	26

Current Assets	1,318,908	1,381,237	1,344,018	2,350,310	1,561,321
Current Liabilities	757,873	1,624,824	1,247,796	1,217,417	1,363,806
Total Capitalization	4,990,698	4,330,654	4,066,807	4,862,421	6,717,524
Long-Term Debt	1,504,773	1,651,577	1,775,530	1,889,975	1,998,898
Preferred Stock	138,850	138,850	138,850	138,850	138,850
Common Stock and Retained Earnings (Excl. Preferred Stock)	3,214,209	2,419,930	2,043,540	2,194,709	3,940,889
Short-Term Debt	132,866	120,297	108,887	638,887	638,887
Pretax Income	1,375,613	802,793	61,023	(459,723)	1,601,549
Interest Expense	106,087	90,500	154,363	267,583	175,405
Common Dividends Paid	59,888	59,888	59,888	59,888	1,664,888
Net Income (Excl. Preferred Stock Dividends)	854,167	387,318	(91,281)	(716,403)	1,154,043
Internal Cash	363,336	1,687,937	813,617	1,168,181	2,099,361
Cash Outflows for Construction	(539,405)	(1,034,929)	(543,211)	(835,275)	(1,085,161)
CWIP	52,783	331,533	138,599	226,430	316,358
Total Plant	13,209,321	12,939,157	11,925,921	11,638,045	13,686,469
Shares Outstanding	74,860	74,860	74,860	74,860	74,860
Number of Employees	33	36	36	26	23

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$519,973	\$710,093	\$1,184,892	\$1,334,129	\$979,345	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	1,583,125	1,666,545	1,340,142	1,018,773	1,139,407	2
Changes in Deferred Income Taxes	(83,494)	(186,766)	(100,895)	(101,377)	(71,765)	3
Changes in Working Capital	(164,215)	(38,036)	(178,293)	361,976	(1,723,369)	4
Capitalized AFDC - Equity	0	0	0			5
Other	199,645	167,850	(140,919)	72,151	(87,882)	6
Total Non-Cash Items	1,535,062	1,609,593	920,036	1,351,523	(743,609)	7
Net Cash Provided From Operating Activities	<u>2,055,035</u>	<u>2,319,686</u>	<u>2,104,927</u>	<u>2,685,651</u>	<u>235,736</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(112,381)	(250,763)	(138,657)	138,339	(990,415)	9
Purchase of Other Investments	0					10
Sale of Other Investments	0					11
Other	0					12
Net Cash Provided From Investing Activities	<u>(112,381)</u>	<u>(250,763)</u>	<u>(138,657)</u>	<u>138,339</u>	<u>(990,415)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	0					14
Common Stock	0					15
Preferred Stock	0					16
Short-Term Debt	0	(25,000)	(19,500)	(37,500)	(70,500)	17
Dividends Paid	(1,898,012)	(2,044,396)	(1,945,000)	(2,787,000)		18
Other Financing	(44,000)				585,000	19
Net Cash Provided From Financing Activities	<u>(1,942,012)</u>	<u>(2,069,396)</u>	<u>(1,964,500)</u>	<u>(2,824,500)</u>	<u>514,500</u>	20
Net Increase (Decrease) in Cash & Equivalents	642	(473)	1,770	(510)	(240,180)	21
Cash & Equivalents at Beginning of Year	18,389	18,862	17,092	17,602	257,781	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$19,031</b>	<b>\$18,389</b>	<b>\$18,862</b>	<b>\$17,092</b>	<b>\$17,602</b>	<b>23</b>

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

	2005	2004	2003	2002	2001
1 Revenues	\$8,340,183	\$8,440,986	\$8,412,884	\$8,940,224	\$9,576,272
2 Access Lines	11,049	11,495	12,257	12,842	13,471
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	2,016,048	\$2,201,059	\$2,196,897	\$2,344,900	\$2,587,387
4 Depreciation and Amortization	1,837,718	1,839,135	1,794,101	1,798,527	1,739,753
5 Other Operations Expense	3,127,582	2,695,495	2,559,675	2,677,327	3,154,973
6 Total Operation Expenses	6,981,348	6,735,689	6,550,673	6,820,754	7,482,113
7 Income Taxes - Operating Taxes	374,052	406,102	465,572	574,925	459,470
8 Other Taxes - Operating Taxes	500,358	516,439	496,642	374,847	606,948
9 Capital Costs	484,425	782,756	899,997	1,169,698	1,027,741
10 Total	\$8,340,183	\$8,440,986	\$8,412,884	\$8,940,224	\$9,576,272
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	24.2	26.1	26.1	26.2	27.0
12 Depreciation and Amortization	22.0	21.8	21.3	20.1	18.2
13 Other Operations Expense	37.5	31.9	30.4	29.9	32.9
14 Income Taxes - Operating Taxes	4.5	4.8	5.5	6.4	4.8
15 Other Taxes - Operating Taxes	6.0	6.1	5.9	4.2	6.3
16 Capital Costs	5.8	9.3	10.7	13.1	10.7
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	182.46	191.48	179.24	182.60	192.07
19 Depreciation and Amortization	166.32	159.99	146.37	140.05	129.15
20 Other Operations Expense	283.06	234.49	208.83	208.48	234.20
21 Income Taxes - Operating Taxes	33.85	35.33	37.98	44.77	34.11
22 Other Taxes - Operating Taxes	45.29	44.93	40.52	29.19	45.06
23 Capital Costs	43.84	68.10	73.43	91.08	76.29
24 Total	754.84	734.32	686.37	696.17	710.88

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$4,565,888	\$4,509,125	\$4,457,665	\$4,418,138	\$4,368,259	1
Central Office Assets	12,869,318	12,968,010	12,864,841	12,769,694	12,622,440	2
Information Origination/Termination	7,400	7,400	7,400	186,036	579,783	3
Cable And Wire Facilities	11,839,730	11,717,886	11,634,828	11,410,008	11,011,347	4
Amortizable Assets	0	0			3,685	5
<b>Total Plant In Service</b>	29,282,336	29,202,421	28,964,735	28,783,875	28,585,515	6
Property Held For Future Use						7
Plant Under Construction	78,441	45,976	32,901	75,102	411,800	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	29,360,777	29,248,397	28,997,636	28,858,977	28,997,315	13
Less Acc. Prov. For Depreciation & Amort.	16,993,393	15,410,268	13,743,722	12,403,580	11,384,806	14
<b>Net Total Utility Plant</b>	\$12,367,384	\$13,838,129	\$15,253,913	\$16,455,397	\$17,612,509	15
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.25	1.13	1.17	1.10	1.29	16
Total Capitalization	\$11,585,160	\$13,007,199	\$14,366,499	\$15,146,108	\$16,636,479	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	97.1%	97.1%	97.2%	97.2%	97.2%	20
Short-Term Debt	2.9%	2.9%	2.8%	2.8%	2.8%	21
Pretax Coverage of Interest Expense	42.66	45.64	66.03	69.49	46.27	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	4.4%	5.3%	8.3%	8.6%	6.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	1828.6%	925.1%	1518.1%	-1941.4%	23.8%	25
CWIP as a % of Plant	0.3%	0.2%	0.1%	0.3%	1.4%	26

Current Assets	2,476,756	2,622,439	2,989,034	2,977,044	3,234,533
Current Liabilities	1,983,067	2,330,625	2,560,666	2,715,974	2,511,847
Total Capitalization	11,585,160	13,007,199	14,366,499	15,146,108	16,636,479
Long-Term Debt	0	0	0	0	
Preferred Stock	0	0	0	0	
Common Stock and Retained Earnings (Excl. Preferred Stock)	11,247,160	12,625,199	13,959,499	14,719,608	16,172,479
Short-Term Debt	338,000	382,000	407,000	426,500	464,000
Pretax Income	909,006	1,133,664	1,668,938	1,923,114	1,398,843
Interest Expense	21,308	24,838	25,275	27,675	30,232
Common Dividends Paid	0	0	0	0	
Net Income (Excl. Preferred Stock Dividends)	519,973	710,093	1,184,892	1,334,129	979,345
Internal Cash	2,055,035	2,319,686	2,104,927	2,685,651	235,736
Cash Outflows for Construction	(112,381)	(250,763)	(138,657)	138,339	(990,415)
CWIP	78,441	45,976	32,901	75,102	411,800
Total Plant	29,360,777	29,248,397	28,997,636	28,858,977	28,997,315
Shares Outstanding	100	100	100	100	100
Number of Employees	46	45	50	48	57

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	(\$66,270)	(\$589,805)	\$231,455	\$316,651	(\$508,897)	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	635,631	625,767	663,829	772,511	734,466	2
Changes in Deferred Income Taxes	(32,862)	(116,241)	(73,347)	267,334	(15,014)	3
Changes in Working Capital	(90,342)	(537,582)	(1,244,347)	110,607	422,350	4
Capitalized AFDC - Equity	0	0	0			5
Other	279,414	1,066,579	(198,096)	(243,346)	750,650	6
Total Non-Cash Items	791,841	1,038,523	(851,961)	907,106	1,892,452	7
Net Cash Provided From Operating Activities	<u>725,571</u>	<u>448,718</u>	<u>(620,506)</u>	<u>1,223,757</u>	<u>1,383,555</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(416,889)	(357,715)	(322,508)	(764,068)	(859,085)	9
Purchase of Other Investments	20,200	(4,757)	(38,146)	(425,157)	(53,566)	10
Sale of Other Investments	0	0	644,689			11
Other	28,756	20,462	1,067	215,051	40,952	12
Net Cash Provided From Investing Activities	<u>(367,933)</u>	<u>(342,010)</u>	<u>285,102</u>	<u>(974,174)</u>	<u>(871,699)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(224,833)	(211,521)	(199,081)	(187,438)	(176,590)	14
Common Stock	0	0	0			15
Preferred Stock	0	0	0			16
Short-Term Debt	(72,128)	80,456	409,817	110,888	(300,000)	17
Dividends Paid	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)	18
Other Financing	0	(16,773)	(56,343)	(37,772)	(58,608)	19
Net Cash Provided From Financing Activities	<u>(303,461)</u>	<u>(154,338)</u>	<u>147,893</u>	<u>(120,822)</u>	<u>(541,698)</u>	20
Net Increase (Decrease) in Cash & Equivalents	54,177	(47,630)	(187,511)	128,761	(29,842)	21
Cash & Equivalents at Beginning of Year	21,697	69,327	256,838	128,077	157,919	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$75,874</b>	<b>\$21,697</b>	<b>\$69,327</b>	<b>\$256,838</b>	<b>\$128,077</b>	<b>23</b>

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$3,049,600	\$2,990,711	\$3,520,864	\$3,662,542	\$3,676,547
2 Access Lines	3,751	3,935	4,010	4,131	4,142
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	1,067,133	\$1,099,036	\$1,468,971	\$1,524,954	\$1,502,037
4 Depreciation and Amortization	634,420	624,557	663,274	771,946	733,901
5 Other Operations Expense	793,961	774,751	858,281	958,162	1,006,357
6 Total Operation Expenses	2,495,514	2,498,344	2,990,526	3,255,062	3,242,295
7 Income Taxes - Operating Taxes	78,888	108,108	21,394	115,734	45,006
8 Other Taxes - Operating Taxes	168,348	189,163	173,356	163,534	159,921
9 Capital Costs	306,850	195,096	335,588	128,212	229,325
10 Total	\$3,049,600	\$2,990,711	\$3,520,864	\$3,662,542	\$3,676,547
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	35.0	36.7	41.7	41.6	40.9
12 Depreciation and Amortization	20.8	20.9	18.8	21.1	20.0
13 Other Operations Expense	26.0	25.9	24.4	26.2	27.4
14 Income Taxes - Operating Taxes	2.6	3.6	0.6	3.2	1.2
15 Other Taxes - Operating Taxes	5.5	6.3	4.9	4.5	4.3
16 Capital Costs	10.1	6.5	9.5	3.5	6.2
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	284.49	279.30	366.33	369.15	362.64
19 Depreciation and Amortization	169.13	158.72	165.40	186.87	177.19
20 Other Operations Expense	211.67	196.89	214.04	231.94	242.96
21 Income Taxes - Operating Taxes	21.03	27.47	5.34	28.02	10.87
22 Other Taxes - Operating Taxes	44.88	48.07	43.23	39.59	38.61
23 Capital Costs	81.80	49.58	83.69	31.04	55.37
24 Total	813.01	760.03	878.02	886.60	887.63

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$2,848,611	\$2,813,998	\$2,808,669	\$2,889,581	\$2,808,848	1
Central Office Assets	4,409,413	4,366,449	4,289,686	4,266,582	4,138,817	2
Information Origination/Termination	37,695	41,515	42,217	51,153	53,062	3
Cable And Wire Facilities	5,629,583	5,523,820	5,399,866	5,274,755	4,934,594	4
Amortizable Assets	140,687	140,687	140,687	140,687	107,094	5
<b>Total Plant In Service</b>	<b>13,065,989</b>	<b>12,886,469</b>	<b>12,681,125</b>	<b>12,622,758</b>	<b>12,042,415</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction	145,249	7,725	22,478	21,495	107,586	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	35,834	35,834	35,834	35,834	35,834	11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>13,247,072</b>	<b>12,930,028</b>	<b>12,739,437</b>	<b>12,680,087</b>	<b>12,185,835</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	7,542,775	6,987,606	6,509,066	6,107,882	5,596,400	14
<b>Net Total Utility Plant</b>	<b>\$5,704,297</b>	<b>\$5,942,422</b>	<b>\$6,230,371</b>	<b>\$6,572,205</b>	<b>\$6,589,435</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	2.98	2.73	2.71	2.37	2.75	16
Total Capitalization	\$8,620,323	\$8,981,246	\$10,150,252	\$10,220,749	\$9,818,575	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	11.7%	16.0%	16.4%	18.8%	20.8%	18
Preferred Stock	1.5%	1.4%	1.3%	1.3%	1.3%	19
Common Stock & Retained Earnings	79.5%	77.1%	78.2%	79.9%	77.9%	20
Short-Term Debt	7.2%	5.5%	4.0%	0.0%	0.0%	21
Pretax Coverage of Interest Expense	1.38	-3.34	4.81	3.71	-2.12	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	-1.1%	-8.0%	2.8%	3.9%	-6.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	174.0%	125.4%	-192.4%	160.2%	161.0%	25
CWIP as a % of Plant	1.1%	0.1%	0.2%	0.2%	0.9%	26

Current Assets	3,078,426	3,261,181	2,855,812	1,851,526	1,604,764
Current Liabilities	1,031,883	1,196,021	1,052,170	781,465	582,494
Total Capitalization	8,620,323	8,981,246	10,150,252	10,220,749	9,818,575
Long-Term Debt	1,012,445	1,439,678	1,667,972	1,923,396	2,037,718
Preferred Stock	130,000	130,000	130,000	130,000	130,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	6,857,333	6,921,295	7,942,463	8,167,353	7,650,857
Short-Term Debt	620,545	490,273	409,817	0	0
Pretax Income	100,283	(369,239)	596,559	483,806	(318,576)
Interest Expense	72,811	110,533	123,984	130,273	150,345
Common Dividends Paid	0	0	0	0	0
Net Income (Excl. Preferred Stock Dividends)	(72,770)	(596,305)	224,955	310,151	(515,397)
Internal Cash	725,571	448,718	(620,506)	1,223,757	1,383,555
Cash Outflows for Construction	(416,889)	(357,715)	(322,508)	(764,068)	(859,085)
CWIP	145,249	7,725	22,478	21,495	107,586
Total Plant	13,247,072	12,930,028	12,739,437	12,680,087	12,185,835
Shares Outstanding	140	140	140	140	140
Number of Employees	20	21	25	29	33

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$60,864,205	\$46,974,344	\$55,694,610	\$44,636,032	\$31,433,154	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	52,155,491	53,195,374	49,457,079	51,836,180	63,892,522	2
Changes in Deferred Income Taxes	3,812,513	(6,295,632)	2,538,117	12,395,025	15,423,908	3
Changes in Working Capital	(14,530,975)	(113,690,695)	145,221,905	(12,325,750)	(5,599,019)	4
Capitalized AFDC - Equity			(781,661,886)	(1,945,443)	(1,812,889)	5
Other	(614,148)	498,028	548,565,731	(61,638,152)	(39,093,558)	6
Total Non-Cash Items	40,822,881	(66,292,925)	(35,879,054)	(11,678,140)	32,810,964	7
Net Cash Provided From Operating Activities	<u>101,687,086</u>	<u>(19,318,581)</u>	<u>19,815,556</u>	<u>32,957,892</u>	<u>64,244,118</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(24,198,514)	(25,207,265)	(19,157,073)	(34,850,221)	(40,041,422)	9
Purchase of Other Investments	(15,471,814)	109,627,704				10
Sale of Other Investments					(24,195,522)	11
Other						12
Net Cash Provided From Investing Activities	<u>(39,670,328)</u>	<u>84,420,439</u>	<u>(19,157,073)</u>	<u>(34,850,221)</u>	<u>(64,236,944)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(62,500,000)	(64,660,000)				18
Other Financing				1,178,808		19
Net Cash Provided From Financing Activities	<u>(62,500,000)</u>	<u>(64,660,000)</u>	<u>0</u>	<u>1,178,808</u>	<u>0</u>	20
Net Increase (Decrease) in Cash & Equivalents	(483,242)	441,858	658,483	(713,521)	7,174	21
Cash & Equivalents at Beginning of Year	389,001	(52,857)	(711,340)	2,181	(4,993)	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>(\$94,241)</b>	<b>\$389,001</b>	<b>(\$52,857)</b>	<b>(\$711,340)</b>	<b>\$2,181</b>	<b>23</b>

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

	2005	2004	2003	2002	2001
1 Revenues	\$256,500,760	\$250,559,916	\$246,507,920	\$237,307,049	\$228,305,441
2 Access Lines	299,197	312,816	317,202	321,627	315,747
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	\$21,115,816	\$20,389,097	\$17,134,635	\$50,546,396	\$53,036,449
4 Depreciation and Amortization	52,155,491	52,105,584	56,158,787	56,486,076	59,285,857
5 Other Operations Expense	70,986,538	85,486,804	66,913,296	41,019,778	50,982,820
6 Total Operation Expenses	144,257,846	157,981,485	140,206,718	148,052,250	163,305,126
7 Income Taxes - Operating Taxes	34,627,719	27,700,466	32,475,375	24,612,689	18,697,229
8 Other Taxes - Operating Taxes	13,308,760	13,434,243	13,514,307	13,662,432	11,710,813
9 Capital Costs	64,306,435	51,443,723	60,311,520	50,979,678	34,592,273
10 Total	\$256,500,760	\$250,559,916	\$246,507,920	\$237,307,049	\$228,305,441
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	8.2	8.1	7.0	21.3	23.2
12 Depreciation and Amortization	20.3	20.8	22.8	23.8	26.0
13 Other Operations Expense	27.7	34.1	27.1	17.3	22.3
14 Income Taxes - Operating Taxes	13.5	11.1	13.2	10.4	8.2
15 Other Taxes - Operating Taxes	5.2	5.4	5.5	5.8	5.1
16 Capital Costs	25.1	20.5	24.5	21.5	15.2
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	70.57	65.18	54.02	157.16	167.97
19 Depreciation and Amortization	174.32	166.57	177.04	175.63	187.76
20 Other Operations Expense	237.26	273.28	210.95	127.54	161.47
21 Income Taxes - Operating Taxes	115.74	88.55	102.38	76.53	59.22
22 Other Taxes - Operating Taxes	44.48	42.95	42.60	42.48	37.09
23 Capital Costs	214.93	164.45	190.14	158.51	109.56
24 Total	857.30	800.98	777.13	737.83	723.06

**Notes:**

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

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$64,839,218	\$66,933,459	\$62,072,556	\$62,735,253	\$61,220,529	1
Central Office Assets	367,945,869	359,170,552	348,511,355	329,278,555	313,508,216	2
Information Origination/Termination	14,975,619	10,699,038	13,724,870	13,046,710	12,904,928	3
Cable And Wire Facilities	443,826,593	430,736,406	418,707,132	399,816,346	390,221,640	4
Amortizable Assets	3,899,746	3,898,823	3,898,823	3,981,974	4,457,829	5
<b>Total Plant In Service</b>	<b>895,487,045</b>	<b>871,438,278</b>	<b>846,914,736</b>	<b>808,858,838</b>	<b>782,313,142</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction	11,975,690	11,568,534	10,884,812	29,783,636	22,282,860	8
Tel. Acquisition	142,404,998	142,404,998	142,404,998	142,404,998	141,601,249	9
Other Plant						10
Nonoperating Plant	37,599	37,599	37,599	37,598	37,599	11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>1,049,905,332</b>	<b>1,025,449,409</b>	<b>1,000,242,145</b>	<b>981,085,070</b>	<b>946,234,850</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	620,953,844	568,540,944	515,345,570	465,888,491	414,052,311	14
<b>Net Total Utility Plant</b>	<b>\$428,951,488</b>	<b>\$456,908,465</b>	<b>\$484,896,575</b>	<b>\$515,196,579</b>	<b>\$532,182,539</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.48	1.14	0.88	21.96	2.93	16
Total Capitalization	\$270,986,667	\$272,620,275	\$290,305,932	\$459,757,067	\$473,927,528	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.0%	0.0%	0.0%	49.0%	60.2%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	51.0%	39.8%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	21
Pretax Coverage of Interest Expense	5910643.14	956770.92	75.47	56.41	35.40	22
Com. Stock Dividends as a % of Earnings	102.7%	137.6%	0.0%	0.0%	0.0%	23
Return on Common Equity	22.4%	16.7%	14.9%	9.6%	6.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	420.2%	-76.6%	103.4%	94.6%	160.4%	25
CWIP as a % of Plant	94.7%	100.0%	1.1%	3.0%	2.4%	26

**Notes:**

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

Current Assets	67,384,818	59,454,990	821,766,062	40,344,545	40,317,775
Current Liabilities	45,394,365	52,082,886	928,630,994	1,837,057	13,752,367
Total Capitalization	270,986,667	272,620,275	290,305,932	459,757,067	473,927,528
Long-Term Debt	0	0	0	225,145,745	285,131,046
Preferred Stock	0	0	0	0	0
Common Stock and Retained Earnings (Excl. Preferred Stock)	270,986,667	272,620,275	290,305,932	234,611,322	188,796,482
Short-Term Debt	0	0	0	0	0
Pretax Income	93,092,630	73,059,027	87,060,864	70,406,902	49,836,518
Interest Expense	16	76	1,153,644	1,248,039	1,407,779
Common Dividends Paid	62,500,000	64,660,000	0	0	0
Net Income (Excl. Preferred Stock Dividends)	60,864,205	46,974,344	55,694,610	44,636,032	31,433,154
Internal Cash	101,684,899	(19,318,581)	19,815,556	32,957,892	64,244,118
Cash Outflows for Construction	(24,198,514)	(25,207,265)	(19,157,073)	(34,850,221)	(40,041,422)
CWIP	142,404,998	142,404,998	10,884,812	29,783,636	22,282,860
Total Plant	150,340,085	142,442,597	1,000,242,145	981,085,071	946,234,850
Shares Outstanding	0	0	0	0	0
Number of Employees	316	313	304	315	348

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$281,415	(\$27,323)	\$70,438	(\$135,191)	\$131,538	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	597,683	578,728	603,573	590,279	562,992	2
Changes in Deferred Income Taxes	(5,708)	(123,084)	(126,362)	(154,136)	(162,349)	3
Changes in Working Capital	78,576	67,323	(441,752)	(235,897)	18,458	4
Capitalized AFDC - Equity						5
Other	(203,619)	184,778	140,669	460,419	469,953	6
Total Non-Cash Items	466,931	707,744	176,129	660,666	889,054	7
Net Cash Provided From Operating Activities	<u>748,346</u>	<u>680,421</u>	<u>246,567</u>	<u>525,474</u>	<u>1,020,592</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(424,449)	(591,975)	(407,329)	(303,342)	(759,244)	9
Purchase of Other Investments						10
Sale of Other Investments	6,510	(8,904)	44,387		37,453	11
Other	(478,799)	28,195	5,536	(96,373)	(275,354)	12
Net Cash Provided From Investing Activities	<u>(896,738)</u>	<u>(572,684)</u>	<u>(357,407)</u>	<u>(399,716)</u>	<u>(997,145)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(214,741)	(203,172)	(192,332)	221,069	(160,494)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	514,412	250,000	150,000	(200,000)	200,000	17
Dividends Paid	(231,000)	(86,100)	(84,000)	(84,000)	(71,400)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>68,671</u>	<u>(39,272)</u>	<u>(126,332)</u>	<u>(62,931)</u>	<u>(31,894)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(79,720)	68,465	(237,172)	62,828	(8,447)	21
Cash & Equivalents at Beginning of Year	329,467	261,003	498,174	435,346	443,793	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$249,747</b>	<b>\$329,467</b>	<b>\$261,003</b>	<b>\$498,174</b>	<b>\$435,346</b>	23

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

	2005	2004	2003	2002	2001
1 Revenues	\$3,143,839	\$3,280,430	\$3,376,225	\$ 3,356,322	\$3,432,698
2 Access Lines	1,927	1,959	1,964	1,959	1,975

**DOLLAR AMOUNTS**

3 Wages and Benefits	1,434,958	\$1,458,761	\$1,493,930	\$1,499,475	\$1,615,936
4 Depreciation and Amortization	596,443	577,487	602,333	589,039	561,752
5 Other Operations Expense	707,191	828,337	801,101	786,490	740,526
6 Total Operation Expenses	2,738,591	2,864,585	2,897,363	2,875,005	2,918,213
7 Income Taxes - Operating Taxes	(4,567)	(22,129)	110,337	57,080	92,238
8 Other Taxes - Operating Taxes	136,616	119,018	3,190	135,331	115,193
9 Capital Costs	273,199	318,956	365,334	288,907	307,054
10 Total	\$3,143,839	\$3,280,430	\$3,376,225	\$3,356,322	\$3,432,698

**PERCENT OF REVENUES**

11 Wages and Benefits	45.6	44.5	44.2	44.7	47.1
12 Depreciation and Amortization	19.0	17.6	17.8	17.6	16.4
13 Other Operations Expense	22.5	25.3	23.7	23.4	21.6
14 Income Taxes - Operating Taxes	(0.1)	(0.7)	3.3	1.7	2.7
15 Other Taxes - Operating Taxes	4.3	3.6	0.1	4.0	3.4
16 Capital Costs	8.7	9.7	10.8	8.6	8.9
17 Total	100.0	100.0	100.0	100.0	100.0

**DOLLARS PER ACCESS LINE**

18 Wages and Benefits	744.66	744.65	760.66	765.43	818.20
19 Depreciation and Amortization	309.52	294.79	306.69	300.68	284.43
20 Other Operations Expense	366.99	422.84	407.89	401.48	374.95
21 Income Taxes - Operating Taxes	(2.37)	(11.30)	56.18	29.14	46.70
22 Other Taxes - Operating Taxes	70.90	60.75	1.62	69.08	58.33
23 Capital Costs	141.77	162.82	186.02	147.48	155.47
24 Total	1,631.47	1,674.54	1,719.06	1,713.28	1,738.07

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b><u>Plant In Service</u></b>						
General Support Assets	2,154,525	\$2,099,236	\$1,971,662	\$1,975,427	\$1,976,055	1
Central Office Assets	2,803,663	2,784,185	3,157,370	2,969,766	2,644,367	2
Information Origination/Termination	119,257	119,257	119,257	119,257	119,257	3
Cable And Wire Facilities	4,860,608	4,816,451	4,758,301	4,733,703	4,619,756	4
Amortizable Assets	214	214	214	214	214	5
<b>Total Plant In Service</b>	<b>9,938,267</b>	<b>9,819,344</b>	<b>10,006,804</b>	<b>9,798,368</b>	<b>9,359,648</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction	486,427	193,792	114,979		181,942	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>10,424,693</b>	<b>10,013,135</b>	<b>10,121,783</b>	<b>9,798,368</b>	<b>9,541,591</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	5,697,428	5,130,570	5,262,608	4,699,803	4,157,329	14
<b>Net Total Utility Plant</b>	<b>\$4,727,265</b>	<b>\$4,882,565</b>	<b>\$4,859,174</b>	<b>\$5,098,565</b>	<b>\$5,384,262</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.03	2.11	4.39	4.68	1.70	16
Total Capitalization	\$8,668,372	\$8,343,646	\$8,410,305	\$8,465,717	\$8,901,295	17
<b><u>Percent Of Capitalization (Incl. S-T- Debt)</u></b>						
Long-Term Debt	32.5%	36.4%	38.5%	40.5%	36.1%	18
Preferred Stock	0.3%	0.3%	0.3%	0.3%	0.3%	19
Common Stock & Retained Earnings	56.6%	58.5%	59.4%	59.2%	61.4%	20
Short-Term Debt	10.5%	4.8%	1.8%		2.2%	21
Pretax Coverage of Interest Expense	1.92	0.83	1.66	0.72	2.03	22
Com. Stock Dividends as a % of Earnings	82.1%	-315.1%	119.3%	-62.1%	72.8%	23
Return on Common Equity	5.7%	-0.6%	1.4%	-2.6%	1.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	176.3%	114.9%	60.5%	173.2%	134.4%	25
CWIP as a % of Plant	4.7%	1.9%	1.1%		1.9%	26

Current Assets	1,501,243	1,358,486	1,247,885	1,153,935	1,067,558
Current Liabilities	1,451,781	642,834	283,937	246,452	627,830
Total Capitalization	8,668,372	8,343,646	8,410,305	8,465,717	8,901,295
Long-Term Debt	2,821,486	3,036,226	3,239,398	3,431,730	3,210,661
Preferred Stock	23,000	23,000	23,000	23,000	23,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	4,909,475	4,884,419	4,997,907	5,010,987	5,467,635
Short-Term Debt	914,412	400,000	150,000		200,000
Pretax Income	577,419	220,965	456,578	198,873	496,383
Interest Expense	300,571	265,725	275,803	276,984	244,257
Common Dividends Paid	231,000	86,100	84,000	84,000	71,400
Net Income (Excl. Preferred Stock Dividends)	281,415	(27,323)	70,438	(135,191)	98,137
Internal Cash	748,346	680,421	246,567	525,474	1,020,591
Cash Outflows for Construction	(424,449)	(591,975)	(407,329)	(303,342)	(759,244)
CWIP	486,427	193,792	114,979		181,942
Total Plant	10,424,693	10,013,135	10,121,782	9,798,368	9,541,591
Shares Outstanding	420	420	420	420	420
Number of Employees	26	29	27	30	29

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	(\$1,562,999)	(\$1,354,802)	(\$254,855)	(\$289,804)	(\$765,067)	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	233,303	237,726	255,322	284,438	263,576	2
Changes in Deferred Income Taxes	(29,682)	149,265	(76,150)	22,276	(2,833)	3
Changes in Working Capital	55,411	(375,041)	209,979	(80,635)	168,145	4
Capitalized AFDC - Equity						5
Other	2,157,849	1,220,717	56,439	69,086	635,527	6
Total Non-Cash Items	2,416,881	1,232,667	445,590	295,165	1,064,415	7
Net Cash Provided From Operating Activities	853,882	(122,135)	190,735	5,361	299,348	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(225,846)	(293,411)	(265,475)	(719,991)	(248,009)	9
Purchase of Other Investments	(3,875)	(9,300)	3,494	49,864	23,084	10
Sale of Other Investments			44,300			11
Other						12
Net Cash Provided From Investing Activities	(229,721)	(302,711)	(217,681)	(670,127)	(224,925)	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(46,459)	74,956	462,032	620,140	(32,049)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(50,407)	137,858	(90,000)	(1,178)		17
Dividends Paid						18
Other Financing						19
Net Cash Provided From Financing Activities	(96,866)	212,814	372,032	618,962	(32,049)	20
Net Increase (Decrease) in Cash & Equivalents	527,295	(212,032)	345,086	(45,804)	42,374	21
Cash & Equivalents at Beginning of Year	244,539	456,571	111,485	157,289	114,915	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$771,834</b>	<b>\$244,539</b>	<b>\$456,571</b>	<b>\$111,485</b>	<b>\$157,289</b>	<b>23</b>

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$2,028,407	\$1,940,584	\$2,093,515	\$2,098,522	\$2,092,040
2 Access Lines	1,102	1,128	1,140	1,147	1,122
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	949,870	\$1,023,904	\$1,172,678	\$1,123,397	\$1,235,279
4 Depreciation and Amortization	232,869	237,290	254,886	284,002	263,140
5 Other Operations Expense	588,963	597,116	622,725	682,736	518,379
6 Total Operation Expenses	1,771,702	1,858,311	2,050,289	2,090,135	2,016,798
7 Income Taxes - Operating Taxes	(21,351)	(91,649)	(113,169)	(9,667)	(93,264)
8 Other Taxes - Operating Taxes	106,629	119,890	115,074	68,778	138,215
9 Capital Costs	\$171,427	54,033	41,321	(50,724)	30,292
10 Total	\$2,028,407	\$1,940,584	\$2,093,515	\$2,098,522	\$2,092,040
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	46.8	52.8	56.0	53.5	59.0
12 Depreciation and Amortization	11.5	12.2	12.2	13.5	12.6
13 Other Operations Expense	29.0	30.8	29.7	32.5	24.8
14 Income Taxes - Operating Taxes	(1.1)	(4.7)	(5.4)	(0.5)	(4.5)
15 Other Taxes - Operating Taxes	5.3	6.2	5.5	3.3	6.6
16 Capital Costs	8.5	2.8	2.0	(2.4)	1.4
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	861.95	907.72	1,028.66	979.42	1,100.96
19 Depreciation and Amortization	211.31	210.36	223.58	247.60	234.53
20 Other Operations Expense	534.45	529.36	546.25	595.24	462.01
21 Income Taxes - Operating Taxes	(19.37)	(81.25)	(99.27)	(8.43)	(83.12)
22 Other Taxes - Operating Taxes	96.76	106.29	100.94	59.96	123.19
23 Capital Costs	155.56	47.90	36.25	(44.22)	27.00
24 Total	1,840.66	1,720.38	1,836.42	1,829.57	1,864.56

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$1,769,633	\$1,793,458	\$1,716,302	\$1,686,121	\$1,649,872	1
Central Office Assets	1,832,121	1,728,997	1,728,997	883,190	883,190	2
Information Origination/Termination	51,634	51,634	51,634	51,634	51,634	3
Cable And Wire Facilities	2,899,071	2,669,463	2,646,192	2,493,475	2,220,128	4
Amortizable Assets						5
<b>Total Plant In Service</b>	6,552,459	6,243,551	6,143,124	5,114,420	4,804,824	6
Property Held For Future Use						7
Plant Under Construction	972,537	1,143,370	974,207	1,667,613	1,329,406	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	7,524,996	7,386,921	7,117,331	6,782,033	6,134,230	13
Less Acc. Prov. For Depreciation & Amort.	3,395,869	3,257,353	3,027,034	2,769,445	2,558,761	14
<b>Net Total Utility Plant</b>	\$4,129,127	\$4,129,568	\$4,090,298	\$4,012,588	\$3,575,469	15
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	7.01	8.45	1.74	2.06	2.63	16
Total Capitalization	\$5,148,225	\$6,698,158	\$7,840,146	\$7,722,968	\$7,393,811	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	73.3%	57.1%	47.8%	42.5%	36.0%	18
Preferred Stock						19
Common Stock & Retained Earnings	25.0%	40.9%	52.2%	56.3%	62.7%	20
Short-Term Debt	1.7%	2.1%		1.2%	1.2%	21
Pretax Coverage of Interest Expense	-6.75	-5.99	-0.94	-0.82	-4.91	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	-77.7%	-39.7%	-6.0%	-6.5%	-15.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	378.1%	-41.6%	71.8%	0.7%	120.7%	25
CWIP as a % of Plant	12.9%	15.5%	13.7%	24.6%	21.7%	26

Current Assets	1,358,515	612,360	1,169,193	744,388	577,939
Current Liabilities	193,863	72,481	671,340	361,064	220,115
Total Capitalization	5,148,225	6,698,158	7,840,146	7,722,968	7,393,811
Long-Term Debt	3,775,909	3,822,368	3,747,412	3,285,380	2,665,240
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,284,865	2,737,932	4,092,734	4,347,588	4,637,392
Short-Term Debt	87,451	137,858		90,000	91,178
Pretax Income	(1,382,245)	(1,242,425)	(180,559)	(137,120)	(717,633)
Interest Expense	204,666	207,321	192,313	168,143	146,195
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(1,562,999)	(1,354,802)	(254,855)	(289,804)	(765,067)
Internal Cash	853,882	(122,135)	190,735	5,361	299,348
Cash Outflows for Construction	(225,846)	(293,411)	(265,475)	(719,991)	(248,009)
CWIP	972,537	1,143,370	974,207	1,667,613	1,329,406
Total Plant	7,524,996	7,386,921	7,117,331	6,782,033	6,134,230
Shares Outstanding	243	243	243	243	243
Number of Employees	13	13	13	16	19

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$278,609	(\$1,705,706)	(\$2,034,739)	\$2,844,248	\$112,620	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	691,273	660,170	673,314	647,048	624,432	2
Changes in Deferred Income Taxes	(88,618)	35,113	17,748	45,854	(76,932)	3
Changes in Working Capital	262,160	33,226	286,329	(195,212)	143,902	4
Capitalized AFDC - Equity						5
Other	(165,584)	2,052,144	2,157,870	(2,657,934)	(72,577)	6
Total Non-Cash Items	699,231	2,780,653	3,135,261	(2,160,244)	618,825	7
Net Cash Provided From Operating Activities	<u>977,840</u>	<u>1,074,947</u>	<u>1,100,522</u>	<u>684,004</u>	<u>731,445</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(218,003)	(204,383)	(315,344)	(580,416)	(509,499)	9
Purchase of Other Investments	40,843		(43,349)	(144,582)	(354,452)	10
Sale of Other Investments	6,015	145,655	53,488		(50,639)	11
Other	134,678				275,491	12
Net Cash Provided From Investing Activities	<u>(36,467)</u>	<u>(58,728)</u>	<u>(305,205)</u>	<u>(724,998)</u>	<u>(639,099)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(130,250)	(120,861)	(112,163)	(104,094)	(96,659)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt		(20,919)	(6,435)	27,354		17
Dividends Paid	(138,600)	(138,600)	(138,600)	(99,000)	(138,600)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(268,850)</u>	<u>(280,380)</u>	<u>(257,198)</u>	<u>(175,740)</u>	<u>(235,259)</u>	20
Net Increase (Decrease) in Cash & Equivalents	672,523	735,839	538,119	(216,734)	(142,913)	21
Cash & Equivalents at Beginning of Year	1,636,332	900,492	362,373	579,107	722,020	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$2,308,855</b>	<b>\$1,636,332</b>	<b>\$900,492</b>	<b>\$362,373</b>	<b>\$579,107</b>	<b>23</b>

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$4,016,427	\$4,267,995	\$4,207,739	\$4,082,191	\$4,017,534
2 Access Lines	5,334	5,516	5,629	5,721	5,515

**DOLLAR AMOUNTS**

3 Wages and Benefits	1,549,555	\$1,285,187	\$1,672,296	\$1,678,381	\$1,330,484
4 Depreciation and Amortization	690,534	659,555	672,576	646,310	623,694
5 Other Operations Expense	1,309,514	1,575,298	1,308,735	1,160,591	906,505
6 Total Operation Expenses	3,549,603	3,520,040	3,653,607	3,485,282	2,860,683
7 Income Taxes - Operating Taxes	58,260	145,721	59,636	66,026	280,603
8 Other Taxes - Operating Taxes	215,294	219,612	210,008	194,291	182,518
9 Capital Costs	193,270	382,622	284,488	336,592	693,730
10 Total	\$4,016,427	\$4,267,995	\$4,207,739	\$4,082,191	\$4,017,534

**PERCENT OF REVENUES**

11 Wages and Benefits	38.6	30.1	39.7	41.1	33.1
12 Depreciation and Amortization	17.2	15.5	16.0	15.8	15.5
13 Other Operations Expense	32.6	36.9	31.1	28.4	22.6
14 Income Taxes - Operating Taxes	1.5	3.4	1.4	1.6	7.0
15 Other Taxes - Operating Taxes	5.4	5.1	5.0	4.8	4.5
16 Capital Costs	4.8	9.0	6.8	8.2	17.3
17 Total	100.0	100.0	100.0	100.0	100.0

**DOLLARS PER ACCESS LINE**

18 Wages and Benefits	290.51	232.99	297.09	293.37	241.25
19 Depreciation and Amortization	129.46	119.57	119.48	112.97	113.09
20 Other Operations Expense	245.50	285.59	232.50	202.87	164.37
21 Income Taxes - Operating Taxes	10.92	26.42	10.59	11.54	50.88
22 Other Taxes - Operating Taxes	40.36	39.81	37.31	33.96	33.09
23 Capital Costs	36.23	69.37	50.54	58.83	125.79
24 Total	752.99	773.75	747.51	713.55	728.47

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b><u>Plant In Service</u></b>						
General Support Assets	2,094,499	\$2,056,103	\$2,018,524	\$2,069,720	\$1,976,150	1
Central Office Assets	3,643,625	3,656,902	3,666,373	3,524,172	3,441,934	2
Information Origination/Termination	52,729	175,727	177,525	178,708	187,171	3
Cable And Wire Facilities	5,962,622	5,887,809	5,769,536	5,715,889	5,601,536	4
Amortizable Assets						5
<b>Total Plant In Service</b>	<b>11,753,475</b>	<b>11,776,541</b>	<b>11,631,958</b>	<b>11,488,489</b>	<b>11,206,791</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction	54,053	56,351	308,978	327,557	226,957	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>11,807,528</b>	<b>11,832,892</b>	<b>11,940,936</b>	<b>11,816,046</b>	<b>11,433,748</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	7,008,004	6,545,698	6,176,990	5,630,388	5,182,195	14
<b>Net Total Utility Plant</b>	<b>\$4,799,524</b>	<b>\$5,287,194</b>	<b>\$5,763,946</b>	<b>\$6,185,658</b>	<b>\$6,251,553</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	5.56	6.66	4.58	4.71	4.84	16
Total Capitalization	\$8,958,784	\$8,949,023	\$10,914,190	\$13,199,692	\$10,558,538	17
<b><u>Percent Of Capitalization (Incl. S-T- Debt)</u></b>						
Long-Term Debt	12.7%	14.1%	12.7%	11.3%	15.2%	18
Preferred Stock						19
Common Stock & Retained Earnings	87.3%	85.9%	87.1%	88.5%	84.8%	20
Short-Term Debt			0.2%	0.2%		21
Pretax Coverage of Interest Expense	4.91	-15.36	-16.25	25.87	3.82	22
Com. Stock Dividends as a % of Earnings	49.7%	-8.1%	-6.8%	3.5%	123.1%	23
Return on Common Equity	3.6%	-19.8%	-19.2%	27.5%	1.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	448.5%	525.9%	349.0%	117.8%	143.6%	25
CWIP as a % of Plant	0.5%	0.5%	2.6%	2.8%	2.0%	26

Current Assets	4,534,557	3,877,581	3,340,644	3,220,363	3,225,731
Current Liabilities	816,138	581,984	728,727	683,679	666,091
Total Capitalization	8,958,784	8,949,023	10,935,109	13,227,046	10,558,538
Long-Term Debt	1,134,279	1,264,526	1,385,387	1,497,550	1,601,643
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	7,824,506	7,684,497	9,528,803	11,702,142	8,956,895
Short-Term Debt			20,919	27,354	
Pretax Income	448,565	(1,560,903)	(1,840,594)	3,037,750	477,103
Interest Expense	91,343	101,629	113,258	117,437	124,790
Common Dividends Paid	138,600	138,600	138,600	99,000	138,600
Net Income (Excl. Preferred Stock Dividends)	278,609	(1,705,706)	(2,034,739)	2,844,248	112,620
Internal Cash	977,840	1,074,947	1,100,522	684,004	731,445
Cash Outflows for Construction	(218,003)	(204,383)	(315,344)	(580,416)	(509,499)
CWIP	54,053	56,351	308,978	327,557	226,957
Total Plant	11,807,528	11,832,892	11,940,936	11,816,046	11,433,748
Shares Outstanding	39,600	39,600	39,600	39,600	39,600
Number of Employees	27	27	26	26	27

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$459,268	\$679,666	\$181,254	\$411,181	\$540,412	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	1,185,691	1,113,659	1,393,947	1,348,467	1,326,364	2
Changes in Deferred Income Taxes	(129,144)	385,250	(43,164)	33,499	118,721	3
Changes in Working Capital	(155,917)	(266,595)	180,188	257,907	315,394	4
Capitalized AFDC - Equity	0	0	0			5
Other	(110,062)	(208,283)	(14,438)	144,654	(30,457)	6
Total Non-Cash Items	790,568	1,024,031	1,516,533	1,784,527	1,730,022	7
Net Cash Provided From Operating Activities	<u>1,249,836</u>	<u>1,703,697</u>	<u>1,697,787</u>	<u>2,195,708</u>	<u>2,270,434</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(852,244)	(950,524)	(1,218,031)	(923,534)	(829,480)	9
Purchase of Other Investments	0	0	0	0		10
Sale of Other Investments	(73,790)	5,272	0	0		11
Other	0	0	118,647	(15,463)	33,885	12
Net Cash Provided From Investing Activities	<u>(926,034)</u>	<u>(945,252)</u>	<u>(1,099,384)</u>	<u>(938,997)</u>	<u>(795,595)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt		0	(25,359)	41,496		14
Common Stock		0	(575,000)			15
Preferred Stock		0				16
Short-Term Debt		0				17
Dividends Paid	(9,148,000)	0		(575,000)	(575,000)	18
Other Financing	3,722	(23,032)				19
Net Cash Provided From Financing Activities	<u>(9,144,278)</u>	<u>(23,032)</u>	<u>(600,359)</u>	<u>(533,504)</u>	<u>(575,000)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(8,820,476)	735,413	(1,956)	723,207	899,839	21
Cash & Equivalents at Beginning of Year	9,049,136	8,313,723	8,315,679	7,592,472	6,692,633	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$228,660</b>	<b>\$9,049,136</b>	<b>\$8,313,723</b>	<b>\$8,315,679</b>	<b>\$7,592,472</b>	<b>23</b>

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$6,278,852	\$6,429,878	\$6,184,106	\$6,194,736	\$6,131,073
2 Access Lines	9,221	9,646	9,806	9,940	9,921
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	1,265,521	\$1,174,135	\$1,189,598	\$1,200,223	\$1,016,386
4 Depreciation and Amortization	1,185,691	1,113,659	1,393,947	1,348,466	1,326,365
5 Other Operations Expense	3,217,372	2,964,239	3,016,880	2,758,573	2,707,290
6 Total Operation Expenses	5,668,584	5,252,033	5,600,425	5,307,262	5,050,040
7 Income Taxes - Operating Taxes	122,436	354,785	221,252	253,188	434,795
8 Other Taxes - Operating Taxes	230,638	235,705	230,751	322,968	288,138
9 Capital Costs	257,194	587,355	131,678	311,317	358,100
10 Total	\$6,278,852	\$6,429,878	\$6,184,106	\$6,194,736	\$6,131,073
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	20.2	18.3	19.2	19.4	16.6
12 Depreciation and Amortization	18.9	17.3	22.5	21.8	21.6
13 Other Operations Expense	51.2	46.1	48.8	44.5	44.2
14 Income Taxes - Operating Taxes	1.9	5.5	3.6	4.1	7.1
15 Other Taxes - Operating Taxes	3.7	3.7	3.7	5.2	4.7
16 Capital Costs	4.1	9.1	2.1	5.0	5.8
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	137.24	121.72	121.31	120.75	102.45
19 Depreciation and Amortization	128.59	115.45	142.15	135.66	133.69
20 Other Operations Expense	348.92	307.30	307.66	277.52	272.88
21 Income Taxes - Operating Taxes	13.28	36.78	22.56	25.47	43.83
22 Other Taxes - Operating Taxes	25.01	24.44	23.53	32.49	29.04
23 Capital Costs	27.89	60.89	13.43	31.32	36.10
24 Total	680.93	666.58	630.65	623.21	617.99

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	1,877,395	\$1,905,076	\$1,851,347	\$1,813,018	\$2,744,778	1
Central Office Assets	8,621,907	8,261,666	7,902,560	7,480,969	7,598,383	2
Information Origination/Termination	16,020	15,297	23,402	19,624	117,964	3
Cable And Wire Facilities	10,234,590	10,136,439	9,709,177	9,334,561	8,989,658	4
Amortizable Assets	543,120	663,080	709,932	1,028,903		5
<b>Total Plant In Service</b>	<b>21,293,032</b>	<b>20,981,558</b>	<b>20,196,418</b>	<b>19,677,075</b>	<b>19,450,783</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction	312,202	127,803	413,532	122,865	40,301	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>21,605,234</b>	<b>21,109,361</b>	<b>20,609,950</b>	<b>19,799,940</b>	<b>19,491,084</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	13,106,371	12,350,840	11,683,020	10,701,427	9,985,736	14
<b>Net Total Utility Plant</b>	<b>\$8,498,863</b>	<b>\$8,758,521</b>	<b>\$8,926,930</b>	<b>\$9,098,514</b>	<b>\$9,505,348</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	2.05	8.78	9.63	9.52	9.22	16
Total Capitalization	\$6,727,269	\$15,412,279	\$14,755,645	\$15,165,820	\$15,288,144	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	0.1%	0.0%	0.2%	0.3%	0.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	99.9%	100.0%	99.8%	99.7%	100.0%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	21
Pretax Coverage of Interest Expense	193.19	638.92	262.23	4407.11	3884.55	22
Com. Stock Dividends as a % of Earnings	1991.9%	0.0%	317.2%	139.8%	106.4%	23
Return on Common Equity	4.2%	4.5%	1.2%	2.7%	3.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	146.7%	179.2%	139.4%	237.8%	273.7%	25
CWIP as a % of Plant	1.4%	0.6%	2.0%	0.6%	0.2%	26

Current Assets	2,018,766	10,871,902	9,632,718	9,944,485	9,572,178
Current Liabilities	985,784	1,238,551	1,000,599	1,044,801	1,038,494
Total Capitalization	6,727,269	15,412,279	14,755,645	15,165,820	15,288,144
Long-Term Debt	5,757	2,035	25,067	41,496	
Preferred Stock	0	0	0	0	
Common Stock and Retained Earnings (Excl. Preferred Stock)	6,721,512	15,410,244	14,730,578	15,124,324	15,288,144
Short-Term Debt	0	0	0	0	
Pretax Income	653,546	1,066,350	433,721	718,360	1,082,468
Interest Expense	3,383	1,669	1,654	163	279
Common Dividends Paid	9,148,000	0	575,000	575,000	575,000
Net Income (Excl. Preferred Stock Dividends)	459,268	679,666	181,254	411,181	540,412
Internal Cash	1,249,836	1,703,697	1,697,787	2,195,708	2,270,434
Cash Outflows for Construction	(852,244)	(950,524)	(1,218,031)	(923,534)	(829,480)
CWIP	312,202	127,803	413,532	122,865	40,301
Total Plant	21,605,234	21,109,361	20,609,950	19,799,940	19,491,084
Shares Outstanding	1,000	1,000	1,000	1,000	1,000
Number of Employees	21	22	21	22	23

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	(\$382,875)	\$35,969	\$264,022	\$336,343	\$646,505	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	1,240,446	1,323,375	1,278,368	1,233,842	1,166,920	2
Changes in Deferred Income Taxes	(163,246)	39,033	55,312	29,470	(103,749)	3
Changes in Working Capital	696,631	49,448	656,987	124,734	435,345	4
Capitalized AFDC - Equity						5
Other	105,870	(181,319)	(732,800)	650,641	814,569	6
Total Non-Cash Items	1,879,701	1,230,537	1,257,867	2,038,687	2,313,085	7
Net Cash Provided From Operating Activities	<u>1,496,826</u>	<u>1,266,506</u>	<u>1,521,889</u>	<u>2,375,030</u>	<u>2,959,590</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(681,981)	(942,725)	(980,628)	(1,041,568)	(1,133,101)	9
Purchase of Other Investments	871,094	(68,998)	(287,314)	(57,301)	(99,393)	10
Sale of Other Investments	65,631	92,888	250,948	71,213	48,963	11
Other						12
Net Cash Provided From Investing Activities	<u>254,744</u>	<u>(918,835)</u>	<u>(1,016,994)</u>	<u>(1,027,656)</u>	<u>(1,183,531)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(178,425)	(61,887)	(244,197)	(186,348)	15,838	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(1,079,300)	(199,250)	(141,071)	(11,500)	(1,288,100)	17
Dividends Paid		(246,393)	(485,417)		(228,794)	18
Other Financing	(675,292)			(780,245)		19
Net Cash Provided From Financing Activities	<u>(1,933,017)</u>	<u>(507,530)</u>	<u>(870,685)</u>	<u>(978,093)</u>	<u>(1,501,056)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(181,447)	(159,859)	(365,790)	369,281	275,003	21
Cash & Equivalents at Beginning of Year	351,998	511,857	877,647	508,366	233,363	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$170,551</b>	<b>\$351,998</b>	<b>\$511,857</b>	<b>\$877,647</b>	<b>\$508,366</b>	<b>23</b>

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$7,208,683	\$7,690,516	\$7,676,541	\$8,107,999	\$8,652,331
2 Access Lines	9,831	10,308	10,823	11,371	11,475

**DOLLAR AMOUNTS**

3 Wages and Benefits	2,454,475	\$2,429,977	\$2,529,041	\$2,599,240	\$2,716,902
4 Depreciation and Amortization	1,239,989	1,322,917	1,277,911	1,233,384	1,166,462
5 Other Operations Expense	3,700,062	3,516,889	3,217,573	3,191,093	3,590,489
6 Total Operation Expenses	7,394,526	7,269,783	7,024,525	7,023,717	7,473,853
7 Income Taxes - Operating Taxes	(319,011)	(28,154)	24,524	224,738	176,547
8 Other Taxes - Operating Taxes	377,041	374,055	353,379	321,004	277,631
9 Capital Costs	(243,873)	74,832	274,113	538,540	724,300
10 Total	\$7,208,683	\$7,690,516	\$7,676,541	\$8,107,999	\$8,652,331

**PERCENT OF REVENUES**

11 Wages and Benefits	34.0	31.6	32.9	32.1	31.4
12 Depreciation and Amortization	17.2	17.2	16.6	15.2	13.5
13 Other Operations Expense	51.3	45.7	41.9	39.4	41.5
14 Income Taxes - Operating Taxes	(4.4)	(0.4)	0.3	2.8	2.0
15 Other Taxes - Operating Taxes	5.2	4.9	4.6	4.0	3.2
16 Capital Costs	(3.4)	1.0	3.6	6.6	8.4
17 Total	100.0	100.0	100.0	100.0	100.0

**DOLLARS PER ACCESS LINE**

18 Wages and Benefits	249.67	235.74	233.67	228.58	236.77
19 Depreciation and Amortization	126.13	128.34	118.07	108.47	101.65
20 Other Operations Expense	376.37	341.18	297.29	280.63	312.90
21 Income Taxes - Operating Taxes	(32.45)	(2.73)	2.27	19.76	15.39
22 Other Taxes - Operating Taxes	38.35	36.29	32.65	28.23	24.19
23 Capital Costs	(24.81)	7.26	25.33	47.36	63.12
24 Total	733.26	746.07	709.28	713.04	754.02

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	4,512,519	\$4,686,114	\$4,505,796	\$4,632,858	\$4,506,851	1
Central Office Assets	6,708,646	6,419,922	7,463,761	7,062,424	6,665,057	2
Information Origination/Termination	438,557	438,556	438,556	438,556	1,056,790	3
Cable And Wire Facilities	5,469,829	5,430,533	5,470,963	5,226,916	5,103,802	4
Amortizable Assets	130,699	130,699	130,699	130,699	130,699	5
<b>Total Plant In Service</b>	<b>17,260,250</b>	<b>17,105,824</b>	<b>18,009,775</b>	<b>17,491,453</b>	<b>17,463,199</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction	3,351	27,690	124,374	309,343	222,746	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>17,263,601</b>	<b>17,133,514</b>	<b>18,134,149</b>	<b>17,800,796</b>	<b>17,685,945</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	11,217,985	10,464,260	10,991,817	10,110,233	9,509,301	14
<b>Net Total Utility Plant</b>	<b>\$6,045,616</b>	<b>\$6,669,254</b>	<b>\$7,142,332</b>	<b>\$7,690,563</b>	<b>\$8,176,644</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.72	0.89	0.81	0.89	0.81	16
Total Capitalization	\$8,741,724	\$10,397,616	\$10,869,177	\$11,475,840	\$12,117,588	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	19.9%	18.5%	18.0%	18.9%	19.6%	18
Preferred Stock						19
Common Stock & Retained Earnings	58.4%	59.2%	58.6%	57.4%	58.1%	20
Short-Term Debt	21.7%	22.3%	23.4%	23.7%	22.3%	21
Pretax Coverage of Interest Expense	-2.42	1.75	2.61	2.96	2.59	22
Com. Stock Dividends as a % of Earnings	-202.1%	155.2%	166.7%	268.4%		23
Return on Common Equity	-5.9%	2.5%	4.5%	4.3%	6.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	219.5%	134.3%	155.2%	228.0%	261.2%	25
CWIP as a % of Plant	0.0%	0.2%	0.7%	1.7%	1.3%	26

Current Assets	2,348,987	2,804,947	3,241,056	3,733,389	3,414,083
Current Liabilities	3,283,864	3,169,341	4,001,822	4,191,303	4,212,985
Total Capitalization	8,741,724	10,397,616	10,869,177	11,475,840	12,117,588
Long-Term Debt	1,739,456	1,918,763	1,959,212	2,167,987	2,380,311
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	5,101,165	6,159,332	6,369,756	6,591,151	7,035,051
Short-Term Debt	1,901,103	2,319,521	2,540,209	2,716,702	2,702,226
Pretax Income	(462,145)	305,114	512,274	777,741	967,788
Interest Expense	191,269	174,501	196,541	262,435	373,151
Common Dividends Paid	675,584	246,393	485,417	780,245	
Net Income (Excl. Preferred Stock Dividends)	(334,261)	158,767	291,209	290,701	418,122
Internal Cash	1,496,826	1,266,506	1,521,889	2,375,030	2,959,590
Cash Outflows for Construction	(681,981)	(942,725)	(980,628)	(1,041,568)	(1,133,101)
CWIP	3,351	27,690	124,374	309,343	222,746
Total Plant	17,263,601	17,133,514	18,134,149	17,800,796	17,685,945
Shares Outstanding	11,733	11,733	11,733	11,733	11,733
Number of Employees	56	61	66	81	117

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$255,149	\$239,623	\$237,017	\$326,945	\$414,096	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	653,043	646,917	661,542	652,388	699,811	2
Changes in Deferred Income Taxes	(33,415)	38,181	78,087	49,233	(14,755)	3
Changes in Working Capital	16,563	(48,842)	(87,576)	171,426	166,784	4
Capitalized AFDC - Equity						5
Other	(20,273)	346,572	50,816	49,359	64,762	6
Total Non-Cash Items	615,918	982,828	702,869	922,406	916,602	7
Net Cash Provided From Operating Activities	<u>871,067</u>	<u>1,222,451</u>	<u>939,886</u>	<u>1,249,351</u>	<u>1,330,698</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(92,859)	(597,869)	(395,430)	(452,367)	(403,093)	9
Purchase of Other Investments						10
Sale of Other Investments	7,247	(66,729)				11
Other			1,134	(33,612)	(11,153)	12
Net Cash Provided From Investing Activities	<u>(85,612)</u>	<u>(664,598)</u>	<u>(394,296)</u>	<u>(485,979)</u>	<u>(414,246)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(1,594,496)	(100,827)	(95,615)	(90,665)	(86,005)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(3,294,000)		(499,996)	(499,996)	(499,997)	18
Other Financing*						19
Net Cash Provided From Financing Activities	<u>(4,888,496)</u>	<u>(100,827)</u>	<u>(595,611)</u>	<u>(590,661)</u>	<u>(586,002)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(4,103,041)	457,026	(50,021)	172,711	330,450	21
Cash & Equivalents at Beginning of Year	4,454,283	3,997,257	4,047,278	3,874,567	3,544,117	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$351,242</b>	<b>\$4,454,283</b>	<b>\$3,997,257</b>	<b>\$4,047,278</b>	<b>\$3,874,567</b>	23

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

	2005	2004	2003	2002	2001
1 Revenues	\$2,585,835	\$2,562,322	\$2,736,976	\$2,598,497	\$2,690,460
2 Access Lines	2,784	2,844	2,825	2,812	2,515

**DOLLAR AMOUNTS**

3 Wages and Benefits	408,753	\$403,244	\$335,318	\$281,916	\$277,795
4 Depreciation and Amortization	653,043	646,919	661,542	652,388	699,811
5 Other Operations Expense	984,665	934,921	1,012,329	953,349	916,397
6 Total Operation Expenses	2,046,461	1,985,084	2,009,189	1,887,653	1,894,004
7 Income Taxes - Operating Taxes	85,236	118,546	191,429	135,154	196,089
8 Other Taxes - Operating Taxes	190,509	145,974	150,516	145,848	119,591
9 Capital Costs	263,629	312,718	385,842	429,842	480,777
10 Total	\$2,585,835	\$2,562,322	\$2,736,976	\$2,598,497	\$2,690,460

**PERCENT OF REVENUES**

11 Wages and Benefits	15.8	15.7	12.3	10.8	10.3
12 Depreciation and Amortization	25.3	25.2	24.2	25.1	26.0
13 Other Operations Expense	38.1	36.5	37.0	36.7	34.1
14 Income Taxes - Operating Taxes	3.3	4.6	7.0	5.2	7.3
15 Other Taxes - Operating Taxes	7.4	5.7	5.5	5.6	4.4
16 Capital Costs	10.2	12.2	14.1	16.5	17.9
17 Total	100.0	100.0	100.0	100.0	100.0

**DOLLARS PER ACCESS LINE**

18 Wages and Benefits	146.82	141.79	118.70	100.25	110.46
19 Depreciation and Amortization	234.57	227.47	234.17	232.00	278.25
20 Other Operations Expense	353.69	328.73	358.35	339.03	364.37
21 Income Taxes - Operating Taxes	30.62	41.68	67.76	48.06	77.97
22 Other Taxes - Operating Taxes	68.43	51.33	53.28	51.87	47.55
23 Capital Costs	94.69	109.96	136.58	152.86	191.16
24 Total	928.82	900.96	968.84	924.07	1,069.77

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	912,523	\$977,556	\$1,130,387	\$1,094,163	\$1,433,835	1
Central Office Assets	2,903,690	3,027,942	3,235,357	3,119,467	2,940,826	2
Information Origination/Termination	15,526	15,787	20,728	23,470	30,953	3
Cable And Wire Facilities	6,402,369	6,350,422	6,046,763	5,872,383	5,733,383	4
Amortizable Assets	79,234	86,494	75,296	411,013	150	5
<b>Total Plant In Service</b>	<b>10,313,342</b>	<b>10,458,201</b>	<b>10,508,531</b>	<b>10,520,496</b>	<b>10,139,147</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction	691	43,390	37,818	61,121	43,154	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>10,314,033</b>	<b>10,501,591</b>	<b>10,546,349</b>	<b>10,581,617</b>	<b>10,182,301</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	6,811,778	6,474,050	6,536,489	6,317,175	5,753,909	14
<b>Net Total Utility Plant</b>	<b>\$3,502,255</b>	<b>\$4,027,541</b>	<b>\$4,009,860</b>	<b>\$4,264,442</b>	<b>\$4,428,392</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	3.23	9.60	13.05	11.63	11.42	16
Total Capitalization	\$1,991,049	\$6,624,396	\$6,485,600	\$6,844,194	\$7,107,912	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt		22.5%	24.6%	24.8%	25.2%	18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	75.9%	73.9%	73.8%	73.5%	20
Short-Term Debt		1.6%	1.5%	1.4%	1.3%	21
Pretax Coverage of Interest Expense	3.96	3.22	3.56	3.51	4.26	22
Com. Stock Dividends as a % of Earnings	1291.0%		211.0%	152.9%	120.7%	23
Return on Common Equity	7.3%	4.9%	4.8%	6.4%	7.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	938.1%	204.5%	237.7%	276.2%	330.1%	25
CWIP as a % of Plant	0.0%	0.4%	0.4%	0.6%	0.4%	26

Current Assets	931,887	5,181,484	4,535,547	4,564,179	4,580,850
Current Liabilities	288,649	539,752	347,623	392,446	400,961
Total Capitalization	1,991,049	6,624,396	6,485,600	6,844,194	7,107,912
Long-Term Debt		1,488,712	1,595,024	1,695,837	1,791,427
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,991,049	5,029,900	4,790,277	5,053,256	5,226,309
Short-Term Debt		105,784	100,299	95,101	90,176
Pretax Income	460,586	507,625	615,982	642,487	834,859
Interest Expense	116,182	157,628	173,271	183,162	196,116
Common Dividends Paid	3,294,000		499,996	499,996	499,997
Net Income (Excl. Preferred Stock Dividends)	255,149	239,623	237,017	326,945	414,096
Internal Cash	871,067	1,222,451	939,886	1,249,351	1,330,698
Cash Outflows for Construction	(92,859)	(597,869)	(395,430)	(452,367)	(403,093)
CWIP	691	43,390	37,818	61,121	43,154
Total Plant	10,314,033	10,501,591	10,546,349	10,581,617	10,182,301
Shares Outstanding	676	676	676	676	676
Number of Employees	6	6	6	6	6

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$279,723	\$2,422,706	\$315,470	\$577,162	\$367,340	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	1,352,976	1,574,943	1,746,383	1,790,560	1,621,151	2
Changes in Deferred Income Taxes	(149,438)	(39,458)	285,279	453,447	559,165	3
Changes in Working Capital	7,019	(194,235)	810,797	(1,680,266)	593,621	4
Capitalized AFDC - Equity						5
Other	(1,156)	(2,163,424)	18,538	(56,209)	(117,160)	6
Total Non-Cash Items	1,209,401	(822,174)	2,860,997	507,532	2,656,777	7
Net Cash Provided From Operating Activities	<u>1,489,124</u>	<u>1,600,532</u>	<u>3,176,467</u>	<u>1,084,694</u>	<u>3,024,117</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(1,339,646)	(1,608,732)	(987,612)	(1,064,410)	(1,822,475)	9
Purchase of Other Investments	(210,726)	(316,418)	(386,045)	115,483	(514,164)	10
Sale of Other Investments	(43,394)		22,412	520,000	(125,171)	11
Other			(525,146)	(116,403)	(100,043)	12
Net Cash Provided From Investing Activities	<u>(1,593,766)</u>	<u>(1,925,150)</u>	<u>(1,876,391)</u>	<u>(545,330)</u>	<u>(2,561,853)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(166,532)	(161,775)	(167,807)	(160,909)	(156,867)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(166,532)</u>	<u>(161,775)</u>	<u>(167,807)</u>	<u>(160,909)</u>	<u>(156,867)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(271,174)	(486,393)	1,132,269	378,455	305,397	21
Cash & Equivalents at Beginning of Year	2,680,693	3,167,086	2,034,817	1,656,362	1,350,965	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$2,409,519</b>	<b>\$2,680,693</b>	<b>\$3,167,086</b>	<b>\$2,034,817</b>	<b>\$1,656,362</b>	<b>23</b>

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$5,318,175	\$5,732,792	\$5,942,976	\$6,348,568	\$6,125,513
2 Access Lines	8,077	8,287	8,521	8,752	8,783
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	1,771,048	\$1,839,518	\$1,846,841	\$1,832,329	\$1,826,394
4 Depreciation and Amortization	1,345,119	1,566,979	1,746,383	1,754,639	1,613,294
5 Other Operations Expense	1,611,710	1,734,759	1,604,776	1,585,210	1,287,457
6 Total Operation Expenses	4,727,877	5,141,256	5,198,000	5,172,178	4,727,145
7 Income Taxes - Operating Taxes	13,865	68,374	157,274	414,417	430,259
8 Other Taxes - Operating Taxes	279,970	255,184	253,486	232,922	220,986
9 Capital Costs	296,463	267,978	334,216	529,051	747,123
10 Total	\$5,318,175	\$5,732,792	\$5,942,976	\$6,348,568	\$6,125,513
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	33.3	32.1	31.1	28.9	29.8
12 Depreciation and Amortization	25.3	27.3	29.4	27.6	26.3
13 Other Operations Expense	30.3	30.3	27.0	25.0	21.0
14 Income Taxes - Operating Taxes	0.3	1.2	2.6	6.5	7.0
15 Other Taxes - Operating Taxes	5.3	4.5	4.3	3.7	3.6
16 Capital Costs	5.6	4.7	5.6	8.3	12.2
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	219.27	221.98	216.74	209.36	207.95
19 Depreciation and Amortization	166.54	189.09	204.95	200.48	183.68
20 Other Operations Expense	199.54	209.33	188.33	181.13	146.59
21 Income Taxes - Operating Taxes	1.72	8.25	18.46	47.35	48.99
22 Other Taxes - Operating Taxes	34.66	30.79	29.75	26.61	25.16
23 Capital Costs	36.70	32.34	39.22	60.45	85.06
24 Total	658.43	691.78	697.45	725.38	697.43

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	5,882,564	\$5,873,596	\$5,754,248	\$5,644,411	\$5,245,239	1
Central Office Assets	7,628,896	7,629,349	7,378,551	7,150,388	6,484,171	2
Information Origination/Termination	85,266	74,373	220,285	206,052	182,419	3
Cable And Wire Facilities	12,648,096	12,218,727	11,862,642	11,510,125	10,963,937	4
Amortizable Assets	264	264	264	264	264	5
<b>Total Plant In Service</b>	<b>26,245,086</b>	<b>25,796,309</b>	<b>25,215,990</b>	<b>24,511,240</b>	<b>22,876,030</b>	<b>6</b>
Property Held For Future Use			7,476	7,476	7,476	7
Plant Under Construction	1,537,914	979,833	446,834	488,838	936,281	8
Tel. Acquisition	142,838	142,838	142,838	142,838	142,838	9
Other Plant	274,983	274,983	274,983	274,983	274,983	10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>28,200,821</b>	<b>27,193,963</b>	<b>26,088,121</b>	<b>25,425,375</b>	<b>24,237,608</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	15,196,163	14,232,982	13,153,755	11,866,481	10,432,914	14
<b>Net Total Utility Plant</b>	<b>\$13,004,658</b>	<b>\$12,960,981</b>	<b>\$12,934,366</b>	<b>\$13,558,894</b>	<b>\$13,804,694</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	5.81	5.88	3.39	5.19	1.44	16
Total Capitalization	\$22,603,541	\$22,980,200	\$20,183,213	\$19,718,577	\$20,370,856	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	3.3%	4.0%	5.3%	6.3%	6.9%	18
Preferred Stock						19
Common Stock & Retained Earnings	96.7%	96.0%	94.7%	93.7%	93.1%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	7.63	48.59	6.54	14.19	10.19	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	1.3%	11.8%	1.7%	3.1%	2.0%	24
Internal Cash Generated as a % of Cash Outflows for Construction	111.2%	99.5%	321.6%	101.9%	165.9%	25
CWIP as a % of Plant	5.5%	3.6%	1.7%	1.9%	3.9%	26

Current Assets	3,955,861	4,224,132	4,825,914	3,830,362	4,522,492
Current Liabilities	680,981	718,725	1,421,976	737,800	3,148,268
Total Capitalization	22,603,541	22,980,200	20,183,213	19,718,577	20,370,856
Long-Term Debt	750,012	916,544	1,078,319	1,246,126	1,407,034
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	21,853,529	22,063,656	19,104,894	18,472,451	18,963,822
Short-Term Debt					
Pretax Income	330,708	2,540,542	390,359	946,956	722,243
Interest Expense	43,364	52,287	59,717	66,718	70,859
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	279,723	2,422,706	315,470	577,162	367,340
Internal Cash	1,489,124	1,600,532	3,176,467	1,084,694	3,024,117
Cash Outflows for Construction	(1,339,646)	(1,608,732)	(987,612)	(1,064,410)	(1,822,475)
CWIP	1,537,914	979,833	446,834	488,838	936,281
Total Plant	28,200,821	27,193,963	26,088,121	25,425,375	24,237,608
Shares Outstanding	2,626	2,626	2,626	2,626	2,626
Number of Employees	56	55	55	57	57

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$18,387	\$347,191	\$187,262	\$133,122	\$133,756	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	118,233	111,881	110,867	106,603	104,100	2
Changes in Deferred Income Taxes	(1,853)	10,348	2,813	1,865	628	3
Changes in Working Capital	(1,717)	14,494	50,508	(15,796)	(164,030)	4
Capitalized AFDC - Equity						5
Other	(116,976)	30,319	(12,757)	(23,165)	3,593	6
Total Non-Cash Items	(2,313)	167,042	151,431	69,507	(55,709)	7
Net Cash Provided From Operating Activities	<u>16,074</u>	<u>514,233</u>	<u>338,693</u>	<u>202,629</u>	<u>78,047</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(134,290)	(73,710)	(91,523)	(84,411)	(130,926)	9
Purchase of Other Investments	(15,000)	(60,000)	(70,000)	(50,000)		10
Sale of Other Investments						11
Other						12
Net Cash Provided From Investing Activities	<u>(149,290)</u>	<u>(133,710)</u>	<u>(161,523)</u>	<u>(134,411)</u>	<u>(130,926)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(40,540)	(35,891)	(34,586)	(36,097)	(35,341)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid		(200,000)	(51,000)			18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(40,540)</u>	<u>(235,891)</u>	<u>(85,586)</u>	<u>(36,097)</u>	<u>(35,341)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(173,756)	144,632	91,584	32,121	(88,220)	21
Cash & Equivalents at Beginning of Year	418,459	273,827	182,243	150,122	238,342	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$244,703</b>	<b>\$418,459</b>	<b>\$273,827</b>	<b>\$182,243</b>	<b>\$150,122</b>	<b>23</b>

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

	2005	2004	2003	2002	2001
1 Revenues	\$1,311,624	\$1,320,835	\$1,341,859	\$1,229,032	\$1,191,435
2 Access Lines	1,053	1,078	1,077	1,085	1,076
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	\$381,962	\$290,057	\$275,131	\$264,338	\$226,972
4 Depreciation and Amortization	117,892	99,930	97,168	92,805	91,340
5 Other Operations Expense	755,513	732,081	648,387	625,132	625,194
6 Total Operation Expenses	1,255,367	1,122,068	1,020,686	982,275	943,506
7 Income Taxes - Operating Taxes	53,382	218,593	124,366	94,644	98,908
8 Other Taxes - Operating Taxes					
9 Capital Costs	2,875	(19,826)	196,807	152,113	149,021
10 Total	\$1,311,624	\$1,320,835	\$1,341,859	\$1,229,032	\$1,191,435
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	29.1	22.0	20.5	21.5	19.1
12 Depreciation and Amortization	9.0	7.6	7.2	7.6	7.7
13 Other Operations Expense	57.6	55.4	48.3	50.9	52.5
14 Income Taxes - Operating Taxes	4.1	16.5	9.3	7.7	8.3
15 Other Taxes - Operating Taxes					
16 Capital Costs	0.2	(1.5)	14.7	12.4	12.5
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	362.74	269.07	255.46	243.63	210.94
19 Depreciation and Amortization	111.96	92.70	90.22	85.53	84.89
20 Other Operations Expense	717.49	679.11	602.03	576.16	581.04
21 Income Taxes - Operating Taxes	50.70	202.78	115.47	87.23	91.92
22 Other Taxes - Operating Taxes					
23 Capital Costs	2.73	(18.39)	182.74	140.20	138.50
24 Total	1,245.61	1,225.26	1,245.92	1,132.75	1,107.28

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$220,707	\$475,622	\$456,668	\$452,077	\$437,352	1
Central Office Assets	937,101	900,642	874,549	855,184	832,644	2
Information Origination/Termination		29,666	29,666	29,666	29,667	3
Cable And Wire Facilities	997,762	933,505	898,733	846,156	810,338	4
Amortizable Assets	31,240	31,240	31,240	31,240	19,243	5
<b>Total Plant In Service</b>	<b>2,186,810</b>	<b>2,370,675</b>	<b>2,290,856</b>	<b>2,214,323</b>	<b>2,129,244</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction						8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>2,186,810</b>	<b>2,370,675</b>	<b>2,290,856</b>	<b>2,214,323</b>	<b>2,129,244</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	1,136,249	1,099,861	1,011,863	915,037	834,727	14
<b>Net Total Utility Plant</b>	<b>\$1,050,561</b>	<b>\$1,270,814</b>	<b>\$1,278,993</b>	<b>\$1,299,286</b>	<b>\$1,294,517</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	4.22	4.37	3.52	7.06	3.54	16
Total Capitalization	\$1,765,952	\$1,977,324	\$1,846,492	\$1,744,815	\$1,634,972	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	4.8%	14.5%	16.4%	19.4%	22.1%	18
Preferred Stock						19
Common Stock & Retained Earnings	95.2%	85.5%	83.6%	80.6%	77.9%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	2.09	22.64	11.28	7.14	6.56	22
Com. Stock Dividends as a % of Earnings		57.6%	27.2%			23
Return on Common Equity	1.1%	21.5%	12.7%	9.9%	11.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	12.0%	697.6%	370.1%	240.1%	59.6%	25
CWIP as a % of Plant						26

Current Assets	562,565	659,778	567,120	459,291	405,231
Current Liabilities	133,244	151,017	161,327	65,026	114,456
Total Capitalization	1,765,952	1,977,324	1,846,492	1,744,815	1,634,972
Long-Term Debt	84,757	287,151	303,510	338,095	361,374
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,681,195	1,690,173	1,542,982	1,406,720	1,273,598
Short-Term Debt					
Pretax Income	41,547	529,478	287,679	212,194	221,092
Interest Expense	19,915	23,382	25,499	29,734	33,726
Common Dividends Paid		200,000	51,000		
Net Income (Excl. Preferred Stock Dividends)	18,387	347,191	187,262	133,122	133,756
Internal Cash	16,074	514,233	338,693	202,629	78,047
Cash Outflows for Construction	(134,290)	(73,710)	(91,523)	(84,411)	(130,926)
CWIP					
Total Plant	2,186,810	2,370,675	2,290,856	2,214,323	2,129,244
Shares Outstanding	1,050	1,050	1,050	1,050	1,050
Number of Employees	4	4	4	4	4

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$1,538,654	\$1,717,686	\$355,435	\$948,687	\$996,745	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	1,143,856	1,141,286	1,087,329	518,835	966,718	2
Changes in Deferred Income Taxes	346,505	(7,492,524)	6,067,402	588,359	(1,025,253)	3
Changes in Working Capital	(7,586,416)	8,844,498	5,270,395	(6,956,347)	(350,557)	4
Capitalized AFDC - Equity					(52,425)	5
Other	(565,791)	296,053	(124,894)	(3,152,333)	701,157	6
Total Non-Cash Items	(6,661,846)	2,789,313	12,300,232	(9,001,486)	239,640	7
Net Cash Provided From Operating Activities	<u>(5,123,192)</u>	<u>4,506,999</u>	<u>12,655,667</u>	<u>(8,052,799)</u>	<u>1,236,385</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(827,445)	(1,048,382)	(554,313)	(198,595)	(1,795,287)	9
Purchase of Other Investments	5,924,344	(2,624,351)	(12,132,759)	7,334,733	254,406	10
Sale of Other Investments					(177,044)	11
Other						12
Net Cash Provided From Investing Activities	<u>5,096,899</u>	<u>(3,672,733)</u>	<u>(12,687,072)</u>	<u>7,136,138</u>	<u>(1,717,925)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt		(805,000)		(186,870)	(174,735)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing					(56,171)	19
Net Cash Provided From Financing Activities		<u>(805,000)</u>		<u>(186,870)</u>	<u>(230,906)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(26,293)	29,266	(31,405)	(1,103,531)	(712,446)	21
Cash & Equivalents at Beginning of Year	17,817	(11,449)	19,956	1,123,487	1,835,933	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>(\$8,476)</b>	<b>\$17,817</b>	<b>(\$11,449)</b>	<b>\$19,956</b>	<b>\$1,123,487</b>	23

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$5,763,028	\$5,889,018	\$5,784,237	\$5,917,908	\$5,638,055
2 Access Lines	6,459	6,643	6,722	6,812	6,740

**DOLLAR AMOUNTS**

3 Wages and Benefits	\$747,556	\$673,468	\$1,168,019	\$721,328	\$693,589
4 Depreciation and Amortization	1,143,856	1,215,809	525,739	957,455	943,700
5 Other Operations Expense	1,539,027	2,219,035	1,609,012	2,455,312	2,004,060
6 Total Operation Expenses	3,430,439	4,108,312	3,302,770	4,134,095	3,641,349
7 Income Taxes - Operating Taxes	712,544	535,011	392,007	318,671	628,847
8 Other Taxes - Operating Taxes	296,750	252,103	270,563	194,337	274,547
9 Capital Costs	1,323,295	993,593	1,818,897	1,270,805	1,093,312
10 Total	\$5,763,028	\$5,889,018	\$5,784,237	\$5,917,908	\$5,638,055

**PERCENT OF REVENUES**

11 Wages and Benefits	13.0	11.4	20.2	12.2	12.3
12 Depreciation and Amortization	19.8	20.6	9.1	16.2	16.7
13 Other Operations Expense	26.7	37.7	27.8	41.5	35.5
14 Income Taxes - Operating Taxes	12.4	9.1	6.8	5.4	11.2
15 Other Taxes - Operating Taxes	5.1	4.3	4.7	3.3	4.9
16 Capital Costs	23.0	16.9	31.4	21.5	19.4
17 Total	100.0	100.0	100.0	100.0	100.0

**DOLLARS PER ACCESS LINE**

18 Wages and Benefits	115.74	101.38	173.76	105.89	102.91
19 Depreciation and Amortization	177.09	183.02	78.21	140.55	140.01
20 Other Operations Expense	238.28	334.04	239.37	360.44	297.34
21 Income Taxes - Operating Taxes	110.32	80.54	58.32	46.78	93.30
22 Other Taxes - Operating Taxes	45.94	37.95	40.25	28.53	40.73
23 Capital Costs	204.88	149.57	270.59	186.55	162.21
24 Total	892.25	886.50	860.49	868.75	836.51

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$1,932,286	\$2,151,428	\$2,055,773	\$1,966,383	\$1,804,638	1
Central Office Assets	7,270,289	6,810,576	6,475,155	6,126,184	5,491,955	2
Information Origination/Termination	27,357	153,216	186,548	179,486	650,448	3
Cable And Wire Facilities	12,566,554	11,959,955	11,585,959	10,968,306	9,988,036	4
Amortizable Assets						5
<b>Total Plant In Service</b>	21,796,486	21,075,175	20,303,435	19,240,359	17,935,077	6
Property Held For Future Use						7
Plant Under Construction	224,054	481,203	201,270	669,693	1,776,380	8
Tel. Acquisition						9
Other Plant			3,290	3,290	3,290	10
Nonoperating Plant				40,340	40,340	11
Goodwill				8,778,017		12
<b>Total Telecommunications Plant</b>	22,020,540	21,556,378	20,507,995	28,731,699	19,755,087	13
Less Acc. Prov. For Depreciation & Amort.	14,488,380	13,707,807	12,566,521	11,479,192	10,960,357	14
<b>Net Total Utility Plant</b>	\$7,532,160	\$7,848,571	\$7,941,474	\$17,252,507	\$8,794,730	15
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	2.75	0.24	1.52	-4507.32	8.16	16
Total Capitalization	\$10,298,343	\$8,640,315	\$7,727,630	\$7,372,195	\$9,556,647	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	1.2%				33.7%	18
Preferred Stock						19
Common Stock & Retained Earnings	98.8%	100.0%	100.0%	100.0%	64.4%	20
Short-Term Debt					2.0%	21
Pretax Coverage of Interest Expense	204.33	147.95	1.53	4.47	7.28	22
Com. Stock Dividends as a % of Earnings		46.9%				23
Return on Common Equity	16.4%	21.0%	4.7%	14.0%	17.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-619.2%	429.9%	2283.1%	-4054.9%	68.9%	25
CWIP as a % of Plant	1.0%	2.2%	1.0%	3.4%	9.0%	26

Current Assets	2,156,680	1,996,025	7,413,147	8,004,995	2,062,178
Current Liabilities	784,425	8,335,373	4,864,033	(1,776)	252,771
Total Capitalization	10,298,343	8,640,315	7,727,630	7,372,195	9,556,647
Long-Term Debt	119,375				3,216,433
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	10,178,968	8,640,315	7,727,630	7,372,195	6,153,344
Short-Term Debt					186,870
Pretax Income	2,363,972	2,667,898	2,150,739	1,632,755	1,824,054
Interest Expense	11,570	18,033	1,403,297	365,397	250,459
Common Dividends Paid		805,000			
Net Income (Excl. Preferred Stock Dividends)	1,538,654	1,717,686	355,435	948,687	996,745
Internal Cash	(5,123,192)	4,506,999	12,655,667	(8,052,799)	1,236,385
Cash Outflows for Construction	(827,445)	(1,048,382)	(554,313)	(198,595)	(1,795,287)
CWIP	224,054	481,203	201,270	669,693	1,776,380
Total Plant	22,020,540	21,556,378	20,507,995	19,953,682	19,755,087
Shares Outstanding	21,742	21,742	21,742	21,742	21,742
Number of Employees	7	9	9	9	11

**Frontier Communications of New York**  
**Statement of Cash Flows**  
**For the Year Ended December 31,**

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$25,225,925	\$13,731,482	\$1,123,358	\$14,064,934	\$16,065,884	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	9,250,362	8,484,266	8,283,877	4,946,636	7,781,445	2
Changes in Deferred Income Taxes	1,650,941	4,395,965	(15,590,457)	11,911,080	(19,221,431)	3
Changes in Working Capital	(11,552,873)	(2,471,766)	409,891,642	(396,514,273)	(3,072,714)	4
Capitalized AFDC - Equity					(240,382)	5
Other	(552,077)	(1,471,881)	(289,534,883)	295,051,900	8,697,057	6
Total Non-Cash Items	(1,203,647)	8,936,584	113,050,179	(84,604,657)	(6,056,025)	7
Net Cash Provided From Operating Activities	<u>24,022,278</u>	<u>22,668,066</u>	<u>114,173,537</u>	<u>(70,539,723)</u>	<u>10,009,859</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(5,047,063)	(5,918,552)	(4,636,296)	(2,380,053)	(12,735,149)	9
Purchase of Other Investments	(18,640,228)	(11,372,427)	(109,263,619)	88,540,793	2,944,702	10
Sale of Other Investments					588,713	11
Other					1,602,342	12
Net Cash Provided From Investing Activities	<u>(23,687,291)</u>	<u>(17,290,979)</u>	<u>(113,899,915)</u>	<u>86,160,740</u>	<u>(7,599,392)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt		(6,405,000)				17
Dividends Paid				(15,000,000)		18
Other Financing					(3,894,703)	19
					178	
Net Cash Provided From Financing Activities		<u>(6,405,000)</u>		<u>(15,000,000)</u>	<u>(3,894,525)</u>	20
Net Increase (Decrease) in Cash & Equivalents	334,987	(1,027,913)	273,622	621,017	(1,484,058)	21
Cash & Equivalents at Beginning of Year	524,412	1,552,325	1,278,703	657,686	2,141,744	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$859,400</b>	<b>\$524,412</b>	<b>\$1,552,325</b>	<b>\$1,278,703</b>	<b>\$657,686</b>	<b>23</b>

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$70,427,364	\$70,766,111	\$69,506,840	\$72,337,707	\$71,220,468
2 Access Lines	72,442	75,886	85,915	94,579	81,390

**DOLLAR AMOUNTS**

3 Wages and Benefits	5,955,548	\$5,740,424	\$14,222,763	\$11,564,623	\$13,516,455
4 Depreciation and Amortization	9,250,362	9,283,347	2,339,939	7,246,492	9,691,183
5 Other Operations Expense	13,643,283	31,948,591	21,237,183	28,515,907	16,590,985
6 Total Operation Expenses	28,849,193	46,972,362	37,799,885	47,327,022	39,798,623
7 Income Taxes - Operating Taxes	13,457,583	7,259,818	10,176,769	3,591,084	11,515,980
8 Other Taxes - Operating Taxes	3,127,935	3,051,409	2,630,475	3,517,153	4,016,468
9 Capital Costs	24,992,653	13,482,522	18,899,711	17,902,448	15,889,397
10 Total	\$70,427,364	\$70,766,111	\$69,506,840	\$72,337,707	\$71,220,468

**PERCENT OF REVENUES**

11 Wages and Benefits	8.5	8.1	20.5	16.0	19.0
12 Depreciation and Amortization	13.1	13.1	3.4	10.0	13.6
13 Other Operations Expense	19.4	45.1	30.6	39.4	23.3
14 Income Taxes - Operating Taxes	19.1	10.3	14.6	5.0	16.2
15 Other Taxes - Operating Taxes	4.4	4.3	3.8	4.9	5.6
16 Capital Costs	35.5	19.1	27.2	24.7	22.3
17 Total	100.0	100.0	100.0	100.0	100.0

**DOLLARS PER ACCESS LINE**

18 Wages and Benefits	82.21	75.65	165.54	122.27	166.07
19 Depreciation and Amortization	127.69	122.33	27.24	76.62	119.07
20 Other Operations Expense	188.33	421.01	247.19	301.50	203.85
21 Income Taxes - Operating Taxes	185.77	95.67	118.45	37.97	141.49
22 Other Taxes - Operating Taxes	43.18	40.21	30.62	37.19	49.35
23 Capital Costs	345.00	177.67	219.98	189.29	195.23
24 Total	972.19	932.53	809.02	764.84	875.05

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$18,004,459	\$19,526,125	\$18,013,589	\$17,992,399	\$16,394,895	1
Central Office Assets	82,267,914	80,123,115	77,558,794	75,362,600	68,818,226	2
Information Origination/Termination	66,624	1,433,380	1,915,770	1,786,841	3,746,007	3
Cable And Wire Facilities	74,707,383	72,066,479	69,194,170	67,388,220	62,975,756	4
Amortizable Assets	2,116,510	31,214	31,215	45,953	45,953	5
<b>Total Plant In Service</b>	177,162,889	173,180,313	166,713,538	162,576,013	151,980,837	6
Property Held For Future Use	38,544	38,544	38,544	38,544	36,815	7
Plant Under Construction	1,417,862	2,465,566	3,013,790	2,515,018	10,731,871	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	178,619,295	175,684,423	169,765,872	165,129,575	162,749,523	13
Less Acc. Prov. For Depreciation & Amort.	110,534,884	103,396,710	94,912,444	86,628,567	81,681,931	14
<b>Net Total Utility Plant</b>	\$68,084,411	\$72,287,713	\$74,853,428	\$78,501,008	\$81,067,592	15
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.83	0.99	0.98	485.26	2.14	16
Total Capitalization	\$114,051,018	\$88,825,092	\$81,498,609	\$376,146,285	\$77,388,262	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt				78.6%		18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	21.4%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	N/A	N/A	N/A	N/A	N/A	22
Com. Stock Dividends as a % of Earnings		46.6%		106.6%		23
Return on Common Equity	24.9%	16.1%	1.4%	17.8%	23.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	476.0%	383.0%	2462.6%	-2963.8%	78.6%	25
CWIP as a % of Plant	0.8%	1.4%	1.8%	1.5%	6.6%	26

Current Assets	26,920,891	17,669,001	71,999,810	411,586,859	19,576,161
Current Liabilities	14,735,265	17,899,251	73,566,773	848,181	9,162,488
Total Capitalization	114,051,018	88,825,092	81,498,609	376,146,285	77,388,262
Long-Term Debt				295,771,034	
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	114,051,018	88,825,092	81,498,609	80,375,251	77,388,262
Short-Term Debt					
Pretax Income	39,765,360	21,414,178	29,105,331	21,477,347	27,609,235
Interest Expense	1,107,068	30,020	23,249,745	3,821,329	(67,660)
Common Dividends Paid		6,405,000		15,000,000	
Net Income (Excl. Preferred Stock Dividends)	25,225,925	13,731,482	1,123,358	14,064,934	16,065,884
Internal Cash	24,022,278	22,668,066	114,173,537	(70,539,723)	10,009,859
Cash Outflows for Construction	(5,047,063)	(5,918,552)	(4,636,296)	(2,380,053)	(12,735,149)
CWIP	1,417,862	2,465,566	3,013,790	2,515,018	10,731,871
Total Plant	178,619,295	175,684,422	169,765,872	165,129,575	162,749,523
Shares Outstanding	506,758	506,758	506,758	506,758	506,758
Number of Employees	59	70	73	101	229

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$1,528,623	\$1,488,471	(\$282,181)	\$1,762,199	\$731,131	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	1,690,335	1,630,329	1,349,202	1,333,830	1,332,356	2
Changes in Deferred Income Taxes	(63,897)	(340,016)	1,137,022	385,025	(2,377,752)	3
Changes in Working Capital	(2,951,469)	(70,064)	25,915,069	(24,592,469)	1,368,702	4
Capitalized AFDC - Equity					45,797	5
Other	(460,783)	(39,854)	(13,470,494)	12,406,646	(112,606)	6
Total Non-Cash Items	(1,785,814)	1,180,395	14,930,799	(10,466,968)	256,497	7
Net Cash Provided From Operating Activities	<u>(257,191)</u>	<u>2,668,866</u>	<u>14,648,618</u>	<u>(8,704,769)</u>	<u>987,628</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(682,751)	(668,180)	(426,026)	(722,894)	(1,650,201)	9
Purchase of Other Investments	871,997	777,831	(14,191,504)	8,651,662	1,164,359	10
Sale of Other Investments					(604,884)	11
Other						12
Net Cash Provided From Investing Activities	<u>189,246</u>	<u>109,651</u>	<u>(14,617,530)</u>	<u>7,928,768</u>	<u>(1,090,726)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt				(95,062)	(89,584)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid		(2,750,000)				18
Other Financing					(181,178)	19
Net Cash Provided From Financing Activities		<u>(2,750,000)</u>		<u>(95,062)</u>	<u>(270,762)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(67,945)	28,517	31,088	(871,063)	(373,860)	21
Cash & Equivalents at Beginning of Year	60,724	32,206	1,118	872,181	1,246,041	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>(\$7,222)</b>	<b>\$60,724</b>	<b>\$32,206</b>	<b>\$1,118</b>	<b>\$872,181</b>	<b>23</b>

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$6,416,969	\$6,503,194	\$6,250,915	\$6,333,684	\$6,250,675
2 Access Lines	9,102	9,452	9,671	9,954	10,026

**DOLLAR AMOUNTS**

3 Wages and Benefits	\$655,703	\$544,365	\$22,560	\$1,415,009	\$828,184
4 Depreciation and Amortization	1,690,335	1,672,331	2,193,096	2,702,623	1,396,699
5 Other Operations Expense	1,544,326	2,499,972	2,067,643	1,273,540	2,372,795
6 Total Operation Expenses	3,890,364	4,716,668	4,283,299	5,391,172	4,597,678
7 Income Taxes - Operating Taxes	806,029	824,227	713,576	97,755	503,167
8 Other Taxes - Operating Taxes	342,485	299,691	174,844	317,951	371,058
9 Capital Costs	1,378,091	662,607	1,079,196	526,806	778,772
10 Total	\$6,416,969	\$6,503,194	\$6,250,915	\$6,333,684	\$6,250,675

**PERCENT OF REVENUES**

11 Wages and Benefits	10.2	8.4	0.4	22.3	13.2
12 Depreciation and Amortization	26.3	25.7	35.1	42.7	22.3
13 Other Operations Expense	24.1	38.4	33.1	20.1	38.0
14 Income Taxes - Operating Taxes	12.6	12.7	11.4	1.5	8.0
15 Other Taxes - Operating Taxes	5.3	4.6	2.8	5.0	5.9
16 Capital Costs	21.5	10.2	17.3	8.3	12.5
17 Total	100.0	100.0	100.0	100.0	100.0

**DOLLARS PER ACCESS LINE**

18 Wages and Benefits	72.04	57.59	2.33	142.15	82.60
19 Depreciation and Amortization	185.71	176.93	226.77	271.51	139.31
20 Other Operations Expense	169.67	264.49	213.80	127.94	236.66
21 Income Taxes - Operating Taxes	88.56	87.20	73.79	9.82	50.19
22 Other Taxes - Operating Taxes	37.63	31.71	18.08	31.94	37.01
23 Capital Costs	151.41	70.10	111.59	52.92	77.68
24 Total	705.01	688.02	646.36	636.30	623.45

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$1,791,923	\$1,969,238	\$1,867,385	\$1,943,992	\$1,811,087	1
Central Office Assets	10,533,083	9,975,864	9,722,213	9,622,174	8,914,957	2
Information Origination/Termination		48,665	150,518	150,518	338,730	3
Cable And Wire Facilities	10,544,999	10,301,524	9,963,425	9,529,248	8,478,443	4
Amortizable Assets	48,664					5
<b>Total Plant In Service</b>	22,918,669	22,295,291	21,703,541	21,245,932	19,543,217	6
Property Held For Future Use						7
Plant Under Construction	181,538	265,232	188,802	220,385	1,200,206	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	23,100,207	22,560,523	21,892,343	21,466,317	20,743,423	13
Less Acc. Prov. For Depreciation & Amort.	17,165,819	15,618,551	13,988,222	12,639,020	11,305,190	14
<b>Net Total Utility Plant</b>	\$5,934,388	\$6,941,972	\$7,904,121	\$8,827,297	\$9,438,233	15
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	2.08	0.49	0.69	112.28	1.04	16
Total Capitalization	\$7,431,751	\$5,903,127	\$7,164,654	\$21,570,813	\$7,501,815	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt				65.5%	21.0%	18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	34.5%	77.7%	20
Short-Term Debt					1.3%	21
Pretax Coverage of Interest Expense	34.42	403.49	1.33	5.56	9.29	22
Com. Stock Dividends as a % of Earnings		151.3%				23
Return on Common Equity	22.9%	22.8%	-3.9%	26.5%	13.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-37.7%	399.4%	3438.4%	-1204.2%	59.8%	25
CWIP as a % of Plant	0.8%	1.2%	0.9%	1.0%	5.8%	26

Current Assets	2,272,417	1,832,195	4,171,687	24,359,843	878,770
Current Liabilities	1,093,388	3,703,773	6,028,778	216,960	848,018
Total Capitalization	7,431,751	5,903,127	7,164,654	21,570,813	7,501,815
Long-Term Debt				14,123,979	1,577,355
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	7,431,751	5,903,127	7,164,654	7,446,834	5,829,398
Short-Term Debt					95,062
Pretax Income	2,404,501	2,318,444	1,753,977	2,267,694	1,354,424
Interest Expense	69,850	5,746	1,322,582	407,740	145,779
Common Dividends Paid		2,251,653			
Net Income (Excl. Preferred Stock Dividends)	1,528,623	1,488,471	(282,181)	1,762,199	731,131
Internal Cash	(257,195)	2,668,866	14,648,618	(8,704,769)	987,628
Cash Outflows for Construction	(682,751)	(668,180)	(426,026)	(722,894)	(1,650,201)
CWIP	181,538	265,232	188,802	220,385	1,200,206
Total Plant	23,100,208	22,560,523	21,892,343	21,466,317	20,743,423
Shares Outstanding	100	100	100	100	100
Number of Employees	9	9	9	9	10

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	5,165,544	5,987,739	(721,360)	111,055	\$2,133,920	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	1,997,048	2,780,775	2,377,136	552,900	2,118,407	2
Changes in Deferred Income Taxes	475,382	8,193,752	(8,068,793)	2,285,742	(5,271,230)	3
Changes in Working Capital	11,585,364	(26,351,090)	31,972,626	(67,406,398)	515,394	4
Capitalized AFDC - Equity					(201,309)	5
Other	(1,541,787)	110,239	430,209	49,834,909	(3,504,109)	6
Total Non-Cash Items	12,516,007	(15,266,324)	26,711,178	(14,732,847)	(6,342,847)	7
Net Cash Provided From Operating Activities	<u>17,681,551</u>	<u>(9,278,585)</u>	<u>25,989,818</u>	<u>(14,621,792)</u>	<u>(4,208,927)</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(896,214)	(1,207,441)	(1,226,543)	(506,271)	(4,576,908)	9
Purchase of Other Investments	(16,843,973)	10,495,080	(24,720,641)	15,086,019	8,806,690	10
Sale of Other Investments					185,058	11
Other			67			12
Net Cash Provided From Investing Activities	<u>(17,740,187)</u>	<u>9,287,639</u>	<u>(25,947,117)</u>	<u>14,579,748</u>	<u>4,414,840</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing					(203,729)	19
Net Cash Provided From Financing Activities					<u>(203,729)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(58,636)	9,054	42,701	(42,044)	2,184	21
Cash & Equivalents at Beginning of Year	80,175	71,120	28,419	70,463	68,279	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$21,539</b>	<b>\$80,175</b>	<b>\$71,120</b>	<b>\$28,419</b>	<b>\$70,463</b>	<b>23</b>

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

	2005	2004	2003	2002	2001
1 Revenues	\$14,849,282	\$13,765,744	\$13,009,691	\$12,778,047	\$12,584,837
2 Access Lines	17,707	19,395	21,252	21,262	21,041
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	867,753	\$1,182,461	\$1,866,668	\$1,455,294	\$1,213,724
4 Depreciation and Amortization	1,948,430	2,904,780	1,959,788	2,614,336	2,632,678
5 Other Operations Expense	3,573,322	(413,436)	4,612,777	7,652,998	4,111,404
6 Total Operation Expenses	6,389,504	3,673,805	8,439,233	11,722,628	7,957,806
7 Income Taxes - Operating Taxes	2,751,673	3,256,239	543,885	(862,647)	1,358,704
8 Other Taxes - Operating Taxes	724,799	584,964	541,761	712,662	955,314
9 Capital Costs	4,983,305	6,250,736	3,484,812	1,205,404	2,313,013
10 Total	\$14,849,282	\$13,765,744	\$13,009,691	\$12,778,047	\$12,584,837
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	5.8	8.6	14.3	11.4	9.6
12 Depreciation and Amortization	13.1	21.1	15.1	20.5	20.9
13 Other Operations Expense	24.1	(3.0)	35.5	59.9	32.7
14 Income Taxes - Operating Taxes	18.5	23.7	4.2	(6.8)	10.8
15 Other Taxes - Operating Taxes	4.9	4.2	4.2	5.6	7.6
16 Capital Costs	33.6	45.4	26.8	9.4	18.4
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	49.01	60.97	87.83	68.45	57.68
19 Depreciation and Amortization	110.04	149.77	92.22	122.96	125.12
20 Other Operations Expense	201.80	(21.32)	217.05	359.94	195.40
21 Income Taxes - Operating Taxes	155.40	167.89	25.59	(40.57)	64.57
22 Other Taxes - Operating Taxes	40.93	30.16	25.49	33.52	45.40
23 Capital Costs	281.43	322.29	163.98	56.69	109.93
24 Total	838.61	709.76	612.16	600.98	598.11

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$2,404,472	\$2,598,380	\$2,559,088	\$2,575,666	\$2,344,677	1
Central Office Assets	21,846,879	21,363,428	20,728,917	20,057,615	17,788,696	2
Information Origination/Termination	9,962	205,501	175,578	159,130	1,089,391	3
Cable And Wire Facilities	24,991,609	24,375,692	23,636,849	22,425,136	19,726,334	4
Amortizable Assets	206,313			1	786	5
<b>Total Plant In Service</b>	<b>49,459,235</b>	<b>48,543,001</b>	<b>47,100,432</b>	<b>45,217,548</b>	<b>40,949,884</b>	<b>6</b>
Property Held For Future Use	56,888	56,888	56,888	56,888	56,888	7
Plant Under Construction	471,264	491,102	648,244	1,304,585	5,065,976	8
Tel. Acquisition			78,169	78,167	78,169	9
Other Plant						10
Nonoperating Plant		181				11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>49,987,387</b>	<b>49,091,172</b>	<b>47,883,733</b>	<b>46,657,188</b>	<b>46,150,917</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	29,290,897	27,293,852	24,513,077	22,135,941	21,583,041	14
<b>Net Total Utility Plant</b>	<b>\$20,696,490</b>	<b>\$21,797,320</b>	<b>\$23,370,656</b>	<b>\$24,521,247</b>	<b>\$24,567,876</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.87	7.45	0.10	3023.62	26.26	16
Total Capitalization	\$24,534,037	\$19,368,491	\$13,380,720	\$64,101,117	\$13,670,678	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt				78.0%		18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	22.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	-25.11	36.01	0.96	0.33	8.15	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	23.5%	36.6%	-5.2%	0.8%	16.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	1972.9%	-768.5%	2118.9%	-2888.1%	-92.0%	25
CWIP as a % of Plant	0.9%	1.0%	1.4%	2.8%	11.0%	26

Current Assets	3,553,342	15,251,468	1,484,516	69,153,272	1,328,346
Current Liabilities	1,904,434	2,046,919	14,510,182	22,871	50,589
Total Capitalization	24,534,037	19,368,491	13,380,720	64,101,117	13,670,678
Long-Term Debt				49,999,037	
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	24,534,037	19,368,491	13,380,720	14,102,080	13,670,678
Short-Term Debt					
Pretax Income	7,614,002	9,508,014	4,062,101	366,209	3,870,907
Interest Expense	(303,216)	264,036	4,239,576	1,117,801	474,717
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	5,165,544	5,987,739	(721,360)	111,055	2,133,920
Internal Cash	17,681,551	(9,278,585)	25,989,818	(14,621,792)	(4,208,927)
Cash Outflows for Construction	(896,214)	(1,207,441)	(1,226,543)	(506,271)	(4,576,908)
CWIP	471,264	491,102	648,244	1,304,585	5,065,976
Total Plant	49,987,387	49,091,172	47,883,733	46,657,188	46,150,917
Shares Outstanding	200	200	200	200	200
Number of Employees	14	14	15	16	16

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$269,870	\$143,885	\$303,841	(\$295,009)	\$80,244	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	598,038	584,328	537,975	581,017	555,619	2
Changes in Deferred Income Taxes	(106,889)	(71,359)	(30,803)	(79,163)	(110,933)	3
Changes in Working Capital	571,061	(253,552)	423,796	(42,738)	(268,773)	4
Capitalized AFDC - Equity						5
Other	(117,924)	36,505	131,486	446,211	88,898	6
Total Non-Cash Items	944,286	295,922	1,062,454	905,327	264,811	7
Net Cash Provided From Operating Activities	<u>1,214,156</u>	<u>439,807</u>	<u>1,366,295</u>	<u>610,318</u>	<u>345,055</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(738,830)	(306,004)	(577,815)	(438,892)	(560,536)	9
Purchase of Other Investments	(13,880)	(15,935)	(209,675)	112,635	20,237	10
Sale of Other Investments	74,351	1,595	(7,181)	14,416	(11,746)	11
Other	(76,702)	(73,784)	(104,095)			12
Net Cash Provided From Investing Activities	<u>(755,061)</u>	<u>(394,128)</u>	<u>(898,766)</u>	<u>(311,841)</u>	<u>(552,045)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(91,615)	(87,137)	(82,911)	(78,887)	(75,077)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt					(17,714)	17
Dividends Paid	(512,653)	(23,551)	(211,045)	(14,774)	(12,630)	18
Other Financing	60,418	(58,970)	(290,382)			19
Net Cash Provided From Financing Activities	<u>(543,850)</u>	<u>(169,658)</u>	<u>(584,338)</u>	<u>(93,661)</u>	<u>(105,421)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(84,755)	(123,979)	(116,809)	204,816	(312,411)	21
Cash & Equivalents at Beginning of Year	2,046,192	2,170,171	2,286,980	2,082,164	2,394,575	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$1,961,437</b>	<b>\$2,046,192</b>	<b>\$2,170,171</b>	<b>\$2,286,980</b>	<b>\$2,082,164</b>	23

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$3,347,028	\$3,503,071	\$3,845,378	\$3,626,837	\$3,862,798
2 Access Lines	2,936	3,003	3,090	3,099	3,123
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	\$1,467,966	\$1,711,482	\$1,532,921	\$1,690,217	\$1,510,224
4 Depreciation and Amortization	604,693	590,919	544,458	580,063	561,524
5 Other Operations Expense	1,264,408	1,141,586	1,160,675	1,085,154	1,197,827
6 Total Operation Expenses	3,337,067	3,443,986	3,238,054	3,355,434	3,269,575
7 Income Taxes - Operating Taxes	(43,961)	(78,696)	133,564	(52,512)	192,159
8 Other Taxes - Operating Taxes	143,130	152,710	160,127	151,291	122,613
9 Capital Costs	(89,207)	(14,929)	313,633	172,624	278,451
10 Total	\$3,347,028	\$3,503,071	\$3,845,378	\$3,626,837	\$3,862,798
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	43.9	48.9	39.9	46.6	39.1
12 Depreciation and Amortization	18.1	16.9	14.2	16.0	14.5
13 Other Operations Expense	37.8	32.6	30.2	29.9	31.0
14 Income Taxes - Operating Taxes	(1.3)	(2.2)	3.5	(1.4)	5.0
15 Other Taxes - Operating Taxes	4.3	4.4	4.2	4.2	3.2
16 Capital Costs	(2.7)	(0.4)	8.2	4.8	7.2
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	499.99	569.92	496.09	545.41	483.58
19 Depreciation and Amortization	205.96	196.78	176.20	187.18	179.80
20 Other Operations Expense	430.66	380.15	375.62	350.16	383.55
21 Income Taxes - Operating Taxes	(14.97)	(26.21)	43.22	(16.94)	61.53
22 Other Taxes - Operating Taxes	48.75	50.85	51.82	48.82	39.26
23 Capital Costs	(30.38)	(4.97)	101.50	55.70	89.16
24 Total	1,140.00	1,166.52	1,244.46	1,170.32	1,236.89

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$1,592,521	\$1,529,506	\$1,401,162	\$ 1,150,737	\$1,150,219	1
Central Office Assets	3,333,624	3,305,445	3,313,166	3,083,247	2,940,285	2
Information Origination/Termination	181,672	181,672	181,672	181,672	181,672	3
Cable And Wire Facilities	3,671,748	3,568,157	3,554,160	3,534,273	3,496,291	4
Amortizable Assets	375,712	375,712	367,290	367,290	350,429	5
<b>Total Plant In Service</b>	9,155,276	8,960,492	8,817,450	8,317,219	8,118,896	6
Property Held For Future Use						7
Plant Under Construction	54,843	5,174	439	15,675		8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	9,210,120	8,965,666	8,817,889	8,332,894	8,118,896	13
Less Acc. Prov. For Depreciation & Amort.	6,020,600	5,843,542	5,416,800	4,979,760	4,607,480	14
<b>Net Total Utility Plant</b>	\$3,189,520	\$3,122,124	\$3,401,089	\$3,353,134	\$3,511,416	15
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	4.44	45.86	4.48	23.20	22.65	16
Total Capitalization	\$9,344,089	\$9,721,377	\$9,644,334	\$9,562,099	\$9,984,199	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	6.1%	6.8%	7.7%	8.7%	9.1%	18
Preferred Stock						19
Common Stock & Retained Earnings	93.9%	93.2%	92.3%	91.3%	90.9%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	8.98	0.34	12.37	-6.74	3.50	22
Com. Stock Dividends as a % of Earnings	190.0%	16.4%	69.5%	-5.0%	15.7%	23
Return on Common Equity	3.0%	1.6%	3.4%	-3.3%	0.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	164.3%	143.7%	236.5%	139.1%	61.6%	25
CWIP as a % of Plant	0.6%	0.1%	0.0%	0.2%		26

Current Assets	2,683,140	3,028,689	3,848,964	3,252,033	2,978,128
Current Liabilities	603,786	66,046	860,067	140,161	131,502
Total Capitalization	9,344,089	9,721,377	9,644,334	9,562,099	9,984,199
Long-Term Debt	565,638	657,253	744,390	827,301	906,188
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	8,778,451	9,064,124	8,899,944	8,734,798	9,078,011
Short-Term Debt					
Pretax Income	281,929	12,238	496,805	(301,811)	170,774
Interest Expense	31,384	35,892	40,161	44,810	48,724
Common Dividends Paid	512,653	23,551	211,045	14,774	12,630
Net Income (Excl. Preferred Stock Dividends)	269,870	143,885	303,841	(294,109)	80,244
Internal Cash	1,214,156	439,807	1,366,295	610,318	345,055
Cash Outflows for Construction	(738,830)	(306,004)	(577,815)	(438,892)	(560,536)
CWIP	54,843	5,174	439	15,675	
Total Plant	9,210,120	8,965,666	8,817,889	8,332,894	8,118,896
Shares Outstanding	800	800	800	800	800
Number of Employees	19	18	18	20	23

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$116,735	\$264,624	\$80,147	(\$355,161)	(\$394,572)	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	255,778	233,971	248,612	243,795	258,026	2
Changes in Deferred Income Taxes	(23,741)	(2,666)	(29,245)	(84,857)		3
Changes in Working Capital	171,511	40,599	21,566	39,226	(35,470)	4
Capitalized AFDC - Equity					(97,907)	5
Other	(43,676)	(129,680)	(58,606)	364,748	418,813	6
Total Non-Cash Items	359,872	142,224	182,327	562,912	543,462	7
Net Cash Provided From Operating Activities	<u>476,607</u>	<u>406,848</u>	<u>262,474</u>	<u>207,751</u>	<u>148,890</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(525,570)	(168,041)	(142,497)	(89,988)	(369,574)	9
Purchase of Other Investments		(273,299)	686,087	196,910	310,541	10
Sale of Other Investments	1,484	27,513	1,450	7,958	4,211	11
Other	(105,344)	(90,780)	(92,204)	(235,063)	(88,518)	12
Net Cash Provided From Investing Activities	<u>(629,430)</u>	<u>(504,607)</u>	<u>452,836</u>	<u>(120,183)</u>	<u>(143,340)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(98,516)	(91,841)	(85,641)	(79,856)	(74,497)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt			(382,566)	(64,475)	65,041	17
Dividends Paid	(24,000)	(24,000)	(18,000)			18
Other Financing	200,788			144,000		19
	283,650					
Net Cash Provided From Financing Activities	<u>361,922</u>	<u>(115,841)</u>	<u>(486,207)</u>	<u>(331)</u>	<u>(9,456)</u>	20
Net Increase (Decrease) in Cash & Equivalents	209,099	(213,600)	229,103	87,237	(3,906)	21
Cash & Equivalents at Beginning of Year	149,580	363,180	134,077	46,840	50,746	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$358,679</b>	<b>\$149,580</b>	<b>\$363,180</b>	<b>\$134,077</b>	<b>\$46,840</b>	<b>23</b>

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$1,973,340	\$2,027,455	\$1,853,174	\$1,783,168	\$1,754,636
2 Access Lines	1,787	1,809	1,838	1,870	1,946
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	999,905	\$1,007,181	\$967,413	\$924,513	\$847,537
4 Depreciation and Amortization	254,542	232,735	247,376	242,559	256,790
5 Other Operations Expense	530,336	518,226	485,560	466,551	492,625
6 Total Operation Expenses	1,784,783	1,758,142	1,700,349	1,633,623	1,596,952
7 Income Taxes - Operating Taxes	1,314	30,889	(21,507)	(12,428)	(18,608)
8 Other Taxes - Operating Taxes	91,674	87,929	88,744	81,099	80,199
9 Capital Costs	95,569	150,495	85,588	80,874	96,093
10 Total	\$1,973,340	\$2,027,455	\$1,853,174	\$1,783,168	\$1,754,636
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	50.7	49.7	52.2	51.8	48.3
12 Depreciation and Amortization	12.9	11.5	13.3	13.6	14.6
13 Other Operations Expense	26.9	25.6	26.2	26.2	28.1
14 Income Taxes - Operating Taxes	0.1	1.5	(1.2)	(0.7)	(1.1)
15 Other Taxes - Operating Taxes	4.6	4.3	4.8	4.5	4.6
16 Capital Costs	4.8	7.4	4.6	4.5	5.5
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	559.54	556.76	526.34	494.39	435.53
19 Depreciation and Amortization	142.44	128.65	134.59	129.71	131.96
20 Other Operations Expense	296.77	286.47	264.18	249.49	253.15
21 Income Taxes - Operating Taxes	0.74	17.08	(11.70)	(6.65)	(9.56)
22 Other Taxes - Operating Taxes	51.30	48.61	48.28	43.37	41.21
23 Capital Costs	53.48	83.19	46.57	43.25	49.38
24 Total	1,104.28	1,120.76	1,008.26	953.57	901.66

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	1,388,673	\$1,244,329	\$1,207,257	\$1,308,440	\$1,344,613	1
Central Office Assets	1,465,920	1,407,644	1,351,462	1,270,459	1,196,597	2
Information Origination/Termination	63,640	63,822	64,087	64,366	64,629	3
Cable And Wire Facilities	2,007,516	1,857,592	1,841,904	1,814,323	1,802,908	4
Amortizable Assets						5
<b>Total Plant In Service</b>	<b>4,925,749</b>	<b>4,573,387</b>	<b>4,464,710</b>	<b>4,457,588</b>	<b>4,408,747</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction	162,047		14,239			8
Tel. Acquisition	72,459	72,459	72,459	72,459	72,459	9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>5,160,255</b>	<b>4,645,846</b>	<b>4,551,408</b>	<b>4,530,047</b>	<b>4,481,206</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	3,180,437	2,935,573	2,748,929	2,621,238	2,411,867	14
<b>Net Total Utility Plant</b>	<b>\$1,979,818</b>	<b>\$1,710,273</b>	<b>\$1,802,479</b>	<b>\$1,908,809</b>	<b>\$2,069,339</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	2.67	5.24	5.33	3.36	1.64	16
Total Capitalization	\$4,466,283	\$4,472,064	\$4,323,281	\$4,651,905	\$5,175,792	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	12.7%	15.1%	17.9%	18.6%	18.4%	18
Preferred Stock						19
Common Stock & Retained Earnings	84.9%	82.7%	80.0%	71.3%	71.5%	20
Short-Term Debt	2.4%	2.2%	2.1%	10.1%	10.2%	21
Pretax Coverage of Interest Expense	3.50	6.23	1.81	-2.88	-2.86	22
Com. Stock Dividends as a % of Earnings	20.6%	9.1%	22.5%			23
Return on Common Equity	3.1%	7.4%	2.4%	-10.1%	-10.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	90.7%	242.1%	184.2%	230.9%	40.3%	25
CWIP as a % of Plant	3.1%		0.3%			26

Current Assets	1,868,599	1,662,117	1,518,171	1,927,172	3,257,405
Current Liabilities	700,452	317,201	284,637	573,526	1,984,365
Total Capitalization	4,466,283	4,472,064	4,323,281	4,651,905	5,175,792
Long-Term Debt	569,283	675,074	773,572	865,408	951,033
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	3,791,583	3,698,848	3,458,224	3,318,641	3,698,197
Short-Term Debt	105,417	98,142	91,485	467,856	526,562
Pretax Income	183,570	369,290	148,281	(268,013)	(306,507)
Interest Expense	52,521	59,277	82,141	93,076	107,147
Common Dividends Paid	24,000	24,000	18,000		
Net Income (Excl. Preferred Stock Dividends)	116,735	264,624	80,147	(355,161)	(394,572)
Internal Cash	476,607	406,848	262,474	207,751	148,890
Cash Outflows for Construction	(525,570)	(168,041)	(142,497)	(89,988)	(369,574)
CWIP	162,047		14,239		
Total Plant	5,160,255	4,645,846	4,551,408	4,530,047	4,481,206
Shares Outstanding	1,200	1,200	1,200	1,200	1,200
Number of Employees	11	12	12	12	12

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$319,504	(\$482,207)	(\$132,078)	\$74,816	\$333,346	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	562,646	582,071	607,242	645,415	632,515	2
Changes in Deferred Income Taxes	(71,989)	(35,067)	(38,634)	(68,380)	(136,100)	3
Changes in Working Capital	(747)	70,932	55,707	1,104	(8,434)	4
Capitalized AFDC - Equity						5
Other	(162,667)	636,888	272,000	(311,620)	(262,583)	6
Total Non-Cash Items	327,243	1,254,824	896,315	266,519	225,398	7
Net Cash Provided From Operating Activities	<u>646,747</u>	<u>772,617</u>	<u>764,237</u>	<u>341,335</u>	<u>558,744</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(286,127)	(460,628)	(250,553)	(294,561)	(485,465)	9
Purchase of Other Investments	75,365	28,140	(358,810)	165,249	(739,567)	10
Sale of Other Investments	(359)	(3,437)	(6,354)	254,298	538,083	11
Other		188,648				12
Net Cash Provided From Investing Activities	<u>(211,121)</u>	<u>(247,277)</u>	<u>(615,717)</u>	<u>124,986</u>	<u>(686,949)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(66,853)	(98,165)	(130,652)	(120,461)	(111,255)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt				(200,000)	575,000	17
Dividends Paid	(227,500)	(227,500)				18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(294,353)</u>	<u>(325,665)</u>	<u>(130,652)</u>	<u>(320,461)</u>	<u>463,745</u>	20
Net Increase (Decrease) in Cash & Equivalents	141,273	199,675	17,868	145,860	335,540	21
Cash & Equivalents at Beginning of Year	1,014,707	815,032	797,164	651,304	315,764	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$1,155,980</b>	<b>\$1,014,707</b>	<b>\$815,032</b>	<b>\$797,164</b>	<b>\$651,304</b>	<b>23</b>

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$2,834,684	\$3,091,930	\$3,147,705	\$3,122,840	\$3,056,895
2 Access Lines	4,422	4,496	4,558	4,654	4,625
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	1,048,014	\$1,172,051	\$1,233,076	\$1,130,387	\$1,142,896
4 Depreciation and Amortization	562,132	581,557	606,729	644,903	632,000
5 Other Operations Expense	847,126	794,170	865,830	879,853	798,409
6 Total Operation Expenses	2,457,272	2,547,778	2,705,635	2,655,143	2,573,305
7 Income Taxes - Operating Taxes	67,710	78,727	31,182	37,257	42,827
8 Other Taxes - Operating Taxes	142,555	149,127	144,375	142,803	139,698
9 Capital Costs	\$167,147	316,298	266,513	287,637	301,065
10 Total	\$2,834,684	\$3,091,930	\$3,147,705	\$3,122,840	\$3,056,895
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	37.0	37.9	39.2	36.2	37.4
12 Depreciation and Amortization	19.8	18.8	19.3	20.7	20.7
13 Other Operations Expense	29.9	25.7	27.5	28.2	26.1
14 Income Taxes - Operating Taxes	2.4	2.5	1.0	1.2	1.4
15 Other Taxes - Operating Taxes	5.0	4.8	4.6	4.6	4.6
16 Capital Costs	5.9	10.2	8.5	9.2	9.8
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	237.00	260.69	270.53	242.89	247.11
19 Depreciation and Amortization	127.12	129.35	133.11	138.57	136.65
20 Other Operations Expense	191.57	176.64	189.96	189.05	172.63
21 Income Taxes - Operating Taxes	15.31	17.51	6.84	8.01	9.26
22 Other Taxes - Operating Taxes	32.24	33.17	31.68	30.68	30.20
23 Capital Costs	37.80	70.35	58.47	61.80	65.10
24 Total	641.04	687.71	690.59	671.00	660.95

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	1,474,283	\$1,444,276	\$1,337,669	\$1,295,310	\$1,330,991	1
Central Office Assets	4,065,407	4,001,251	3,799,297	3,706,880	3,669,841	2
Information Origination/Termination	145,154	145,154	145,154	145,154	168,694	3
Cable And Wire Facilities	5,040,266	4,968,770	4,862,519	4,752,097	4,626,493	4
Amortizable Assets	290	290	290	290	290	5
<b>Total Plant In Service</b>	<b>10,725,400</b>	<b>10,559,741</b>	<b>10,144,929</b>	<b>9,899,731</b>	<b>9,796,309</b>	<b>6</b>
Property Held For Future Use					50,161	7
Plant Under Construction	51,484	22,756		1,256		8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>10,776,884</b>	<b>10,582,497</b>	<b>10,144,929</b>	<b>9,900,987</b>	<b>9,846,470</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	7,998,703	7,531,078	6,968,894	6,379,498	5,962,780	14
<b>Net Total Utility Plant</b>	<b>\$2,778,181</b>	<b>\$3,051,419</b>	<b>\$3,176,035</b>	<b>\$3,521,489</b>	<b>\$3,883,690</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	2.83	2.53	4.40	4.04	3.38	16
Total Capitalization	\$7,748,127	\$7,798,607	\$8,490,378	\$8,697,734	\$9,585,546	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	6.0%	6.8%	7.4%	8.7%	9.2%	18
Preferred Stock						19
Common Stock & Retained Earnings	89.2%	88.4%	88.2%	87.0%	84.8%	20
Short-Term Debt	4.8%	4.8%	4.4%	4.3%	6.0%	21
Pretax Coverage of Interest Expense	15.95	-13.63	-1.97	4.46	8.40	22
Com. Stock Dividends as a % of Earnings	71.2%	-47.2%				23
Return on Common Equity	4.6%	-6.7%	-1.8%	1.0%	4.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	226.0%	167.7%	305.0%	115.9%	115.1%	25
CWIP as a % of Plant	0.5%	0.2%		0.0%		26

Current Assets	2,199,972	2,156,297	3,149,066	3,227,026	3,441,991
Current Liabilities	776,922	850,672	714,893	799,139	1,018,147
Total Capitalization	7,748,127	7,798,607	8,490,378	8,697,734	9,585,546
Long-Term Debt	462,923	529,776	627,941	758,593	879,054
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	6,910,204	6,893,831	7,487,437	7,564,141	8,131,492
Short-Term Debt	375,000	375,000	375,000	375,000	575,000
Pretax Income	402,523	(404,687)	(77,914)	227,191	535,905
Interest Expense	25,231	29,697	39,497	50,904	63,780
Common Dividends Paid	227,500	227,500			
Net Income (Excl. Preferred Stock Dividends)	319,504	(482,207)	(132,078)	74,816	333,346
Internal Cash	646,747	772,617	764,237	341,335	558,744
Cash Outflows for Construction	(286,127)	(460,628)	(250,553)	(294,561)	(485,465)
CWIP	51,484	22,756		1,256	
Total Plant	10,776,884	10,582,497	10,144,929	9,900,987	9,846,470
Shares Outstanding	1,300	1,300	1,300	1,300	1,300
Number of Employees	21	23	19	19	18

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$21,063	(\$463,040)	(\$68,200)	\$34,434	\$425,837	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	1,378,289	1,361,368	1,331,706	1,261,223	1,199,411	2
Changes in Deferred Income Taxes	(194,527)	(123,288)	(54,853)	(85,649)	(231,487)	3
Changes in Working Capital	51,588	(1,756,075)	1,678,965	(6,368)	164,138	4
Capitalized AFDC - Equity						5
Other	75,313	154,681	206,751	106,517	92,758	6
Total Non-Cash Items	1,310,663	(363,314)	3,162,569	1,275,723	1,224,820	7
Net Cash Provided From Operating Activities	<u>1,331,726</u>	<u>(826,354)</u>	<u>3,094,369</u>	<u>1,310,157</u>	<u>1,650,657</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(1,000,268)	(567,762)	(638,723)	(946,003)	(802,570)	9
Purchase of Other Investments				(140,847)	(128,889)	10
Sale of Other Investments	647,351	218,414	(22,754)	2,669	20,288	11
Other						12
Net Cash Provided From Investing Activities	<u>(352,917)</u>	<u>(349,348)</u>	<u>(661,477)</u>	<u>(1,084,181)</u>	<u>(911,171)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(229,837)	(217,477)	(205,813)	(194,839)	(184,552)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(105,825)	(109,140)	(1,590,555)	(109,140)	(109,140)	18
Other Financing	(554,622)					19
Net Cash Provided From Financing Activities	<u>(890,284)</u>	<u>(326,617)</u>	<u>(1,796,368)</u>	<u>(303,979)</u>	<u>(293,692)</u>	20
Net Increase (Decrease) in Cash & Equivalents	88,525	(1,502,319)	636,524	(78,003)	445,794	21
Cash & Equivalents at Beginning of Year	1,993,805	3,496,124	2,859,600	2,937,603	2,491,809	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$2,082,330</b>	<b>\$1,993,805</b>	<b>\$3,496,124</b>	<b>\$2,859,600</b>	<b>\$2,937,603</b>	23

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

	2005	2004	2003	2002	2001
1 Revenues	\$5,208,364	\$5,078,826	\$5,221,949	\$4,841,973	\$4,991,193
2 Access Lines	7,234	7,220	7,136	7,200	7,201

**DOLLAR AMOUNTS**

3 Wages and Benefits	2,140,236	\$2,043,822	\$2,200,789	\$2,072,794	\$2,022,449
4 Depreciation and Amortization	1,378,289	1,360,665	1,331,003	1,260,520	1,198,708
5 Other Operations Expense	971,184	937,888	963,443	874,471	802,817
6 Total Operation Expenses	4,489,709	4,342,375	4,495,235	4,207,785	4,023,974
7 Income Taxes - Operating Taxes	90,935	91,889	14,325	(16,993)	(12,921)
8 Other Taxes - Operating Taxes	326,038	306,925	300,742	279,265	268,962
9 Capital Costs	\$301,682	337,637	411,647	371,916	711,178
10 Total	\$5,208,364	\$5,078,826	\$5,221,949	\$4,841,973	\$4,991,193

**PERCENT OF REVENUES**

11 Wages and Benefits	41.1	40.2	42.1	42.8	40.5
12 Depreciation and Amortization	26.5	26.8	25.5	26.0	24.0
13 Other Operations Expense	18.6	18.5	18.4	18.1	16.1
14 Income Taxes - Operating Taxes	1.7	1.8	0.3	(0.4)	(0.3)
15 Other Taxes - Operating Taxes	6.3	6.0	5.8	5.8	5.4
16 Capital Costs	5.8	6.6	7.9	7.7	14.2
17 Total	100.0	100.0	100.0	100.0	100.0

**DOLLARS PER ACCESS LINE**

18 Wages and Benefits	295.86	283.08	308.41	287.89	280.86
19 Depreciation and Amortization	190.53	188.46	186.52	175.07	166.46
20 Other Operations Expense	134.25	129.90	135.01	121.45	111.49
21 Income Taxes - Operating Taxes	12.57	12.73	2.01	(2.36)	(1.79)
22 Other Taxes - Operating Taxes	45.07	42.51	42.14	38.79	37.35
23 Capital Costs	41.70	46.76	57.69	51.66	98.76
24 Total	719.98	703.44	731.78	672.50	693.12

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	3,074,029	\$3,141,128	\$3,192,448	\$3,079,321	\$2,928,067	1
Central Office Assets	6,162,216	5,775,349	5,552,569	5,306,288	4,905,064	2
Information Origination/Termination	291,707	290,941	290,273	295,647	299,428	3
Cable And Wire Facilities	10,005,352	9,762,431	9,752,521	9,520,868	9,167,934	4
Amortizable Assets						5
<b>Total Plant In Service</b>	<b>19,533,304</b>	<b>18,969,849</b>	<b>18,787,811</b>	<b>18,202,124</b>	<b>17,300,493</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction	224,906	83,875	61,655	81,894	155,302	8
Tel. Acquisition						9
Other Plant	(50)	(50)	(50)	(50)	(50)	10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>19,758,160</b>	<b>19,053,674</b>	<b>18,849,416</b>	<b>18,283,968</b>	<b>17,455,745</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	13,735,668	12,658,496	11,676,779	10,445,971	9,326,760	14
<b>Net Total Utility Plant</b>	<b>\$6,022,492</b>	<b>\$6,395,178</b>	<b>\$7,172,637</b>	<b>\$7,837,997</b>	<b>\$8,128,985</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	10.21	8.93	2.19	9.44	7.82	16
Total Capitalization	\$11,455,379	\$12,307,826	\$12,627,560	\$14,742,713	\$15,548,998	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	19.7%	20.2%	21.4%	19.7%	20.0%	18
Preferred Stock						19
Common Stock & Retained Earnings	80.3%	79.8%	78.6%	80.3%	80.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	1.37	-2.90	0.69	1.11	2.75	22
Com. Stock Dividends as a % of Earnings	502.4%	-23.6%	-2332.2%	317.0%	25.6%	23
Return on Common Equity	0.2%	-4.7%	-0.6%	0.3%	3.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	133.1%	-145.5%	484.5%	138.5%	205.7%	25
CWIP as a % of Plant	1.1%	0.4%	0.3%	0.4%	0.9%	26

Current Assets	3,047,948	3,052,425	4,528,693	3,946,341	4,154,868
Current Liabilities	298,434	341,671	2,066,087	417,870	531,199
Total Capitalization	11,455,379	12,307,826	12,627,560	14,742,713	15,548,998
Long-Term Debt	2,254,618	2,484,455	2,701,932	2,907,745	3,102,584
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	9,200,761	9,823,371	9,925,628	11,834,968	12,446,414
Short-Term Debt					
Pretax Income	212,750	(487,807)	124,014	211,601	553,709
Interest Expense	155,509	167,949	179,688	190,737	201,090
Common Dividends Paid	105,825	109,140	1,590,555	109,140	109,140
Net Income (Excl. Preferred Stock Dividends)	21,063	(463,040)	(68,200)	34,434	425,837
Internal Cash	1,331,726	(826,354)	3,094,369	1,310,157	1,650,657
Cash Outflows for Construction	(1,000,268)	(567,762)	(638,723)	(946,003)	(802,570)
CWIP	224,906	83,875	61,655	81,894	155,302
Total Plant	19,758,160	19,053,674	18,849,416	18,283,968	17,455,745
Shares Outstanding	597	462	642	642	642
Number of Employees	37	37	38	38	38

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	(\$424,932,985)	(\$543,733,366)	(\$692,122,925)	(\$311,645,073)	(\$333,995,945)	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	1,651,688,532	2,119,099,426	2,153,299,570	2,155,679,557	2,015,837,253	2
Changes in Deferred Income Taxes	(178,625,436)	156,397,797	163,958,548	42,267,069	(213,888,928)	3
Changes in Working Capital	(579,475,196)	(655,025,545)	243,380,903	(3,901,095,104)	251,874,397	4
Capitalized AFDC - Equity						5
Other	296,457,855	479,388,869	1,511,632,502	390,123,837	537,823,455	6
Total Non-Cash Items	1,190,045,755	2,099,860,547	4,072,271,524	(1,313,024,642)	2,591,646,178	7
Net Cash Provided From Operating Activities	765,112,771	1,556,127,181	3,380,148,599	(1,624,669,715)	2,257,650,232	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(1,345,488,987)	(1,214,548,886)	(1,208,882,902)	(1,767,992,754)	(2,407,469,463)	9
Purchase of Other Investments	6,795,438					10
Sale of Other Investments	183,788,019	(67,657,690)	211,875,661	189,250,848	117,379,387	11
Other			(899,393,883)	(134,066,362)	(31,283,459)	12
Net Cash Provided From Investing Activities	(1,154,905,530)	(1,282,206,576)	(1,896,401,125)	(1,712,808,268)	(2,321,373,534)	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(197,811,528)	(849,491,046)	(1,100,705,361)	1,089,371,546	(427,935,000)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	64,318,315	606,498,535	(71,690,113)	2,412,385,339	847,441,759	17
Dividends Paid			(180,000,000)	(134,000,000)	(195,000,000)	18
Other Financing	523,261,969	(30,920,615)	(131,345,852)	(33,590,541)	(186,569,932)	19
	38,221,372	29,668,628	(137,543,854)	22,940,478	172,685,177	
Net Cash Provided From Financing Activities	427,990,128	(244,244,497)	(1,621,285,180)	3,357,106,822	210,622,004	20
Net Increase (Decrease) in Cash & Equivalents	38,197,369	29,676,107	(137,537,706)	19,628,840	146,898,701	21
Cash & Equivalents at Beginning of Year	446,999,353	417,323,246	554,860,952	535,232,112	388,333,411	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$485,196,722</b>	<b>\$446,999,353</b>	<b>\$417,323,246</b>	<b>\$554,860,952</b>	<b>\$535,232,112</b>	<b>23</b>

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

	2005	2004	2003	2002	2001
1 Revenues	\$6,235,093,862	\$6,725,463,904	\$6,922,943,037	\$7,308,865,938	\$7,454,056,102
2 Access Lines	8,541,221	9,577,469	10,252,109	11,310,822	11,310,822
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	\$3,384,064,802	\$3,375,199,059	\$4,177,039,311	\$3,447,644,857	\$3,267,374,000
4 Depreciation and Amortization	1,651,688,532	2,119,099,426	2,153,299,570	2,155,679,557	2,015,837,253
5 Other Operations Expense	1,642,095,902	1,666,467,043	1,682,492,927	1,660,731,863	2,036,382,216
6 Total Operation Expenses	6,677,849,236	7,160,765,528	8,012,831,809	7,264,056,277	7,319,593,469
7 Income Taxes - Operating Taxes	(278,188,181)	(416,700,998)	(678,000,128)	(218,494,865)	(238,542,912)
8 Other Taxes - Operating Taxes	506,345,895	571,226,059	669,934,466	575,184,402	540,248,500
9 Capital Costs	(670,913,088)	(589,826,686)	(1,081,823,110)	(311,879,875)	(167,242,955)
10 Total	\$6,235,093,862	\$6,725,463,904	\$6,922,943,037	\$7,308,865,938	\$7,454,056,102
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	54.3	50.2	60.3	47.2	43.8
12 Depreciation and Amortization	26.5	31.5	31.1	29.5	27.0
13 Other Operations Expense	26.3	24.8	24.3	22.7	27.3
14 Income Taxes - Operating Taxes	(4.5)	(6.2)	(9.8)	(3.0)	(3.2)
15 Other Taxes - Operating Taxes	8.1	8.5	9.7	7.9	7.2
16 Capital Costs	(10.8)	(8.8)	(15.6)	(4.3)	(2.2)
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	396.20	352.41	407.43	304.81	288.87
19 Depreciation and Amortization	193.38	221.26	210.03	190.59	178.22
20 Other Operations Expense	192.26	174.00	164.11	146.83	180.04
21 Income Taxes - Operating Taxes	(32.57)	(43.51)	(66.13)	(19.32)	(21.09)
22 Other Taxes - Operating Taxes	59.28	59.64	65.35	50.85	47.76
23 Capital Costs	(78.55)	(61.58)	(105.52)	(27.57)	(14.79)
24 Total	730.00	702.22	675.27	646.18	659.02

**Notes:**

- (1) In 1996 and 1997, New York Tel's expenses increased primarily due to the cost related to pension enhancements, and various tax, benefit and legal obligations (\$523M in 1994; \$519M in 1995; \$100M in 1996; and \$263M in 1997 - pretax).
- (2) New York Telephone's expenses increased in 1997 by \$397M due to the costs related to consolidations and the merger with Bell Atlantic.

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$3,636,604,116	\$3,850,205,568	\$3,834,316,862	\$3,544,891,568	\$3,446,835,728	1
Central Office Assets	12,420,794,347	12,544,734,533	12,549,221,730	12,274,547,076	11,658,669,490	2
Information Origination/Termination	472,256,673	591,113,738	571,284,578	635,825,501	743,622,056	3
Cable And Wire Facilities	12,375,207,537	11,835,960,510	11,440,709,790	11,023,524,868	10,505,279,921	4
Amortizable Assets	602,404,225	771,984,152	803,069,602	772,442,572	841,389,486	5
<b>Total Plant In Service</b>	29,507,266,898	29,593,998,501	29,198,602,562	28,251,231,584	27,195,796,682	6
Property Held For Future Use	1,856,610	1,757,886	2,001,759	2,001,759	1,747,262	7
Plant Under Construction	267,252,854	324,258,675	169,832,171	368,075,826	412,480,455	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	37,618,833	32,656,308	32,364,339	142,422,218	109,103,099	11
Goodwill						12
<b>Total Telecommunications Plant</b>	29,813,995,195	29,952,671,370	29,402,800,831	28,763,731,388	27,719,127,498	13
Less Acc. Prov. For Depreciation & Amort.	19,156,188,554	18,458,681,637	17,018,380,386	16,134,687,615	14,676,573,533	14
<b>Net Total Utility Plant</b>	\$10,657,806,641	\$11,493,989,733	\$12,384,420,445	\$12,629,043,772	\$13,042,553,965	15
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.40	0.34	0.42	0.52	0.46	16
Total Capitalization	\$6,983,681,264	\$6,890,586,329	\$7,834,907,077	\$9,090,730,957	\$6,412,135,580	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	41.5%	42.0%	48.4%	45.5%	49.8%	18
Preferred Stock						19
Common Stock & Retained Earnings	19.5%	16.5%	23.6%	27.3%	54.7%	20
Short-Term Debt	38.9%	41.4%	28.1%	27.2%	-4.5%	21
Pretax Coverage of Interest Expense	-1.64	-2.83	-4.47	-1.16	-1.26	22
Com. Stock Dividends as a % of Earnings			-13.1%	-31.9%	-10.5%	23
Return on Common Equity	-53.1%	-36.4%	-63.3%	-19.9%	-16.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	56.9%	128.1%	204.7%	-91.9%	93.8%	25
CWIP as a % of Plant	0.9%	1.1%	0.6%	1.3%	1.5%	26

(1)

Current Assets	1,870,378,308	1,689,051,215	2,401,669,998	3,150,552,025	3,280,822,975
Current Liabilities	4,621,908,718	5,020,556,954	5,725,581,486	6,090,518,916	7,176,567,648
Total Capitalization	6,983,681,264	6,890,586,329	7,834,907,077	9,090,730,957	6,412,135,580
Long-Term Debt	2,899,241,490	2,896,511,832	3,789,734,370	4,135,076,018	3,195,962,366
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,364,596,316	1,139,171,632	1,846,943,253	2,486,063,336	3,506,936,711
Short-Term Debt	2,719,843,459	2,854,902,865	2,198,229,454	2,469,591,603	(290,763,496)
Pretax Income	(572,457,695)	(852,462,654)	(1,643,513,620)	(429,861,793)	(465,062,448)
Interest Expense	349,108,809	301,010,183	367,292,821	370,894,121	367,730,757
Common Dividends Paid			180,000,000	190,000,000	66,000,000
Net Income (Excl. Preferred Stock Dividends)	(664,751,534)	(543,733,366)	(1,370,426,530)	(596,126,994)	(627,296,169)
Internal Cash	765,112,771	1,556,127,181	2,474,062,592	(1,624,669,715)	2,257,650,232
Cash Outflows for Construction	(1,345,488,987)	(1,214,548,886)	(1,208,882,902)	(1,767,992,754)	(2,407,469,463)
CWIP	267,252,854	324,258,675	169,832,171	368,075,826	412,480,455
Total Plant	29,813,995,195	29,952,671,370	29,402,800,831	28,763,731,388	27,719,127,498
Shares Outstanding	1	1	1	1	1
Number of Employees	25,694	26,434	26,575	28,133	35,558

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	(\$767,067)	(\$819,392)	\$361,562	\$3,463,702	\$247,621	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	526,249	528,752	511,108	523,000	533,957	2
Changes in Deferred Income Taxes	(37,442)	(32,847)	(54,762)	38,050	(61)	3
Changes in Working Capital	86,027	(103,182)	42,455	57,094	(55,222)	4
Capitalized AFDC - Equity						5
Other	764,825	868,321	(235,436)	(3,469,990)	(155,546)	6
Total Non-Cash Items	1,339,659	1,261,044	263,365	(2,851,846)	323,128	7
Net Cash Provided From Operating Activities	<u>572,592</u>	<u>441,652</u>	<u>624,927</u>	<u>611,856</u>	<u>570,749</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(267,173)	(248,180)	(401,407)	(410,011)	(537,392)	9
Purchase of Other Investments	(50,675)	(110,621)	(120,274)	(5,062)	(23,812)	10
Sale of Other Investments	2,469	786	1,950	(13,147)	9,834	11
Other						12
Net Cash Provided From Investing Activities	<u>(315,379)</u>	<u>(358,015)</u>	<u>(519,731)</u>	<u>(428,220)</u>	<u>(551,370)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(133,775)	(128,204)	(122,916)	(121,010)	(119,359)	14
Common Stock						15
Preferred Stock	(85,500)	(500)	(2,100)	(5,000)	(100)	16
Short-Term Debt			(3,696)	(3,158)	100,033	17
Dividends Paid	(2,400)	(5,145)	(5,163)	(5,304)	(5,586)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(221,675)</u>	<u>(133,849)</u>	<u>(133,875)</u>	<u>(134,472)</u>	<u>(25,012)</u>	20
Net Increase (Decrease) in Cash & Equivalents	35,538	(50,212)	(28,679)	49,164	(5,633)	21
Cash & Equivalents at Beginning of Year	51,015	101,227	129,906	80,742	86,375	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$86,553</b>	<b>\$51,015</b>	<b>\$101,227</b>	<b>\$129,906</b>	<b>\$80,742</b>	<b>23</b>

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

	2005	2004	2003	2002	2001
1 Revenues	2,935,476	2,824,244	2,838,956	\$2,891,597	\$2,935,622
2 Access Lines	3,618	3,704	3,764	3,792	3,781
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	1,451,018	\$1,409,734	\$1,334,049	\$1,281,711	\$1,218,304
4 Depreciation and Amortization	525,062	527,565	509,923	521,813	532,770
5 Other Operations Expense	853,919	802,971	826,865	813,902	784,465
6 Total Operation Expenses	2,829,999	2,740,270	2,670,837	2,617,426	2,535,539
7 Income Taxes - Operating Taxes	(59,713)	(81,336)	(59,701)	(33,032)	22,133
8 Other Taxes - Operating Taxes	186,040	168,940	169,810	164,926	109,797
9 Capital Costs	(\$20,850)	(3,630)	58,010	142,277	268,153
10 Total	\$2,935,476	\$2,824,244	\$2,838,956	\$2,891,597	\$2,935,622
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	49.4	49.9	47.0	44.3	41.5
12 Depreciation and Amortization	17.9	18.7	18.0	18.0	18.1
13 Other Operations Expense	29.1	28.4	29.1	28.1	26.7
14 Income Taxes - Operating Taxes	(2.0)	(2.9)	(2.1)	(1.1)	0.8
15 Other Taxes - Operating Taxes	6.3	6.0	6.0	5.7	3.7
16 Capital Costs	(0.7)	(0.1)	2.0	4.9	9.1
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	401.06	380.60	354.42	338.00	322.22
19 Depreciation and Amortization	145.12	142.43	135.47	137.61	140.91
20 Other Operations Expense	236.02	216.78	219.68	214.64	207.48
21 Income Taxes - Operating Taxes	(16.50)	(21.96)	(15.86)	(8.71)	5.85
22 Other Taxes - Operating Taxes	51.42	45.61	45.11	43.49	29.04
23 Capital Costs	(5.76)	(0.98)	15.41	37.52	70.92
24 Total	811.35	762.48	754.24	762.55	776.41

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	2,633,983	\$2,626,580	\$2,619,305	\$2,538,163	\$2,516,319	1
Central Office Assets	2,674,982	2,624,252	2,577,264	2,392,776	2,406,929	2
Information Origination/Termination	88,930	89,572	90,595	93,011	153,314	3
Cable And Wire Facilities	4,674,327	4,635,645	4,535,818	4,428,793	4,314,489	4
Amortizable Assets	45	45	45	45	45	5
<b>Total Plant In Service</b>	<b>10,072,267</b>	<b>9,976,094</b>	<b>9,823,027</b>	<b>9,452,788</b>	<b>9,391,096</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction	175,995	58,585	32,195	43,631	53,253	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>10,248,262</b>	<b>10,034,679</b>	<b>9,855,222</b>	<b>9,496,419</b>	<b>9,444,349</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	6,316,284	5,834,652	5,369,557	4,900,806	4,746,396	14
<b>Net Total Utility Plant</b>	<b>\$3,931,978</b>	<b>\$4,200,027</b>	<b>\$4,485,665</b>	<b>\$4,595,613</b>	<b>\$4,697,953</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	3.13	5.29	2.56	3.31	2.76	16
Total Capitalization	\$6,480,828	\$7,434,909	\$8,388,150	\$8,160,463	\$4,831,233	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	18.0%	17.5%	17.0%	19.0%	34.6%	18
Preferred Stock		1.1%	1.0%	1.1%	1.9%	19
Common Stock & Retained Earnings	82.0%	81.4%	82.0%	79.9%	63.3%	20
Short-Term Debt				0.0%	0.1%	21
Pretax Coverage of Interest Expense	-8.94	-8.90	4.48	35.65	3.50	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	-13.5%	-12.8%	5.3%	72.2%	8.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	214.3%	178.0%	155.7%	149.2%	106.2%	25
CWIP as a % of Plant	1.7%	0.6%	0.3%	0.5%	0.6%	26

Current Assets	520,598	505,046	579,500	599,554	636,076
Current Liabilities	166,118	95,432	226,179	181,169	230,848
Total Capitalization	6,480,828	7,434,909	8,388,150	8,160,463	4,831,233
Long-Term Debt	1,164,947	1,298,722	1,426,926	1,549,842	1,670,852
Preferred Stock		85,500	86,000	88,100	93,100
Common Stock and Retained Earnings (Excl. Preferred Stock)	5,315,881	6,050,687	6,875,224	6,518,825	3,060,427
Short-Term Debt				3,696	6,854
Pretax Income	(737,236)	(783,951)	418,547	3,512,544	361,803
Interest Expense	82,464	88,064	93,396	98,525	103,435
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(769,467)	(824,537)	356,399	3,458,398	242,035
Internal Cash	572,592	441,652	624,927	611,856	570,749
Cash Outflows for Construction	(267,173)	(248,180)	(401,407)	(410,011)	(537,392)
CWIP	175,995	58,585	32,195	43,631	53,253
Total Plant	10,248,262	10,034,679	9,855,222	9,496,419	9,444,349
Shares Outstanding	23	23	23	23	23
Number of Employees	24	26	27	28	29

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$208,620	(\$111,317)	(\$210,222)	(\$397,423)	(\$50,565)	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	539,323	684,782	685,302	683,968	690,813	2
Changes in Deferred Income Taxes	(44,318)	(103,622)	1,147	(56,562)	(14,359)	3
Changes in Working Capital	29,862	(198,459)	(342,138)	(137,640)	176,235	4
Capitalized AFDC - Equity						5
Other	347,419	101,892	210,379	469,733	240,709	6
Total Non-Cash Items	872,286	484,593	554,690	959,499	1,093,398	7
Net Cash Provided From Operating Activities	<u>1,080,906</u>	<u>373,276</u>	<u>344,468</u>	<u>562,076</u>	<u>1,042,833</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(204,942)	(392,906)	(117,775)	(270,609)	(111,531)	9
Purchase of Other Investments	(7,695)	(74,722)	(3,725)	48,139	177,720	10
Sale of Other Investments	333,936	12,838	35,055	1,089	12,865	11
Other						12
Net Cash Provided From Investing Activities	<u>121,299</u>	<u>(454,790)</u>	<u>(86,445)</u>	<u>(221,381)</u>	<u>79,054</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(177,136)	(166,672)	(157,537)	(147,195)	(139,260)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(118,000)			(175,000)	(636,085)	17
Dividends Paid	(8,382)	(8,382)	(8,382)	(8,382)	(8,460)	18
Other Financing	(550,000)			624	(135,824)	19
Net Cash Provided From Financing Activities	<u>(853,518)</u>	<u>(175,054)</u>	<u>(165,919)</u>	<u>(329,953)</u>	<u>(919,629)</u>	20
Net Increase (Decrease) in Cash & Equivalents	348,687	(256,568)	92,104	10,742	202,258	21
Cash & Equivalents at Beginning of Year	133,486	390,054	297,950	287,208	84,950	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$482,173</b>	<b>\$133,486</b>	<b>\$390,054</b>	<b>\$297,950</b>	<b>\$287,208</b>	23

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

	2005	2004	2003	2002	2001
1 Revenues	\$3,396,539	\$3,452,384	\$3,663,283	\$3,595,353	\$3,465,488
2 Access Lines	2,493	2,549	2,551	2,551	2,552
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	1,505,312	\$1,489,460	\$1,390,434	\$1,409,275	\$1,474,835
4 Depreciation and Amortization	538,205	683,664	684,183	682,849	689,695
5 Other Operations Expense	1,012,129	1,095,426	946,492	1,125,883	986,223
6 Total Operation Expenses	3,055,646	3,268,549	3,021,109	3,218,007	3,150,753
7 Income Taxes - Operating Taxes	1,429	(127,029)	63,890	(25,094)	(63,499)
8 Other Taxes - Operating Taxes	167,913	168,344	180,068	175,876	174,705
9 Capital Costs	\$171,551	142,520	398,216	226,565	203,529
10 Total	\$3,396,539	\$3,452,384	\$3,663,283	\$3,595,353	\$3,465,488
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	44.3	43.1	38.0	39.2	42.6
12 Depreciation and Amortization	15.8	19.8	18.7	19.0	19.9
13 Other Operations Expense	29.8	31.7	25.8	31.3	28.5
14 Income Taxes - Operating Taxes	0.0	(3.7)	1.7	(0.7)	(1.8)
15 Other Taxes - Operating Taxes	4.9	4.9	4.9	4.9	5.0
16 Capital Costs	5.1	4.1	10.9	6.3	5.9
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	603.82	584.33	545.05	552.44	577.91
19 Depreciation and Amortization	215.89	268.21	268.20	267.68	270.26
20 Other Operations Expense	405.99	429.75	371.03	441.35	386.45
21 Income Taxes - Operating Taxes	0.57	(49.83)	25.05	(9.84)	(24.88)
22 Other Taxes - Operating Taxes	67.35	66.04	70.59	68.94	68.46
23 Capital Costs	68.81	55.91	156.10	88.81	79.75
24 Total	1,362.43	1,354.41	1,436.02	1,409.39	1,357.95

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	2,885,043	\$3,017,572	\$3,042,599	\$3,091,719	\$3,080,552	1
Central Office Assets	2,677,500	2,435,615	2,403,216	2,339,596	2,317,496	2
Information Origination/Termination	207,958	207,958	207,958	207,958	208,908	3
Cable And Wire Facilities	4,882,740	4,836,121	4,760,491	4,720,297	4,680,992	4
Amortizable Assets	150	150	150	150	150	5
<b>Total Plant In Service</b>	<b>10,653,391</b>	<b>10,497,416</b>	<b>10,414,414</b>	<b>10,359,720</b>	<b>10,288,098</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction	25,560	219,126	25,329	90,521	90,495	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>10,678,951</b>	<b>10,716,542</b>	<b>10,439,743</b>	<b>10,450,241</b>	<b>10,378,593</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	7,468,174	7,152,277	6,568,791	5,979,824	5,502,229	14
<b>Net Total Utility Plant</b>	<b>\$3,210,777</b>	<b>\$3,564,265</b>	<b>\$3,870,952</b>	<b>\$4,470,417</b>	<b>\$4,876,364</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	3.70	2.87	2.61	1.65	1.20	16
Total Capitalization	\$4,882,911	\$5,527,809	\$5,814,179	\$6,190,320	\$6,806,234	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	48.8%	46.5%	47.3%	47.1%	45.1%	18
Preferred Stock	2.0%	1.8%	1.7%	1.6%	1.5%	19
Common Stock & Retained Earnings	45.4%	46.4%	46.2%	46.9%	47.0%	20
Short-Term Debt	3.8%	5.3%	4.8%	4.4%	6.5%	21
Pretax Coverage of Interest Expense	2.28	-0.45	0.06	-1.38	0.02	22
Com. Stock Dividends as a % of Earnings	1.2%	-2.0%	-1.1%	-0.6%	-4.3%	23
Return on Common Equity	8.5%	-4.5%	-7.7%	-13.2%	-1.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	527.4%	95.0%	292.5%	207.7%	935.0%	25
CWIP as a % of Plant	0.2%	2.0%	0.2%	0.9%	0.9%	26

Current Assets	1,754,515	1,305,782	1,474,708	1,194,532	909,593
Current Liabilities	473,819	455,351	564,708	722,696	757,883
Total Capitalization	4,882,911	5,527,809	5,814,179	6,190,320	6,806,234
Long-Term Debt	2,381,396	2,570,551	2,747,463	2,913,340	3,067,035
Preferred Stock	100,000	100,000	100,000	100,000	100,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,216,493	2,566,255	2,685,953	2,904,557	3,198,276
Short-Term Debt	185,022	291,003	280,763	272,423	440,923
Pretax Income	394,348	(83,316)	12,948	(274,984)	4,705
Interest Expense	173,100	183,774	222,910	198,876	224,995
Common Dividends Paid	2,382	2,382	2,382	2,382	2,460
Net Income (Excl. Preferred Stock Dividends)	202,620	(117,317)	(216,222)	(403,423)	(56,565)
Internal Cash	1,080,906	373,276	344,468	562,076	1,042,833
Cash Outflows for Construction	(204,942)	(392,906)	(117,775)	(270,609)	(111,531)
CWIP	25,560	219,126	25,329	90,521	90,495
Total Plant	10,678,951	10,716,542	10,439,743	10,450,241	10,378,593
Shares Outstanding	820	820	820	820	820
Number of Employees	17	17	19	18	21

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$2,501,854	\$850,382	\$2,285,040	\$4,025,661	\$182,795	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	1,544,141	2,303,195	2,030,496	1,469,431	3,048,733	2
Changes in Deferred Income Taxes	234,967	(26,872)	(89,696)	(641,117)	540,711	3
Changes in Working Capital	(554,451)	8,486,462	(2,764,757)	1,484,732	(607,489)	4
Capitalized AFDC - Equity					917,046	5
Other	(1,311,617)	651,901	(269,010)	(6,361,868)	(720,744)	6
Total Non-Cash Items	(86,960)	11,414,686	(1,092,967)	(4,048,822)	3,178,257	7
Net Cash Provided From Operating Activities	<u>2,414,894</u>	<u>12,265,068</u>	<u>1,192,073</u>	<u>(23,161)</u>	<u>3,361,052</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(730,510)	(1,014,113)	(1,110,888)	225,937	(1,088,811)	9
Purchase of Other Investments	(1,230,275)	(10,217,641)	1,585		3,859	10
Sale of Other Investments					(2,244,251)	11
Other						12
Net Cash Provided From Investing Activities	<u>(1,960,785)</u>	<u>(11,231,754)</u>	<u>(1,109,303)</u>	<u>225,937</u>	<u>(3,329,203)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(457,895)	149,921	(76,478)	(210,284)	(35,248)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid		(1,171,000)				18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(457,895)</u>	<u>(1,021,079)</u>	<u>(76,478)</u>	<u>(210,284)</u>	<u>(35,248)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(3,786)	12,235	6,292	(7,508)	(3,399)	21
Cash & Equivalents at Beginning of Year	10,996	(1,239)	(7,530)	(22)	3,378	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$7,210</b>	<b>\$10,996</b>	<b>(\$1,239)</b>	<b>(\$7,530)</b>	<b>(\$22)</b>	<b>23</b>

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$10,403,523	\$9,193,619	\$11,058,983	\$10,907,951	\$10,322,636
2 Access Lines	19,571	21,414	22,380	22,808	23,391

**DOLLAR AMOUNTS**

3 Wages and Benefits	\$986,283	\$968,899	\$1,060,513	\$591,923	\$3,125,471
4 Depreciation and Amortization	2,076,531	2,425,828	2,683,046	2,632,840	3,037,969
5 Other Operations Expense	2,696,764	3,439,432	2,914,600	2,777,854	3,171,687
6 Total Operation Expenses	5,759,578	6,834,160	6,658,159	6,002,617	9,335,127
7 Income Taxes - Operating Taxes	1,320,154	505,558	1,244,337	95,094	187,569
8 Other Taxes - Operating Taxes	621,676	619,480	574,834	465,197	451,600
9 Capital Costs	2,702,115	1,234,422	2,581,653	4,345,043	348,340
10 Total	\$10,403,523	\$9,193,619	\$11,058,983	\$10,907,951	\$10,322,636

**PERCENT OF REVENUES**

11 Wages and Benefits	9.5	10.5	9.6	5.4	30.3
12 Depreciation and Amortization	20.0	26.4	24.3	24.1	29.4
13 Other Operations Expense	25.9	37.4	26.4	25.5	30.7
14 Income Taxes - Operating Taxes	12.7	5.5	11.3	0.9	1.8
15 Other Taxes - Operating Taxes	6.0	6.7	5.2	4.3	4.4
16 Capital Costs	26.0	13.4	23.3	39.8	3.4
17 Total	100.0	100.0	100.0	100.0	100.0

**DOLLARS PER ACCESS LINE**

18 Wages and Benefits	50.40	45.25	47.39	25.95	133.62
19 Depreciation and Amortization	106.10	113.28	119.89	115.43	129.88
20 Other Operations Expense	137.79	160.62	130.23	121.79	135.59
21 Income Taxes - Operating Taxes	67.45	23.61	55.60	4.17	8.02
22 Other Taxes - Operating Taxes	31.77	28.93	25.69	20.40	19.31
23 Capital Costs	138.07	57.65	115.36	190.51	14.89
24 Total	531.58	429.33	494.15	478.25	441.31

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$3,261,591	\$3,393,565	\$3,230,923	\$3,456,982	\$3,470,459	1
Central Office Assets	18,337,819	18,266,503	17,831,602	17,295,508	15,849,077	2
Information Origination/Termination	134,008	134,008	134,008	134,008	134,008	3
Cable And Wire Facilities	20,383,698	19,619,850	18,691,100	18,310,797	18,172,952	4
Amortizable Assets						5
<b>Total Plant In Service</b>	42,117,116	41,413,926	39,887,633	39,197,295	37,626,496	6
Property Held For Future Use						7
Plant Under Construction	572,363	411,034	923,215	502,664	2,035,061	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	42,689,479	41,824,960	40,810,848	39,699,959	39,661,557	13
Less Acc. Prov. For Depreciation & Amort.	26,321,321	24,616,602	22,313,407	20,282,911	18,813,480	14
<b>Net Total Utility Plant</b>	\$16,368,158	\$17,208,358	\$18,497,441	\$19,417,048	\$20,848,077	15
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.24	0.64	1.23	6.88	1.63	16
Total Capitalization	\$27,066,624	\$25,032,926	\$25,792,070	\$23,922,262	\$20,826,942	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	12.9%	15.9%	17.7%	20.4%	26.9%	18
Preferred Stock						19
Common Stock & Retained Earnings	85.3%	82.2%	81.0%	77.8%	70.1%	20
Short-Term Debt	1.8%	1.9%	1.3%	1.7%	3.1%	21
Pretax Coverage of Interest Expense	15.23	4.03	11.98	12.57	1.71	22
Com. Stock Dividends as a % of Earnings		137.7%				23
Return on Common Equity	11.5%	4.1%	11.6%	24.2%	1.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	330.6%	1209.4%	107.3%	10.3%	308.7%	25
CWIP as a % of Plant	427.1%	1.0%	2.3%	1.3%	5.1%	26

Current Assets	2,832,245	2,259,541	46,555,799	6,752,871	5,683,936
Current Liabilities	2,275,132	3,534,879	37,986,455	981,759	3,485,975
Total Capitalization	27,066,624	25,032,926	25,792,070	23,922,262	20,826,942
Long-Term Debt	3,486,569	3,984,132	4,562,318	4,890,812	5,599,123
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	23,082,492	20,580,639	20,901,258	18,616,218	14,590,557
Short-Term Debt	497,562	468,155	328,494	415,232	637,262
Pretax Income	4,090,537	1,804,166	3,850,829	4,389,498	678,188
Interest Expense	268,528	448,226	321,452	349,244	396,962
Common Dividends Paid		1,171,000			
Net Income (Excl. Preferred Stock Dividends)	2,501,854	850,382	2,285,040	4,025,661	182,795
Internal Cash	2,414,893	12,265,068	1,192,073	(23,161)	3,361,052
Cash Outflows for Construction	(730,510)	(1,014,113)	(1,110,888)	225,937	(1,088,811)
CWIP	572,363	411,034	923,215	502,664	2,035,061
Total Plant	134,009	41,824,960	40,810,848	39,699,959	39,661,557
Shares Outstanding	131,026	131,026	131,026	131,026	131,026
Number of Employees	16	14	14	18	12

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$344,307	\$336,626	(\$55,658)	(\$855,341)	\$878,478	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	865,864	1,117,899	1,103,812	1,098,468	1,104,470	2
Changes in Deferred Income Taxes	(113,130)	(110,498)	(12,046)	(618,851)	91,757	3
Changes in Working Capital	212,530	292,680	76,013	(336,400)	387,405	4
Capitalized AFDC - Equity	0	0	0			5
Other	(79,195)	(85,941)	(5,475)	1,581,477	(1,248,040)	6
Total Non-Cash Items	886,069	1,214,140	1,162,304	1,724,694	335,592	7
Net Cash Provided From Operating Activities	<u>1,230,376</u>	<u>1,550,766</u>	<u>1,106,646</u>	<u>869,353</u>	<u>1,214,070</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(735,023)	(241,366)	(324,277)	(365,242)	(229,144)	9
Purchase of Other Investments	(728,974)	(717,243)	344,556	(858,192)	1,300,771	10
Sale of Other Investments	424,809	218,250	175,821	82,348	(40,545)	11
Other	0	0				12
Net Cash Provided From Investing Activities	<u>(1,039,188)</u>	<u>(740,359)</u>	<u>196,100</u>	<u>(1,141,086)</u>	<u>1,031,082</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(531,785)	(528,520)	(501,483)	(392,058)	(273,657)	14
Common Stock	0	0	0			15
Preferred Stock	(500)	0	(100)		(4,500)	16
Short-Term Debt	117,578	0	(30,000)	(20,000)	(20,136)	17
Dividends Paid	(3,903)	(3,918)	(3,918)	(3,924)	(4,059)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(418,610)</u>	<u>(532,438)</u>	<u>(535,501)</u>	<u>(415,982)</u>	<u>(302,352)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(227,422)	277,969	767,245	(687,715)	1,942,800	21
Cash & Equivalents at Beginning of Year	3,991,210	3,713,241	2,945,996	3,633,710	1,690,910	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$3,763,788</b>	<b>\$3,991,210</b>	<b>\$3,713,241</b>	<b>\$2,945,996</b>	<b>\$3,633,710</b>	23

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

	2005	2004	2003	2002	2001
1 Revenues	\$4,102,467	\$4,193,719	\$4,197,054	\$4,499,595	\$5,069,070
2 Access Lines	3,733	3,848	3,906	3,906	3,919

**DOLLAR AMOUNTS**

3 Wages and Benefits	1,537,753	\$1,531,662	\$1,663,098	\$1,718,242	\$1,852,526
4 Depreciation and Amortization	865,467	1,118,052	1,103,414	1,098,071	1,104,074
5 Other Operations Expense	1,008,259	900,805	981,325	1,046,460	953,244
6 Total Operation Expenses	3,411,479	3,550,519	3,747,837	3,862,773	3,909,844
7 Income Taxes - Operating Taxes	57,321	919	(60,524)	(661,782)	127,963
8 Other Taxes - Operating Taxes	248,531	206,638	255,166	257,042	253,532
9 Capital Costs	\$385,136	435,643	254,575	1,041,562	777,731
10 Total	\$4,102,467	\$4,193,719	\$4,197,054	\$4,499,595	\$5,069,070

**PERCENT OF REVENUES**

11 Wages and Benefits	37.5	36.5	39.6	38.2	36.5
12 Depreciation and Amortization	21.1	26.7	26.3	24.4	21.8
13 Other Operations Expense	24.6	21.5	23.4	23.3	18.8
14 Income Taxes - Operating Taxes	1.4	0.0	(1.4)	(14.7)	2.5
15 Other Taxes - Operating Taxes	6.1	4.9	6.1	5.7	5.0
16 Capital Costs	9.4	10.4	6.1	23.1	15.3
17 Total	100.0	100.0	100.0	100.0	100.0

**DOLLARS PER ACCESS LINE**

18 Wages and Benefits	411.93	398.04	425.78	439.90	472.70
19 Depreciation and Amortization	231.84	290.55	282.49	281.12	281.72
20 Other Operations Expense	270.09	234.10	251.24	267.91	243.24
21 Income Taxes - Operating Taxes	15.36	0.24	(15.50)	(169.43)	32.65
22 Other Taxes - Operating Taxes	66.58	53.70	65.33	65.81	64.69
23 Capital Costs	103.17	113.21	65.18	266.66	198.45
24 Total	1,098.97	1,089.84	1,074.51	1,151.97	1,293.46

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	3,959,205	\$3,584,458	\$3,553,373	\$3,434,111	\$3,269,421	1
Central Office Assets	4,760,784	4,718,021	4,647,475	4,549,631	4,570,538	2
Information Origination/Termination	91,970	124,152	135,136	205,455	208,381	3
Cable And Wire Facilities	5,311,469	5,234,517	5,152,624	5,076,175	4,964,810	4
Amortizable Assets	43,125	41,125	41,125	41,125	41,125	5
<b>Total Plant In Service</b>	<b>14,166,553</b>	<b>13,702,273</b>	<b>13,529,733</b>	<b>13,306,497</b>	<b>13,054,275</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction	97,728	56,988	26,679	40,017	16,523	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>14,264,281</b>	<b>13,759,261</b>	<b>13,556,412</b>	<b>13,346,514</b>	<b>13,070,798</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	7,687,292	7,042,478	5,982,526	5,045,023	4,064,082	14
<b>Net Total Utility Plant</b>	<b>\$6,576,989</b>	<b>\$6,716,783</b>	<b>\$7,573,886</b>	<b>\$8,301,491</b>	<b>\$9,006,716</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	12.04	25.34	145.39	17.16	12.04	16
Total Capitalization	\$16,513,273	\$16,633,286	\$16,792,110	\$17,131,862	\$18,346,473	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	33.5%	35.7%	38.6%	40.7%	40.2%	18
Preferred Stock	0.2%	0.2%	0.2%	0.2%	0.2%	19
Common Stock & Retained Earnings	66.3%	64.0%	61.2%	58.9%	59.4%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.2%	0.3%	21
Pretax Coverage of Interest Expense	2.37	2.02	0.58	-2.60	3.88	22
Com. Stock Dividends as a % of Earnings	0.5%	0.5%	-3.1%	-0.2%	0.2%	23
Return on Common Equity	3.2%	3.2%	-0.6%	-8.2%	8.0%	24
Internal Cash Generated as a % of Cash Outflows for Construction	167.4%	642.5%	341.3%	238.0%	529.8%	25
CWIP as a % of Plant	0.7%	0.4%	0.2%	0.3%	0.1%	26

Current Assets	4,488,550	4,731,212	4,595,330	4,132,211	4,597,333
Current Liabilities	372,661	186,674	31,608	240,803	381,711
Total Capitalization	16,513,273	16,633,286	16,792,110	17,131,862	18,346,473
Long-Term Debt	5,531,271	5,945,478	6,473,998	6,975,481	7,367,539
Preferred Stock	34,850	35,350	35,350	35,450	35,450
Common Stock and Retained Earnings (Excl. Preferred Stock)	10,947,152	10,652,458	10,282,762	10,090,931	10,893,484
Short-Term Debt	0	0	0	30,000	50,000
Pretax Income	801,554	723,054	232,709	(1,070,315)	1,657,089
Interest Expense	338,886	358,771	403,855	411,158	427,473
Common Dividends Paid	1,797	1,797	1,797	1,797	1,797
Net Income (Excl. Preferred Stock Dividends)	342,201	334,505	(57,779)	(857,468)	876,216
Internal Cash	1,230,376	1,550,766	1,106,646	869,353	1,214,070
Cash Outflows for Construction	(735,023)	(241,366)	(324,277)	(365,242)	(229,144)
CWIP	97,728	56,988	26,679	40,017	16,523
Total Plant	14,264,281	13,759,261	13,556,412	13,346,514	13,070,798
Shares Outstanding	1,702	1,702	1,702	1,702	1,702
Number of Employees	22	22	24	24	24

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$302,986	\$308,582	(\$1,271,029)	\$1,352,781	\$487,123	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	535,878	539,659	528,463	633,693	667,935	2
Changes in Deferred Income Taxes	(25,443)	96,937	(9,538)	118,851	(69,393)	3
Changes in Working Capital	581,288	213,408	244,087	388,829	(124,981)	4
Capitalized AFDC - Equity						5
Other	(31,209)	80,446	1,471,850	(1,296,823)	(134,209)	6
Total Non-Cash Items	1,060,514	930,450	2,234,862	(155,450)	339,352	7
Net Cash Provided From Operating Activities	<u>1,363,500</u>	<u>1,239,032</u>	<u>963,833</u>	<u>1,197,331</u>	<u>826,475</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(750,672)	(517,316)	(1,873,419)	(1,178,398)	(1,422,471)	9
Purchase of Other Investments	(732,598)	(632,587)		50,000	70,000	10
Sale of Other Investments	743,642	493,581	(132,161)	287,404	800,000	11
Other			68,767	341	71,588	12
Net Cash Provided From Investing Activities	<u>(739,628)</u>	<u>(656,322)</u>	<u>(1,936,813)</u>	<u>(840,653)</u>	<u>(480,883)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt		(85,483)	657,791	157,812	(210,167)	14
Common Stock	(70,982)					15
Preferred Stock						16
Short-Term Debt	11,004	26,208	53,408	43,686	1,594	17
Dividends Paid		(70,611)	(70,467)	(70,091)	(65,213)	18
Other Financing	(87,446)	(119,692)	(97,772)	(90,195)	(1,970,632)	19
	43,972	54,146	59,668			
Net Cash Provided From Financing Activities	<u>(103,452)</u>	<u>(195,432)</u>	<u>602,628</u>	<u>41,212</u>	<u>(2,244,418)</u>	20
Net Increase (Decrease) in Cash & Equivalents	520,420	387,278	(370,352)	397,890	(1,898,826)	21
Cash & Equivalents at Beginning of Year	747,939	360,661	731,013	333,123	2,231,949	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$1,268,359</b>	<b>\$747,939</b>	<b>\$360,661</b>	<b>\$731,013</b>	<b>\$333,123</b>	23

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

	2005	2004	2003	2002	2001
1 Revenues	\$3,561,523	\$3,624,424	\$3,572,479	\$3,692,687	\$3,569,422
2 Access Lines	4,751	4,885	5,111	5,272	5,367

**DOLLAR AMOUNTS**

3 Wages and Benefits	1,250,387	\$1,144,824	\$1,198,766	\$1,267,273	\$1,242,015
4 Depreciation and Amortization	534,678	538,459	526,513	633,693	667,935
5 Other Operations Expense	1,338,379	1,248,129	1,351,152	1,321,865	1,063,288
6 Total Operation Expenses	3,123,444	2,931,412	3,076,431	3,222,831	2,973,238
7 Income Taxes - Operating Taxes	(57,976)	90,312	116,474	110,210	78,304
8 Other Taxes - Operating Taxes	243,763	216,490	193,950	175,109	166,441
9 Capital Costs	\$252,292	386,210	185,624	184,537	351,439
10 Total	\$3,561,523	\$3,624,424	\$3,572,479	\$3,692,687	\$3,569,422

**PERCENT OF REVENUES**

11 Wages and Benefits	35.1	31.6	33.6	34.3	34.8
12 Depreciation and Amortization	15.0	14.9	14.7	17.2	18.7
13 Other Operations Expense	37.6	34.4	37.8	35.8	29.8
14 Income Taxes - Operating Taxes	(1.6)	2.5	3.3	3.0	2.2
15 Other Taxes - Operating Taxes	6.8	6.0	5.4	4.7	4.7
16 Capital Costs	7.1	10.7	5.2	5.0	9.8
17 Total	100.0	100.0	100.0	100.0	100.0

**DOLLARS PER ACCESS LINE**

18 Wages and Benefits	263.18	234.35	234.55	240.38	231.42
19 Depreciation and Amortization	112.54	110.23	103.02	120.20	124.45
20 Other Operations Expense	281.70	255.50	264.36	250.73	198.12
21 Income Taxes - Operating Taxes	(12.20)	18.49	22.79	20.90	14.59
22 Other Taxes - Operating Taxes	51.31	44.32	37.95	33.21	31.01
23 Capital Costs	53.10	79.06	36.32	35.00	65.48
24 Total	749.64	741.95	698.98	700.43	665.07

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	1,980,374	\$1,984,518	\$2,020,782	\$1,952,765	\$1,939,953	1
Central Office Assets	5,926,671	5,863,406	5,962,920	5,410,626	5,437,026	2
Information Origination/Termination	77,850	74,324	63,774	50,125	46,844	3
Cable And Wire Facilities	5,846,522	5,605,579	5,150,371	4,394,999	3,722,077	4
Amortizable Assets						5
<b>Total Plant In Service</b>	<b>13,831,416</b>	<b>13,527,827</b>	<b>13,197,848</b>	<b>11,808,515</b>	<b>11,145,900</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction	339,120	336	512,671	177,816	247,293	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>14,170,536</b>	<b>13,528,163</b>	<b>13,710,519</b>	<b>11,986,331</b>	<b>11,393,193</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	6,181,372	5,707,170	5,956,803	5,781,389	5,679,192	14
<b>Net Total Utility Plant</b>	<b>\$7,989,164</b>	<b>\$7,820,993</b>	<b>\$7,753,715</b>	<b>\$6,204,942</b>	<b>\$5,714,001</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.78	2.22	1.68	2.23	1.98	16
Total Capitalization	\$10,302,474	\$10,054,039	\$9,767,042	\$8,825,646	\$8,669,429	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	12.5%	14.9%	15.4%	6.6%	4.9%	18
Preferred Stock						19
Common Stock & Retained Earnings	83.2%	82.9%	81.8%	87.9%	90.0%	20
Short-Term Debt	4.3%	2.2%	2.9%	5.5%	5.1%	21
Pretax Coverage of Interest Expense	4.32	6.26	-15.08	15.95	5.89	22
Com. Stock Dividends as a % of Earnings	23.4%	22.9%	-5.5%	5.2%	13.4%	23
Return on Common Equity	3.6%	3.8%	-16.1%	17.4%	6.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	181.6%	239.5%	51.4%	101.6%	58.1%	25
CWIP as a % of Plant	2.4%	0.0%	3.7%	1.5%	2.2%	26

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$64,476	\$85,834	\$37,297	(\$94,642)	\$59,433	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	56,532	70,887	75,684	111,847	110,724	2
Changes in Deferred Income Taxes	9,686	(2,523)	1,902	120,828	(72,353)	3
Changes in Working Capital	(3,954)	9,284	3,030	43,009	1,326	4
Capitalized AFDC - Equity	0	0	0			5
Other	(1,253)	8,069	(5,862)	(3,890)	(2,791)	6
Total Non-Cash Items	61,011	85,717	74,754	271,794	36,906	7
Net Cash Provided From Operating Activities	<u>125,487</u>	<u>171,551</u>	<u>112,051</u>	<u>177,152</u>	<u>96,339</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(13,271)	(54,699)	(77,574)	(10,575)	(33,668)	9
Purchase of Other Investments	0	0	0			10
Sale of Other Investments	(1,483)	(9,445)	0	(1,938)	194	11
Other	0	0	295	1,734	3,060	12
Net Cash Provided From Investing Activities	<u>(14,754)</u>	<u>(64,144)</u>	<u>(77,279)</u>	<u>(10,779)</u>	<u>(30,414)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(283,181)	(6,208)	(5,906)	(5,618)	(5,345)	14
Common Stock	0	0				15
Preferred Stock	0	0				16
Short-Term Debt	0	0				17
Dividends Paid	0	0				18
Other Financing	0	0				19
Net Cash Provided From Financing Activities	<u>(283,181)</u>	<u>(6,208)</u>	<u>(5,906)</u>	<u>(5,618)</u>	<u>(5,345)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(172,448)	101,199	28,866	160,755	60,580	21
Cash & Equivalents at Beginning of Year	1,432,513	1,331,314	1,302,448	1,141,693	1,081,113	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$1,260,065</b>	<b>\$1,432,513</b>	<b>\$1,331,314</b>	<b>\$1,302,448</b>	<b>\$1,141,693</b>	23

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

	2,005	2004	2003	2002	2001
1 Revenues	\$450,387	\$492,711	\$478,488	\$441,650	\$451,639
2 Access Lines	663	704	713	715	725
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	0	\$0	\$0	\$0	\$24,969
4 Depreciation and Amortization	56,532	70,888	75,684	111,846	110,723
5 Other Operations Expense	294,442	258,147	241,876	247,114	220,913
6 Total Operation Expenses	350,974	329,035	317,560	358,960	356,605
7 Income Taxes - Operating Taxes	23,527	44,758	84,197	69,220	21,002
8 Other Taxes - Operating Taxes	32,869	33,072	32,949	35,340	33,269
9 Capital Costs	43,017	85,846	43,782	(21,871)	40,763
10 Total	\$450,387	\$492,711	\$478,488	\$441,650	\$451,639
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	0.0	0.0	0.0	0.0	5.5
12 Depreciation and Amortization	12.6	14.4	15.8	25.3	24.5
13 Other Operations Expense	65.4	52.4	50.6	56.0	48.9
14 Income Taxes - Operating Taxes	5.2	9.1	17.6	15.7	4.7
15 Other Taxes - Operating Taxes	7.3	6.7	6.9	8.0	7.4
16 Capital Costs	9.6	17.4	9.2	(5.0)	9.0
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	0.00	0.00	0.00	0.00	34.44
19 Depreciation and Amortization	85.27	100.69	106.15	156.43	152.72
20 Other Operations Expense	444.11	366.69	339.24	345.61	304.71
21 Income Taxes - Operating Taxes	35.49	63.58	118.09	96.81	28.97
22 Other Taxes - Operating Taxes	49.58	46.98	46.21	49.43	45.89
23 Capital Costs	64.88	121.94	61.41	(30.59)	56.22
24 Total	679.32	699.87	671.09	617.69	622.95



Current Assets	1,371,443	1,540,065	1,443,167	1,408,941	1,307,789
Current Liabilities	74,007	86,541	66,189	53,045	66,501
Total Capitalization	1,763,416	1,982,121	1,902,495	1,871,103	1,971,367
Long-Term Debt	0	276,181	282,769	288,995	294,923
Preferred Stock	0	0	0	0	0
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,763,416	1,698,940	1,613,106	1,575,808	1,670,453
Short-Term Debt	0	7,000	6,620	6,300	5,991
Pretax Income	106,031	150,936	140,863	(48,371)	1,779,642
Interest Expense	7,550	14,516	14,870	15,106	15,379
Common Dividends Paid	0	0	0	0	0
Net Income (Excl. Preferred Stock Dividends)	64,476	85,834	37,297	(94,642)	1,728,397
Internal Cash	125,487	171,551	112,051	177,152	1,765,303
Cash Outflows for Construction	(13,271)	(54,699)	(77,574)	(10,575)	(33,668)
CWIP	0	116	479	278	0
Total Plant	1,511,477	1,536,448	1,517,750	1,582,804	1,597,098
Shares Outstanding	149	149	149	149	149
Number of Employees	0	0	0	0	0

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$131,058	\$95,226	\$126,670	\$111,239	\$114,832	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	279,292	295,413	260,542	313,440	281,220	2
Changes in Deferred Income Taxes	44,326	24,333	50,706	35,732	(40)	3
Changes in Working Capital	72,787	(494,956)	526,010	(273,615)	171,599	4
Capitalized AFDC - Equity						5
Other	(16,472)	(5,535)	1,660	(29,150)	13,042	6
Total Non-Cash Items	379,933	(180,745)	838,918	46,407	465,821	7
Net Cash Provided From Operating Activities	<u>510,991</u>	<u>(85,519)</u>	<u>965,588</u>	<u>157,646</u>	<u>580,653</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(57,619)	(63,393)	(745,500)	(199,258)	(357,117)	9
Purchase of Other Investments						10
Sale of Other Investments						11
Other	(16,976)	(2,965)	(3,057)	(16,381)	(6,134)	12
Net Cash Provided From Investing Activities	<u>(74,595)</u>	<u>(66,358)</u>	<u>(748,557)</u>	<u>(215,639)</u>	<u>(363,251)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(20,097)	(19,534)	(18,993)	(18,900)	(25,942)	14
Common Stock					(21,000)	15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(42,000)	(42,000)	(8,400)	(8,400)	(33,600)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(62,097)</u>	<u>(61,534)</u>	<u>(27,393)</u>	<u>(27,300)</u>	<u>(80,542)</u>	20
Net Increase (Decrease) in Cash & Equivalents	374,299	(213,411)	189,638	(85,293)	136,860	21
Cash & Equivalents at Beginning of Year	480,208	693,619	503,981	589,274	452,414	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$854,508</b>	<b>\$480,208</b>	<b>\$693,619</b>	<b>\$503,981</b>	<b>\$589,274</b>	<b>23</b>

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$1,885,982	\$1,831,738	\$1,771,123	\$1,774,413	\$1,667,582
2 Access Lines	1,306	1,336	1,387	1,456	1,467
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	\$993,841	\$1,005,572	\$956,681	\$948,846	\$951,027
4 Depreciation and Amortization	279,292	295,413	260,542	313,440	288,580
5 Other Operations Expense	355,661	345,727	287,263	303,540	237,061
6 Total Operation Expenses	1,628,795	1,646,712	1,504,486	1,565,826	1,476,668
7 Income Taxes - Operating Taxes	51,085	6,779	63,157	31,969	30,116
8 Other Taxes - Operating Taxes	90,081	88,631	82,068	76,152	73,827
9 Capital Costs	116,021	89,616	121,411	100,466	86,971
10 Total	\$1,885,982	\$1,831,738	\$1,771,123	\$1,774,413	\$1,667,582
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	52.7	54.9	54.0	53.5	57.0
12 Depreciation and Amortization	14.8	16.1	14.7	17.7	17.3
13 Other Operations Expense	18.9	18.9	16.2	17.1	14.2
14 Income Taxes - Operating Taxes	2.7	0.4	3.6	1.8	1.8
15 Other Taxes - Operating Taxes	4.8	4.8	4.6	4.3	4.4
16 Capital Costs	6.2	4.9	6.9	5.7	5.2
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	760.98	752.67	689.75	651.68	648.28
19 Depreciation and Amortization	213.85	221.12	187.85	215.27	196.71
20 Other Operations Expense	272.33	258.78	207.11	208.48	161.60
21 Income Taxes - Operating Taxes	39.12	5.07	45.54	21.96	20.53
22 Other Taxes - Operating Taxes	68.97	66.34	59.17	52.30	50.33
23 Capital Costs	88.84	67.08	87.53	69.00	59.28
24 Total	1,444.09	1,371.06	1,276.95	1,218.69	1,136.73

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b><u>Plant In Service</u></b>						
General Support Assets	\$998,459	\$1,022,416	\$971,589	\$837,336	\$837,379	1
Central Office Assets	1,855,334	1,837,219	1,756,276	1,401,694	1,169,884	2
Information Origination/Termination	974	1,015	1,053	1,026	1,071	3
Cable And Wire Facilities	1,656,095	1,592,081	1,578,523	1,387,623	1,261,576	4
Amortizable Assets						5
<b>Total Plant In Service</b>	4,510,862	4,452,730	4,307,440	3,627,679	3,269,910	6
Property Held For Future Use						7
Plant Under Construction	16,902	70,255	173,178	167,242	360,509	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	4,527,764	4,522,985	4,480,618	3,794,921	3,630,419	13
Less Acc. Prov. For Depreciation & Amort.	3,132,138	2,922,711	2,653,464	2,460,041	2,202,057	14
<b>Net Total Utility Plant</b>	\$1,395,626	\$1,600,274	\$1,827,154	\$1,334,880	\$1,428,362	15
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	9.09	7.66	1.82	7.80	3.20	16
Total Capitalization	\$2,011,048	\$1,941,525	\$1,907,294	\$1,807,922	\$1,731,027	17
<b><u>Percent Of Capitalization (Incl. S-T- Debt)</u></b>						
Long-Term Debt	2.8%	3.9%	5.0%	6.3%	7.7%	18
Preferred Stock						19
Common Stock & Retained Earnings	96.2%	95.1%	94.0%	92.6%	90.8%	20
Short-Term Debt	1.0%	1.0%	1.0%	1.0%	1.5%	21
Pretax Coverage of Interest Expense	46.79	23.44	38.52	25.68	21.61	22
Com. Stock Dividends as a % of Earnings	32.0%	44.1%	6.6%	7.6%	29.3%	23
Return on Common Equity	6.9%	5.2%	7.3%	6.9%	7.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	886.8%	-134.9%	129.5%	79.1%	162.6%	25
CWIP as a % of Plant	0.4%	1.6%	3.9%	4.4%	9.9%	26

Current Assets	1,064,050	789,161	959,575	881,198	840,550
Current Liabilities	117,065	103,041	526,173	112,937	262,491
Total Capitalization	2,011,048	1,941,525	1,907,294	1,807,922	1,731,027
Long-Term Debt	55,376	75,473	95,007	114,001	132,902
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,935,576	1,846,518	1,793,294	1,675,024	1,572,185
Short-Term Debt	20,096	19,534	18,993	18,897	25,940
Pretax Income	185,308	105,547	193,803	147,748	150,678
Interest Expense	3,960	4,502	5,031	5,754	6,973
Common Dividends Paid	42,000	42,000	8,400	8,400	33,600
Net Income (Excl. Preferred Stock Dividends)	131,058	95,226	126,670	111,239	114,832
Internal Cash	510,991	(85,519)	965,588	157,646	580,653
Cash Outflows for Construction	(57,619)	(63,393)	(745,500)	(199,258)	(357,117)
CWIP	16,902	70,255	173,178	167,242	360,509
Total Plant	4,527,764	4,522,985	4,480,618	3,794,921	3,630,419
Shares Outstanding	1,920	1,920	1,920	1,920	1,920
Number of Employees	11	11	12	12	12

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$227,529	\$219,560	\$629,756	\$45,205	\$435,512	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	666,082	625,361	593,974	719,623	703,786	2
Changes in Deferred Income Taxes	(45,863)	48,312	52,580	4,917	(65,043)	3
Changes in Working Capital	(113,264)	212,190	(232,496)	364,563	(98,835)	4
Capitalized AFDC - Equity	0	0	0			5
Other	89,742	(72,473)	34,116	(33,171)	(7,924)	6
Total Non-Cash Items	596,697	813,390	448,174	1,055,932	531,984	7
Net Cash Provided From Operating Activities	<u>824,226</u>	<u>1,032,950</u>	<u>1,077,930</u>	<u>1,101,137</u>	<u>967,496</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(618,366)	(288,912)	(507,869)	(243,683)	(474,639)	9
Purchase of Other Investments	0	0	0			10
Sale of Other Investments	34,146	4,349	97,500	(390,000)		11
Other	0	0	(16,224)	(32,538)	(9,266)	12
Net Cash Provided From Investing Activities	<u>(584,220)</u>	<u>(284,563)</u>	<u>(426,593)</u>	<u>(666,221)</u>	<u>(483,905)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(2,243,213)	(339,813)	(389,568)	116,945	(259,231)	14
Common Stock	0	0				15
Preferred Stock	0	0				16
Short-Term Debt	0	0				17
Dividends Paid	(7,369,000)	0				18
Other Financing	22,665	(9,873)				19
Net Cash Provided From Financing Activities	<u>(9,589,548)</u>	<u>(349,686)</u>	<u>(389,568)</u>	<u>116,945</u>	<u>(259,231)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(9,349,542)	398,701	261,769	551,861	224,361	21
Cash & Equivalents at Beginning of Year	9,570,178	9,171,477	8,909,708	8,357,846	8,133,486	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$220,636</b>	<b>\$9,570,178</b>	<b>\$9,171,477</b>	<b>\$8,909,708</b>	<b>\$8,357,846</b>	23

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

	<b>2,005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$2,856,840	\$2,887,857	\$2,821,615	\$2,783,372	\$3,035,824
2 Access Lines	3,385	3,680	3,742	3,792	3,780
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	\$478,463	\$406,433	\$430,844	\$318,574	\$269,280
4 Depreciation and Amortization	666,082	625,361	593,974	719,623	703,786
5 Other Operations Expense	1,395,754	1,341,531	1,477,084	1,425,708	1,425,775
6 Total Operation Expenses	2,540,299	2,373,325	2,501,902	2,463,905	2,398,841
7 Income Taxes - Operating Taxes	42,841	102,289	(1,613,681)	21,858	114,420
8 Other Taxes - Operating Taxes	190,540	186,183	182,248	221,018	178,961
9 Capital Costs	83,160	226,060	1,751,146	76,591	343,602
10 Total	\$2,856,840	\$2,887,857	\$2,821,615	\$2,783,372	\$3,035,824
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	16.7	14.1	15.3	11.4	8.9
12 Depreciation and Amortization	23.3	21.7	21.1	25.9	23.2
13 Other Operations Expense	48.9	46.5	52.3	51.2	47.0
14 Income Taxes - Operating Taxes	1.5	3.5	(57.2)	0.8	3.8
15 Other Taxes - Operating Taxes	6.7	6.4	6.5	7.9	5.9
16 Capital Costs	2.9	7.8	62.1	2.8	11.3
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	141.35	110.44	115.14	84.01	71.24
19 Depreciation and Amortization	196.77	169.94	158.73	189.77	186.19
20 Other Operations Expense	412.34	364.55	394.73	375.98	377.19
21 Income Taxes - Operating Taxes	12.66	27.80	(431.23)	5.76	30.27
22 Other Taxes - Operating Taxes	56.29	50.59	48.70	58.29	47.34
23 Capital Costs	24.57	61.43	467.97	20.20	90.90
24 Total	843.97	784.74	754.04	734.01	803.13

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$1,051,736	\$1,094,269	\$1,087,168	\$1,091,487	\$1,593,537	1
Central Office Assets	3,684,832	3,377,536	3,373,402	3,337,158	3,311,493	2
Information Origination/Termination	11,381	11,358	14,230	21,525	53,500	3
Cable And Wire Facilities	5,601,126	5,539,303	5,450,630	5,237,965	5,115,847	4
Amortizable Assets	197,202	147,355	129,248	571,439		5
<b>Total Plant In Service</b>	10,546,277	10,169,821	10,054,678	10,259,574	10,074,377	6
Property Held For Future Use						7
Plant Under Construction	19,192	16,727	53,061	37,734	39,028	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	10,565,469	10,186,548	10,107,739	10,297,308	10,113,405	13
Less Acc. Prov. For Depreciation & Amort.	5,362,226	4,936,651	4,554,283	4,701,625	4,076,041	14
<b>Net Total Utility Plant</b>	\$5,203,243	\$5,249,897	\$5,553,456	\$5,595,683	\$6,037,364	15
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.83	13.31	13.34	14.03	14.56	16
Total Capitalization	\$5,098,462	\$14,460,481	\$14,590,607	\$14,330,812	\$14,168,661	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	4.2%	14.6%	17.0%	20.0%	19.8%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	95.1%	82.9%	80.7%	77.7%	78.3%	20
Short-Term Debt	0.7%	2.5%	2.4%	2.2%	1.9%	21
Pretax Coverage of Interest Expense	6.34	3.68	2.16	1.50	4.76	22
Com. Stock Dividends as a % of Earnings	3238.7%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	2.7%	1.8%	5.5%	0.4%	4.0%	24
Internal Cash Generated as a % of Cash Outflows for Construction	133.3%	357.5%	212.2%	451.9%	203.8%	25
CWIP as a % of Plant	0.2%	0.2%	0.5%	0.4%	0.4%	26

Current Assets	1,002,396	10,244,896	10,056,430	9,591,440	9,411,492
Current Liabilities	547,753	769,824	753,712	683,542	646,217
Total Capitalization	5,098,462	14,460,481	14,590,607	14,330,812	14,168,661
Long-Term Debt	213,626	2,110,032	2,476,120	2,871,221	2,798,349
Preferred Stock	0	0	0	0	0
Common Stock and Retained Earnings (Excl. Preferred Stock)	4,849,628	11,991,099	11,771,539	11,141,783	11,096,578
Short-Term Debt	35,208	359,350	342,948	317,808	273,734
Pretax Income	382,665	470,498	308,918	269,140	815,158
Interest Expense	60,343	127,754	142,962	179,316	171,215
Common Dividends Paid	7,369,000	0	0	0	0
Net Income (Excl. Preferred Stock Dividends)	227,529	219,560	629,756	45,205	435,512
Internal Cash	824,226	1,032,950	1,077,930	1,101,137	967,496
Cash Outflows for Construction	(618,366)	(288,912)	(507,869)	(243,683)	(474,639)
CWIP	19,192	16,727	53,061	37,734	39,028
Total Plant	10,565,469	10,186,548	10,107,739	10,297,308	10,113,405
Shares Outstanding	1,330	1,330	1,330	1,330	1,330
Number of Employees	6	7	7	6	6

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$39,856,581	\$33,768,552	\$28,195,318	\$69,595,956	\$51,610,818	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	71,962,380	71,962,380	70,120,884	72,050,832	54,895,295	2
Changes in Deferred Income Taxes	18,754,712	8,620,493	(35,793,876)	205,007,410	(61,944,141)	3
Changes in Working Capital	(55,602,804)	(363,712,750)	(60,546,797)	(511,074,210)	31,237,000	4
Capitalized AFDC - Equity	119,469	119,469	2,112,257	309,100	188,893	5
Other	6,977,339	(6,547,562)	(30,759,320)	(22,155,301)	(183,883,154)	6
Total Non-Cash Items	42,211,096	(289,557,970)	(54,866,852)	(255,862,169)	(159,506,106)	7
Net Cash Provided From Operating Activities	<u>82,067,677</u>	<u>(255,789,418)</u>	<u>(26,671,534)</u>	<u>(186,266,213)</u>	<u>(107,895,288)</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(42,603,562)	(42,603,562)	(96,952,904)	(1,043,463,554)	(131,680,167)	9
Purchase of Other Investments	(41,972,212)	296,770,411	(739,306,919)	307,990,886	175,682,717	10
Sale of Other Investments	2,569,893	(111,377)	854,866,916	967,859,717	(3,082,225)	11
Other	(200)					12
Net Cash Provided From Investing Activities	<u>(82,006,081)</u>	<u>254,055,472</u>	<u>18,607,093</u>	<u>232,387,049</u>	<u>40,920,325</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt				(40,000,000)	40,000,000	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing					712,160	19
Net Cash Provided From Financing Activities				<u>(40,000,000)</u>	<u>40,712,160</u>	20
Net Increase (Decrease) in Cash & Equivalents	61,596	(1,733,946)	(8,064,441)	6,120,836	(26,262,803)	21
Cash & Equivalents at Beginning of Year	450,715	2,184,661	10,249,102	4,128,267	30,391,070	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$512,311</b>	<b>\$450,715</b>	<b>\$2,184,661</b>	<b>\$10,249,102</b>	<b>\$4,128,267</b>	<b>23</b>

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

	2005	2004	2003	2002	2001
1 Revenues	\$335,884,333	\$342,188,028	\$340,204,135	\$355,078,179	\$372,753,377
2 Access Lines	456,030	501,422	530,480	547,891	566,805

**DOLLAR AMOUNTS**

3 Wages and Benefits	78,515,542	\$77,720,089	\$83,151,647	\$81,577,478	\$181,019,919
4 Depreciation and Amortization	72,655,379	71,698,324	31,983,144	63,244,522	59,364,119
5 Other Operations Expense	98,900,096	127,927,688	111,162,525	92,798,221	29,181,094
6 Total Operation Expenses	250,071,017	277,346,101	226,297,315	237,620,222	269,565,131
7 Income Taxes - Operating Taxes	20,828,095	19,932,910	16,022,644	10,391,997	59,866,663
8 Other Taxes - Operating Taxes	21,448,332	20,472,341	22,166,766	17,239,157	14,578,137
9 Capital Costs	43,536,888	24,436,677	75,717,410	89,826,804	28,743,446
10 Total	\$335,884,333	\$342,188,028	\$340,204,135	\$355,078,179	\$372,753,377

**PERCENT OF REVENUES**

11 Wages and Benefits	23.4	22.7	24.4	23.0	48.6
12 Depreciation and Amortization	21.6	21.0	9.4	17.8	15.9
13 Other Operations Expense	29.4	37.4	32.7	26.1	7.8
14 Income Taxes - Operating Taxes	6.2	5.8	4.7	2.9	16.1
15 Other Taxes - Operating Taxes	6.4	6.0	6.5	4.9	3.9
16 Capital Costs	13.0	7.1	22.3	25.3	7.7
17 Total	100.0	100.0	100.0	100.0	100.0

**DOLLARS PER ACCESS LINE**

18 Wages and Benefits	172.17	155.00	156.75	148.89	319.37
19 Depreciation and Amortization	159.32	142.99	60.29	115.43	104.73
20 Other Operations Expense	216.87	255.13	209.55	169.37	51.48
21 Income Taxes - Operating Taxes	45.67	39.75	30.20	18.97	105.62
22 Other Taxes - Operating Taxes	47.03	40.83	41.79	31.46	25.72
23 Capital Costs	95.47	48.73	142.73	163.95	50.71
24 Total	736.54	682.44	641.31	648.08	657.64

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$135,648,672	\$139,485,633	\$138,000,231	\$132,000,068	\$100,748,817	1
Central Office Assets	563,387,672	562,409,091	544,617,233	517,580,083	444,856,631	2
Information Origination/Termination	20,779,412	15,803,599	15,349,372	15,130,354	14,376,831	3
Cable And Wire Facilities	654,767,599	644,629,205	631,103,358	584,575,870	516,807,875	4
Amortizable Assets	12,130,926	12,638,909	12,187,367	12,845,319	7,921,245	5
<b>Total Plant In Service</b>	<b>1,386,714,281</b>	<b>1,374,966,437</b>	<b>1,341,257,561</b>	<b>1,262,131,694</b>	<b>1,084,711,399</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction	13,638,941	12,850,397	14,243,663	69,755,506	196,419,021	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant			2,065,321	2,065,321	2,065,321	11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>1,400,353,222</b>	<b>1,387,816,834</b>	<b>1,357,566,545</b>	<b>1,333,952,521</b>	<b>1,283,195,741</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	839,629,993	795,857,132	737,051,640	680,986,552	633,478,521	14
<b>Net Total Utility Plant</b>	<b>\$560,723,229</b>	<b>\$591,959,702</b>	<b>\$620,514,904</b>	<b>\$652,965,969</b>	<b>\$649,717,220</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.83	0.89	0.18	9.06	0.51	16
Total Capitalization	\$664,227,967	\$624,371,387	\$590,602,836	\$612,704,051	\$547,888,379	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	12.13	8.79	1.83	4.19	9.38	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	6.2%	5.6%	4.7%	12.0%	5.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	192.6%	-600.4%	-27.5%	-17.9%	-109.0%	25
CWIP as a % of Plant	65.7%	0.9%	1.0%	5.2%	15.3%	26

Current Assets	98,866,336	96,845,697	119,080,098	578,616,896	74,105,488
Current Liabilities	53,955,883	109,006,542	650,409,169	63,846,310	144,542,449
Total Capitalization	664,227,967	624,371,387	590,602,836	612,704,051	547,888,379
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	664,227,967	624,371,387	590,602,836	612,704,051	547,888,379
Short-Term Debt					
Pretax Income	66,135,424	60,602,754	97,668,217	105,099,739	97,583,873
Interest Expense	5,450,748	6,897,943	53,450,211	25,111,787	10,405,847
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	39,856,581	33,768,552	28,195,318	69,595,956	29,839,336
Internal Cash	82,067,677	(255,789,418)	(26,671,534)	(186,266,213)	(143,206,721)
Cash Outflows for Construction	(42,603,562)	(42,603,562)	(96,952,904)	(1,043,463,554)	(131,386,915)
CWIP	13,638,941	12,850,397	14,243,663	69,755,506	196,419,021
Total Plant	20,756,852	1,387,816,834	1,357,566,544	1,333,952,521	1,283,195,741
Shares Outstanding					
Number of Employees	943	1,124	1,181	1,224	2,484

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$580,184	\$799,583	\$780,935	\$884,437	\$795,176	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	1,028,726	970,352	918,383	891,095	771,838	2
Changes in Deferred Income Taxes	(114,086)	26,224	153,580	(83,234)	34,298	3
Changes in Working Capital	71,087	(6,288)	(212,280)	(26,278)	48,784	4
Capitalized AFDC - Equity						5
Other						6
Total Non-Cash Items	985,727	990,288	859,683	781,583	854,920	7
Net Cash Provided From Operating Activities	<u>1,565,911</u>	<u>1,789,871</u>	<u>1,640,618</u>	<u>1,666,020</u>	<u>1,650,096</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(1,033,387)	(1,033,019)	(1,020,156)	(602,027)	(512,880)	9
Purchase of Other Investments						10
Sale of Other Investments	11,495	10,523	13,995		6,295	11
Other	(2,423)	(1,002)	(26,684)		(12,563)	12
Net Cash Provided From Investing Activities	<u>(1,024,315)</u>	<u>(1,023,498)</u>	<u>(1,032,845)</u>	<u>(602,027)</u>	<u>(519,148)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock	(776,000)	(780,000)	(840,000)	(840,000)	(840,000)	15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing	(140,801)	(58,496)	(49,336)	(23,642)	(181,950)	19
Net Cash Provided From Financing Activities	<u>(916,801)</u>	<u>(838,496)</u>	<u>(889,336)</u>	<u>(863,642)</u>	<u>(1,021,950)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(375,205)	(72,123)	(281,563)	200,351	108,998	21
Cash & Equivalents at Beginning of Year	371,593	443,716	725,279	524,928	415,930	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>(\$3,612)</b>	<b>\$371,593</b>	<b>\$443,716</b>	<b>\$725,279</b>	<b>\$524,928</b>	<b>23</b>

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$5,220,752	\$5,417,852	\$5,308,792	\$5,196,241	\$5,055,444
2 Access Lines	8,503	8,777	8,915	9,114	9,288
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	\$2,113,360	\$2,022,669	\$1,978,388	\$2,025,155	\$2,021,167
4 Depreciation and Amortization	1,028,726	970,352	918,383	891,095	771,838
5 Other Operations Expense	1,222,274	1,264,546	1,129,865	982,490	830,100
6 Total Operation Expenses	4,364,360	4,257,567	4,026,636	3,898,740	3,623,105
7 Income Taxes - Operating Taxes	170,653	229,681	373,867	395,493	492,493
8 Other Taxes - Operating Taxes	271,555	273,203	244,971	161,470	218,598
9 Capital Costs	414,184	657,401	663,318	740,538	721,248
10 Total	\$5,220,752	\$5,417,852	\$5,308,792	\$5,196,241	\$5,055,444
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	40.5	37.3	37.3	39.0	40.0
12 Depreciation and Amortization	19.7	17.9	17.3	17.1	15.3
13 Other Operations Expense	23.4	23.3	21.3	18.9	16.4
14 Income Taxes - Operating Taxes	3.3	4.2	7.0	7.6	9.7
15 Other Taxes - Operating Taxes	5.2	5.0	4.6	3.1	4.3
16 Capital Costs	7.9	12.1	12.5	14.3	14.3
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	248.54	230.45	221.92	222.20	217.61
19 Depreciation and Amortization	120.98	110.56	103.02	97.77	83.10
20 Other Operations Expense	143.75	144.07	126.74	107.80	89.37
21 Income Taxes - Operating Taxes	20.07	26.17	41.94	43.39	53.02
22 Other Taxes - Operating Taxes	31.94	31.13	27.48	17.72	23.54
23 Capital Costs	48.71	74.90	74.40	81.25	77.65
24 Total	613.99	617.28	595.49	570.14	544.30

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$1,996,805	\$1,922,332	\$1,948,467	\$1,915,452	\$1,821,681	1
Central Office Assets	6,059,878	5,706,186	5,378,372	4,968,891	4,842,784	2
Information Origination/Termination	333,945	333,945	333,945	333,945	333,945	3
Cable And Wire Facilities	7,804,070	7,310,501	6,797,681	6,368,671	6,067,404	4
Amortizable Assets						5
<b>Total Plant In Service</b>	<b>16,194,698</b>	<b>15,272,964</b>	<b>14,458,465</b>	<b>13,586,959</b>	<b>13,065,814</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction						8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	946,913	909,965	871,054	837,047	806,030	11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>17,141,611</b>	<b>16,182,929</b>	<b>15,329,519</b>	<b>14,424,006</b>	<b>13,871,844</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	12,414,793	11,451,700	10,651,436	9,860,385	9,019,155	14
<b>Net Total Utility Plant</b>	<b>\$4,726,818</b>	<b>\$4,731,229</b>	<b>\$4,678,083</b>	<b>\$4,563,621</b>	<b>\$4,852,689</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	3.73	6.99	12.79	5.23	4.29	16
Total Capitalization	\$4,596,646	\$4,792,462	\$4,772,879	\$4,831,944	\$4,787,507	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	418.13	572.81	642.56	712.07	716.37	22
Com. Stock Dividends as a % of Earnings	133.8%	97.6%	107.6%	95.0%	105.6%	23
Return on Common Equity	12.4%	16.7%	16.3%	18.4%	16.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	151.5%	173.3%	160.8%	276.7%	321.7%	25
CWIP as a % of Plant						26

Current Assets	913,204	1,310,325	1,286,611	1,578,162	1,533,891
Current Liabilities	244,661	187,351	100,595	301,714	357,588
Total Capitalization	4,596,646	4,792,462	4,772,879	4,831,944	4,787,507
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	4,596,646	4,792,462	4,772,879	4,831,944	4,787,507
Short-Term Debt					
Pretax Income	752,637	1,031,064	1,156,602	1,281,730	1,289,469
Interest Expense	1,800	1,800	1,800	1,800	1,800
Common Dividends Paid	776,000	780,000	840,000	840,000	840,000
Net Income (Excl. Preferred Stock Dividends)	580,184	799,583	780,935	884,437	795,176
Internal Cash	1,565,911	1,789,871	1,640,618	1,666,020	1,650,096
Cash Outflows for Construction	(1,033,387)	(1,033,019)	(1,020,156)	(602,027)	(512,880)
CWIP					
Total Plant	17,141,611	16,182,929	15,329,519	14,424,006	13,871,844
Shares Outstanding	8,000	8,000	8,000	8,000	8,000
Number of Employees	26	26	26	25	25

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$9,524,786	\$10,135,439	\$9,834,194	\$8,051,025	\$6,199,623	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	4,072,228	3,933,380	3,062,621	3,947,490	3,431,067	2
Changes in Deferred Income Taxes	(330,534)	(289,744)	(170,716)	(569,170)	(323,841)	3
Changes in Working Capital	(863,902)	(2,525,762)	1,415,668	(1,588,834)	(2,070,986)	4
Capitalized AFDC - Equity		(15,400)	(82,125)	(99,281)	(164,734)	5
Other	(403,655)	(1,056,080)	(463,853)	119,585	213,320	6
Total Non-Cash Items	2,474,137	46,394	3,761,595	1,809,790	1,084,826	7
Net Cash Provided From Operating Activities	<u>11,998,923</u>	<u>10,181,833</u>	<u>13,595,789</u>	<u>9,860,815</u>	<u>7,284,449</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(1,716,643)	(801,684)	(916,916)	(3,030,982)	(3,989,229)	9
Purchase of Other Investments						10
Sale of Other Investments						11
Other	(547,906)	1,526,441	1,185,853	1,462,623	76,060	12
Net Cash Provided From Investing Activities	<u>(2,264,549)</u>	<u>724,757</u>	<u>268,937</u>	<u>(1,568,359)</u>	<u>(3,913,169)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt		(342,873)	(422,659)	(388,431)	(358,149)	14
Common Stock			(13,159,000)	(7,711,000)		15
Preferred Stock						16
Short-Term Debt	(4,556,643)					17
Dividends Paid	(5,405,000)	(10,897,314)			(2,893,000)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(9,961,643)</u>	<u>(11,240,187)</u>	<u>(13,581,659)</u>	<u>(8,099,431)</u>	<u>(3,251,149)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(227,269)	(333,597)	283,067	193,025	120,131	21
Cash & Equivalents at Beginning of Year	418,419	752,017	468,949	275,925	155,794	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$191,151</b>	<b>\$418,419</b>	<b>\$752,017</b>	<b>\$468,949</b>	<b>\$275,925</b>	<b>23</b>

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$20,355,459	\$20,438,292	\$20,669,654	\$20,185,562	\$19,818,589
2 Access Lines	26,524	28,601	28,836	28,948	28,547

**DOLLAR AMOUNTS**

3 Wages and Benefits	4,337,443	4,605,631	4,548,338	5,647,253	\$5,094,512
4 Depreciation and Amortization	4,072,228	4,104,610	4,050,578	3,945,279	3,428,856
5 Other Operations Expense	7,664,310	5,885,932	5,697,994	5,217,670	5,685,980
6 Total Operation Expenses	16,073,981	14,596,173	14,296,910	14,810,202	14,209,348
7 Income Taxes - Operating Taxes	1,135,841	1,532,555	1,698,216	1,409,178	1,444,866
8 Other Taxes - Operating Taxes	882,004	967,102	935,768	763,150	1,099,528
9 Capital Costs	\$2,263,632	3,342,462	3,738,759	3,203,032	3,064,847
10 Total	\$20,355,459	\$20,438,292	\$20,669,654	\$20,185,562	\$19,818,589

**PERCENT OF REVENUES**

11 Wages and Benefits	21.3	22.5	22.0	28.0	25.7
12 Depreciation and Amortization	20.0	20.1	19.6	19.5	17.3
13 Other Operations Expense	37.7	28.8	27.6	25.8	28.7
14 Income Taxes - Operating Taxes	5.6	7.5	8.2	7.0	7.3
15 Other Taxes - Operating Taxes	4.3	4.7	4.5	3.8	5.5
16 Capital Costs	11.1	16.4	18.1	15.9	15.5
17 Total	100.0	100.0	100.0	100.0	100.0

**DOLLARS PER ACCESS LINE**

18 Wages and Benefits	163.53	161.03	157.73	195.08	178.46
19 Depreciation and Amortization	153.53	143.51	140.47	136.29	120.11
20 Other Operations Expense	288.96	205.79	197.60	180.24	199.18
21 Income Taxes - Operating Taxes	42.82	53.58	58.89	48.68	50.61
22 Other Taxes - Operating Taxes	33.25	33.81	32.45	26.36	38.52
23 Capital Costs	85.34	116.87	129.66	110.65	107.36
24 Total	767.44	714.60	716.80	697.30	694.24

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$7,998,543	\$7,728,965	\$8,337,016	\$7,424,235	\$6,778,074	1
Central Office Assets	26,636,461	26,506,243	25,433,697	23,721,402	22,123,512	2
Information Origination/Termination	1,465	1,465	1,465	326,372	1,157,739	3
Cable And Wire Facilities	30,508,196	30,028,620	29,352,685	28,300,231	26,958,145	4
Amortizable Assets						5
<b>Total Plant In Service</b>	65,144,664	64,265,293	63,124,863	59,772,240	57,017,470	6
Property Held For Future Use	11,175	66,365	24,714	218,428	218,428	7
Plant Under Construction	1,073,296	525,744	890,742	3,052,753	4,345,576	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	351,026	351,026	351,026	348,882	348,882	11
Goodwill						12
<b>Total Telecommunications Plant</b>	66,580,161	65,208,428	64,391,345	63,392,303	61,930,356	13
Less Acc. Prov. For Depreciation & Amort.	43,768,731	40,041,412	36,110,244	33,047,625	30,770,662	14
<b>Net Total Utility Plant</b>	\$22,811,429	\$25,167,016	\$28,281,101	\$30,344,678	\$31,159,694	15
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	4.22	1.67	1.26	1.42	1.20	16
Total Capitalization	\$28,462,488	\$28,899,346	\$30,004,094	\$33,751,560	\$33,797,754	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	0.0%	14.0%	14.8%	14.5%	15.7%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	84.2%	83.7%	84.2%	83.1%	20
Short-Term Debt	0.0%	1.8%	1.6%	1.3%	1.1%	21
Pretax Coverage of Interest Expense	71.08	35.07	30.04	23.38	17.22	22
Com. Stock Dividends as a % of Earnings	56.7%	107.5%	133.8%	95.8%	46.7%	23
Return on Common Equity	36.1%	41.0%	36.7%	28.5%	23.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	699.0%	1270.1%	1482.8%	325.3%	182.6%	25
CWIP as a % of Plant	1.6%	0.8%	1.4%	4.8%	7.0%	26

Current Assets	6,041,879	9,543,897	8,666,779	9,708,554	6,155,417
Current Liabilities	1,431,120	5,703,982	6,892,071	6,830,953	5,132,578
Total Capitalization	28,462,488	28,899,346	30,004,094	33,751,560	33,797,754
Long-Term Debt		4,048,266	4,433,658	4,897,195	5,319,754
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	28,462,488	24,342,703	25,104,578	28,429,385	28,089,359
Short-Term Debt		508,377	465,858	424,980	388,641
Pretax Income	14,476,751	15,630,874	15,084,589	12,317,251	9,613,160
Interest Expense	203,659	445,717	502,102	526,839	558,383
Common Dividends Paid	5,405,000	10,897,314	13,159,000	7,711,000	2,893,000
Net Income (Excl. Preferred Stock Dividends)	9,524,786	10,135,439	9,834,194	8,051,025	6,199,623
Internal Cash	11,998,923	10,181,833	13,595,789	9,860,815	7,284,449
Cash Outflows for Construction	(1,716,643)	(801,684)	(916,916)	(3,030,982)	(3,989,229)
CWIP	1,073,296	525,744	890,742	3,052,753	4,345,576
Total Plant	66,580,161	65,208,428	64,391,345	63,392,303	61,930,356
Shares Outstanding	60,219	60,219	60,219	60,219	60,219
Number of Employees	74	76	79	77	89

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$239,371	\$137,885	\$248,320	\$139,956	\$170,653	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	767,897	690,901	607,086	564,004	1,002,188	2
Changes in Deferred Income Taxes	28,317	534,391	139,092	64,044	(43,912)	3
Changes in Working Capital	(160,412)	(375,961)	(26,913)	210,905	247,076	4
Capitalized AFDC - Equity	0	0	0			5
Other	(73,425)	(257,173)	204,289	(23,204)	1,476	6
Total Non-Cash Items	562,377	592,158	923,554	815,749	1,206,828	7
Net Cash Provided From Operating Activities	<u>801,748</u>	<u>730,043</u>	<u>1,171,874</u>	<u>955,705</u>	<u>1,377,481</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(858,448)	(884,811)	(1,149,296)	(1,138,796)	(999,593)	9
Purchase of Other Investments	0	0	0			10
Sale of Other Investments	(56,942)	(182,622)	4,499	(15,942)	38,277	11
Other	0	0				12
Net Cash Provided From Investing Activities	<u>(915,390)</u>	<u>(1,067,433)</u>	<u>(1,144,797)</u>	<u>(1,154,738)</u>	<u>(961,316)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt	(3,275,703)	(211,543)	(201,820)	(192,510)	(183,667)	14
Common Stock	0	0				15
Preferred Stock	0	0				16
Short-Term Debt	0	0				17
Dividends Paid	(1,000)	0				18
Other Financing	3,581,910	33,164				19
Net Cash Provided From Financing Activities	<u>305,207</u>	<u>(178,379)</u>	<u>(201,820)</u>	<u>(192,510)</u>	<u>(183,667)</u>	20
Net Increase (Decrease) in Cash & Equivalents	191,565	(515,769)	(174,743)	(391,543)	232,498	21
Cash & Equivalents at Beginning of Year	50,308	566,077	740,820	1,132,363	899,865	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$241,873</b>	<b>\$50,308</b>	<b>\$566,077</b>	<b>\$740,820</b>	<b>\$1,132,363</b>	23

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

	2005	2004	2003	2002	2001
1 Revenues	\$4,218,044	\$3,738,738	\$3,973,304	\$3,435,226	\$4,129,343
2 Access Lines	5,586	5,868	5,984	6,029	6,175

**DOLLAR AMOUNTS**

3 Wages and Benefits	649,054	590,026	632,203	583,127	\$637,199
4 Depreciation and Amortization	767,537	690,541	607,086	564,005	1,002,188
5 Other Operations Expense	2,137,071	1,885,011	1,991,886	1,692,272	1,807,211
6 Total Operation Expenses	3,553,662	3,165,578	3,231,175	2,839,404	3,446,598
7 Income Taxes - Operating Taxes	96,525	67,053	91,038	76,535	73,592
8 Other Taxes - Operating Taxes	237,022	199,717	199,756	196,417	198,870
9 Capital Costs	330,835	306,390	451,335	322,870	410,283
10 Total	\$4,218,044	\$3,738,738	\$3,973,304	\$3,435,226	\$4,129,343

**PERCENT OF REVENUES**

11 Wages and Benefits	15.4	15.8	15.9	17.0	15.4
12 Depreciation and Amortization	18.2	18.5	15.3	16.4	24.3
13 Other Operations Expense	50.7	50.4	50.1	49.3	43.8
14 Income Taxes - Operating Taxes	2.3	1.8	2.3	2.2	1.8
15 Other Taxes - Operating Taxes	5.6	5.3	5.0	5.7	4.8
16 Capital Costs	7.8	8.2	11.4	9.4	9.9
17 Total	100.0	100.0	100.0	100.0	100.0

**DOLLARS PER ACCESS LINE**

18 Wages and Benefits	116.19	100.55	105.65	96.72	103.19
19 Depreciation and Amortization	137.40	117.68	101.45	93.55	162.30
20 Other Operations Expense	382.58	321.24	332.87	280.69	292.67
21 Income Taxes - Operating Taxes	17.28	11.43	15.21	12.69	11.92
22 Other Taxes - Operating Taxes	42.43	34.03	33.38	32.58	32.21
23 Capital Costs	59.23	52.21	75.42	53.55	66.44
24 Total	755.11	637.14	663.99	569.78	668.72

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b><u>Plant In Service</u></b>						
General Support Assets	\$1,404,877	\$1,445,883	\$1,396,993	\$1,353,452	\$1,832,163	1
Central Office Assets	6,942,166	6,724,077	6,256,210	5,750,865	5,478,070	2
Information Origination/Termination	27,647	27,041	31,633	33,714	126,762	3
Cable And Wire Facilities	8,870,356	8,615,244	8,237,960	7,877,190	7,470,525	4
Amortizable Assets	259,944	309,794	295,462	537,208		5
<b>Total Plant In Service</b>	17,504,990	17,122,039	16,218,258	15,552,428	14,907,520	6
Property Held For Future Use						7
Plant Under Construction	208,360	56,196	285,175	342,329	133,669	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	5,449	5,449	5,449	5,449	5,449	11
Goodwill						12
<b>Total Telecommunications Plant</b>	17,718,799	17,183,684	16,508,882	15,900,206	15,046,638	13
Less Acc. Prov. For Depreciation & Amort.	8,038,403	7,659,131	7,360,861	7,301,074	7,039,997	14
<b>Net Total Utility Plant</b>	\$9,680,396	\$9,524,553	\$9,148,021	\$8,599,132	\$8,006,641	15
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	2.40	1.46	1.56	1.77	2.78	16
Total Capitalization	\$8,253,483	\$7,708,905	\$7,749,399	\$7,672,899	\$7,755,453	17
<b><u>Percent Of Capitalization (Incl. S-T- Debt)</u></b>						
Long-Term Debt	0.2%	40.0%	42.3%	45.4%	47.6%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	99.8%	57.1%	55.0%	51.9%	50.0%	20
Short-Term Debt	0.0%	2.9%	2.7%	2.6%	2.5%	21
Pretax Coverage of Interest Expense	4.21	2.10	2.61	1.80	2.01	22
Com. Stock Dividends as a % of Earnings	0.4%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	3.8%	3.2%	6.0%	2.8%	4.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	93.4%	82.5%	102.0%	81.3%	137.8%	25
CWIP as a % of Plant	1.2%	0.3%	1.7%	2.2%	0.9%	26

Current Assets	1,700,545	1,363,965	1,322,723	1,538,725	1,960,551
Current Liabilities	708,506	935,354	845,257	871,367	705,579
Total Capitalization	8,253,483	7,708,905	7,749,399	7,672,899	7,755,453
Long-Term Debt	15,074	3,086,024	3,274,746	3,486,359	3,688,204
Preferred Stock	0	0	0	0	0
Common Stock and Retained Earnings (Excl. Preferred Stock)	8,238,409	4,400,038	4,262,153	3,983,833	3,873,877
Short-Term Debt	0	222,843	212,500	202,707	193,372
Pretax Income	464,323	406,230	563,527	430,130	499,466
Interest Expense	110,195	193,552	216,273	238,709	248,003
Common Dividends Paid	1,000	0	0	0	0
Net Income (Excl. Preferred Stock Dividends)	239,371	137,885	248,320	109,956	170,653
Internal Cash	801,748	730,043	1,171,874	925,705	1,377,481
Cash Outflows for Construction	(858,448)	(884,811)	(1,149,296)	(1,138,796)	(999,593)
CWIP	208,360	56,196	285,175	342,329	133,669
Total Plant	17,718,799	17,183,684	16,508,882	15,900,206	15,046,638
Shares Outstanding	100	100	100	100	100
Number of Employees	11	12	12	13	16

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$280,700	\$278,546	(\$1,169,627)	\$1,257,197	\$436,850	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	1,168,124	1,125,064	1,052,491	1,198,817	1,134,405	2
Changes in Deferred Income Taxes	(205,450)	200,294	26,803	77,988	(27,226)	3
Changes in Working Capital	647,768	(66,035)	779,942	(103,032)	139,113	4
Capitalized AFDC - Equity					(55,913)	5
Other	(79,416)	52,033	1,634,440	(1,250,361)	208,940	6
Total Non-Cash Items	1,531,026	1,311,356	3,493,676	(76,588)	1,399,319	7
Net Cash Provided From Operating Activities	<u>1,811,726</u>	<u>1,589,902</u>	<u>2,324,049</u>	<u>1,180,609</u>	<u>1,836,169</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(1,339,432)	(861,252)	(2,248,785)	(1,655,472)	(2,116,817)	9
Purchase of Other Investments	(1,879,562)	(1,526,201)		377,656		10
Sale of Other Investments	1,873,633	1,851,315	(12,179)	(564,337)		11
Other						12
Net Cash Provided From Investing Activities	<u>(1,345,361)</u>	<u>(536,138)</u>	<u>(2,260,964)</u>	<u>(1,842,153)</u>	<u>(2,116,817)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt		(128,542)	485,684	935,715	(465,369)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	17,129	1,817	56,315	(734,325)	802,287	17
Dividends Paid	(69,286)	(69,029)	(68,841)	(68,514)	(53,915)	18
Other Financing	(130,067)	(173,959)	(136,073)	(135,348)	(2,269,573)	19
	195,824	96,649	399,124			
Net Cash Provided From Financing Activities	<u>13,600</u>	<u>(273,064)</u>	<u>736,209</u>	<u>(2,472)</u>	<u>(1,986,570)</u>	20
Net Increase (Decrease) in Cash & Equivalents	479,965	780,700	799,294	(664,016)	(2,267,218)	21
Cash & Equivalents at Beginning of Year	3,107,618	2,326,917	1,527,623	2,191,640	4,458,857	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$3,587,582</b>	<b>\$3,107,618</b>	<b>\$2,326,917</b>	<b>\$1,527,623</b>	<b>\$2,191,640</b>	23

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

		2004	2003	2002	2001
1	Revenues	\$5,614,342	\$5,577,151	\$5,500,518	\$5,163,158
2	Access Lines	6,804	7,065	7,243	7,390
<b>DOLLAR AMOUNTS</b>					
3	Wages and Benefits	\$1,898,875	\$1,725,264	\$1,778,830	\$1,790,263
4	Depreciation and Amortization	1,165,724	1,122,664	1,049,508	1,198,817
5	Other Operations Expense	2,090,239	1,896,928	1,930,948	1,810,114
6	Total Operation Expenses	5,154,839	4,744,857	4,759,286	4,799,194
7	Income Taxes - Operating Taxes	(66,516)	89,807	85,919	(54,852)
8	Other Taxes - Operating Taxes	392,151	378,045	337,677	285,353
9	Capital Costs	133,870	364,442	317,636	133,463
10	Total	\$5,614,342	\$5,577,151	\$5,500,518	\$5,163,158
<b>PERCENT OF REVENUES</b>					
11	Wages and Benefits	33.8	30.9	32.3	34.7
12	Depreciation and Amortization	20.8	20.1	19.1	23.2
13	Other Operations Expense	37.2	34.0	35.1	35.1
14	Income Taxes - Operating Taxes	(1.2)	1.6	1.6	(1.1)
15	Other Taxes - Operating Taxes	7.0	6.8	6.1	5.5
16	Capital Costs	2.4	6.5	5.8	2.6
17	Total	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18	Wages and Benefits	279.08	244.20	245.59	242.25
19	Depreciation and Amortization	171.33	158.91	144.90	162.22
20	Other Operations Expense	307.21	268.50	266.60	244.94
21	Income Taxes - Operating Taxes	(9.78)	12.71	11.86	(7.42)
22	Other Taxes - Operating Taxes	57.64	53.51	46.62	38.61
23	Capital Costs	19.68	51.58	43.85	18.06
24	Total	825.15	789.41	759.43	698.67

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

	2004	2003	2002	2001		
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$2,050,613	\$2,019,302	\$1,882,286	\$1,879,692	\$1,955,075	1
Central Office Assets	8,301,308	8,197,647	7,998,307	7,310,635	7,222,380	2
Information Origination/Termination	130,752	135,408	136,838	129,209	126,299	3
Cable And Wire Facilities	11,965,530	11,187,722	9,894,076	8,775,590	8,543,887	4
Amortizable Assets						5
<b>Total Plant In Service</b>	22,448,203	21,540,079	19,911,507	18,095,126	17,847,641	6
Property Held For Future Use						7
Plant Under Construction	251,713	162,866	1,091,178	699,783	239,869	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	22,699,916	21,702,945	21,002,685	18,794,909	18,087,510	13
Less Acc. Prov. For Depreciation & Amort.	11,402,782	10,502,531	9,717,699	8,869,357	8,618,614	14
<b>Net Total Utility Plant</b>	\$11,297,134	\$11,200,414	\$11,284,986	\$9,925,551	\$9,468,896	15
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	2.02	2.68	1.43	1.71	1.27	16
Total Capitalization	\$15,403,590	\$15,143,368	\$14,797,045	\$13,630,467	\$13,807,195	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	13.9%	16.5%	16.9%	11.9%	4.7%	18
Preferred Stock						19
Common Stock & Retained Earnings	81.2%	81.0%	79.7%	81.9%	83.6%	20
Short-Term Debt	4.9%	2.5%	3.4%	6.2%	11.8%	21
Pretax Coverage of Interest Expense	3.37	4.45	-8.67	7.74	4.11	22
Com. Stock Dividends as a % of Earnings	24.7%	24.8%	-5.9%	5.4%	12.3%	23
Return on Common Equity	2.3%	2.3%	-10.2%	11.1%	3.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	135.3%	184.6%	103.3%	71.3%	86.7%	25
CWIP as a % of Plant	1.1%	0.8%	5.2%	3.7%	1.3%	26

Current Assets	4,878,140	4,362,548	3,045,147	3,290,267	3,731,742
Current Liabilities	2,419,811	1,625,209	2,122,162	1,929,280	2,931,353
Total Capitalization	15,403,590	15,143,368	14,797,045	13,630,467	13,807,195
Long-Term Debt	2,142,857	2,500,000	2,500,000	1,628,572	642,857
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	12,502,733	12,259,640	11,786,592	11,162,013	11,540,131
Short-Term Debt	758,000	383,728	510,453	839,882	1,624,207
Pretax Income	477,389	571,426	(973,914)	1,247,832	708,082
Interest Expense	141,699	128,294	112,269	161,286	172,254
Common Dividends Paid	69,286	69,029	68,841	68,514	53,915
Net Income (Excl. Preferred Stock Dividends)	280,700	278,546	(1,169,627)	1,257,197	436,850
Internal Cash	1,811,726	1,589,902	2,324,049	1,180,609	1,836,169
Cash Outflows for Construction	(1,339,432)	(861,252)	(2,248,785)	(1,655,472)	(2,116,817)
CWIP	251,713	162,866	1,091,178	699,783	239,869
Total Plant	22,699,916	21,702,945	21,002,685	18,794,909	18,087,510
Shares Outstanding	480,000	480,000	480,000	480,000	480,000
Number of Employees	18	19	20	20	22

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	(\$8,672)	\$64,410	\$96,370	\$83,128	\$63,980	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	525,353	500,160	506,454	492,193	546,663	2
Changes in Deferred Income Taxes	14,748	137,306	66,989	13,677	78,384	3
Changes in Working Capital	124,630	(17,436)	(127,130)	263,565	(262,351)	4
Capitalized AFDC - Equity	0	0	0			5
Other	(10,489)	50,657	32,137	(28,583)	1,579	6
Total Non-Cash Items	654,242	670,687	478,450	740,852	364,275	7
Net Cash Provided From Operating Activities	<u>645,570</u>	<u>735,097</u>	<u>574,820</u>	<u>823,980</u>	<u>428,255</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(335,781)	(521,967)	(325,865)	(228,978)	(285,070)	9
Purchase of Other Investments	0	0	0			10
Sale of Other Investments	(36,083)	(39,375)	0			11
Other		9,551	20,729			12
Net Cash Provided From Investing Activities	<u>(371,864)</u>	<u>(551,791)</u>	<u>(305,136)</u>	<u>(228,978)</u>	<u>(285,070)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt		0				14
Common Stock		0				15
Preferred Stock		0				16
Short-Term Debt	(2,123,062)	(750,000)		(305,000)	(1,220,000)	17
Dividends Paid	0	0				18
Other Financing	1,725,805	18,689			1,000,000	19
Net Cash Provided From Financing Activities	<u>(397,257)</u>	<u>(731,311)</u>	<u>0</u>	<u>(305,000)</u>	<u>(220,000)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(123,551)	(548,005)	269,684	290,002	(76,816)	21
Cash & Equivalents at Beginning of Year	212,699	760,704	491,020	201,018	277,834	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$89,148</b>	<b>\$212,699</b>	<b>\$760,704</b>	<b>\$491,020</b>	<b>\$201,018</b>	<b>23</b>

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

	2005	2004	2003	2002	2001
1 Revenues	\$2,285,159	\$2,355,609	\$2,372,687	\$2,274,991	\$2,429,833
2 Access Lines	2,688	2,929	2,864	2,869	2,882
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	\$510,271	\$455,405	\$500,832	\$517,990	\$410,548
4 Depreciation and Amortization	525,353	500,159	506,455	492,193	546,663
5 Other Operations Expense	1,091,284	1,079,911	966,329	857,551	946,556
6 Total Operation Expenses	2,126,908	2,035,475	1,973,616	1,867,734	1,903,767
7 Income Taxes - Operating Taxes	(24,254)	31,100	48,965	51,299	28,465
8 Other Taxes - Operating Taxes	138,543	121,867	127,964	121,466	117,456
9 Capital Costs	43,962	167,167	222,142	234,492	380,145
10 Total	\$2,285,159	\$2,355,609	\$2,372,687	\$2,274,991	\$2,429,833
<b>PERCENT OF REVENUES</b>					
11 Wages and Benefits	22.3	19.3	21.1	22.8	16.9
12 Depreciation and Amortization	23.0	21.2	21.3	21.6	22.5
13 Other Operations Expense	47.8	45.8	40.7	37.7	39.0
14 Income Taxes - Operating Taxes	(1.1)	1.3	2.1	2.3	1.2
15 Other Taxes - Operating Taxes	6.1	5.2	5.4	5.3	4.8
16 Capital Costs	1.9	7.1	9.4	10.3	15.6
17 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
18 Wages and Benefits	189.83	155.48	174.87	180.55	142.45
19 Depreciation and Amortization	195.44	170.76	176.83	171.56	189.68
20 Other Operations Expense	405.98	368.70	337.41	298.90	328.44
21 Income Taxes - Operating Taxes	(9.02)	10.62	17.10	17.88	9.88
22 Other Taxes - Operating Taxes	51.54	41.61	44.68	42.34	40.76
23 Capital Costs	16.35	57.07	77.56	81.73	131.90
24 Total	850.13	804.24	828.45	792.96	843.11

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	\$919,818	\$977,676	\$998,401	\$993,944	\$1,372,717	1
Central Office Assets	2,702,074	2,548,540	2,463,496	2,422,539	2,397,692	2
Information Origination/Termination	11,122	11,180	15,099	15,062	15,948	3
Cable And Wire Facilities	4,150,954	4,082,484	3,898,812	3,747,823	3,622,147	4
Amortizable Assets	1,963,061	2,006,931	1,998,827	2,450,579	2,052,704	5
<b>Total Plant In Service</b>	9,747,029	9,626,811	9,374,635	9,629,947	9,461,208	6
Property Held For Future Use						7
Plant Under Construction	12,334	11,597	78,743	3,112	5,177	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	9,759,363	9,638,408	9,453,378	9,633,059	9,466,385	13
Less Acc. Prov. For Depreciation & Amort.	3,899,045	3,624,601	3,491,201	3,519,207	3,089,343	14
<b>Net Total Utility Plant</b>	\$5,860,318	\$6,013,807	\$5,962,177	\$6,113,853	\$6,377,042	15
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.51	0.32	0.42	0.32	0.27	16
Total Capitalization	\$5,128,901	\$5,534,829	\$6,201,730	\$6,105,360	\$6,327,232	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	0.2%	0.3%	0.0%	0.0%	0.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	99.8%	61.3%	53.7%	52.9%	49.8%	20
Short-Term Debt	0.0%	38.4%	46.3%	47.1%	50.2%	21
Pretax Coverage of Interest Expense	0.58	1.89	2.11	1.88	1.30	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	-0.2%	1.9%	2.9%	2.6%	2.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	192.3%	140.8%	176.4%	359.9%	150.2%	25
CWIP as a % of Plant	0.1%	0.1%	0.8%	0.0%	0.1%	26

Current Assets	572,588	775,215	1,334,060	1,017,986	939,017
Current Liabilities	379,337	2,459,371	3,178,283	3,195,642	3,450,991
Total Capitalization	5,128,901	5,534,829	6,201,730	6,105,360	6,327,232
Long-Term Debt	8,495	18,689	0	0	0
Preferred Stock	0	0	0	0	0
Common Stock and Retained Earnings (Excl. Preferred Stock)	5,120,406	3,393,078	3,328,668	3,232,298	3,149,170
Short-Term Debt	0	2,123,062	2,873,062	2,873,062	3,178,062
Pretax Income	38,771	212,411	283,737	291,358	421,599
Interest Expense	66,312	112,146	134,615	155,040	325,501
Common Dividends Paid	0	0	0	0	0
Net Income (Excl. Preferred Stock Dividends)	(8,672)	64,410	96,370	83,128	63,980
Internal Cash	645,570	735,097	574,820	823,980	428,255
Cash Outflows for Construction	(335,781)	(521,967)	(325,865)	(228,978)	(285,070)
CWIP	12,334	11,597	78,743	3,112	5,177
Total Plant	9,759,363	9,638,408	9,453,378	9,633,059	9,466,385
Shares Outstanding	100	100	100	100	100
Number of Employees	8	8	8	9	9

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

	2005	2004	2003	2002	2001	
<b>Cash Flows from Operating Activities</b>						
Net Income	\$5,169,814	\$8,512,279	\$7,879,101	\$8,296,816	\$7,572,357	1
<b>Non-Cash Items Included in Net Income</b>						
Depreciation, Depletion & Amortization	3,757,256	3,788,162	3,743,825	3,219,250	2,973,214	2
Changes in Deferred Income Taxes	2,843,912	(577,869)	3,626,460	2,498,738	295,747	3
Changes in Working Capital	(3,994,699)	1,566,929	(2,266,184)	(43,788)	(159,466)	4
Capitalized AFDC - Equity	(11,645)	(6,887)	(41,707)	(237,823)	(283,315)	5
Other	(11,425,614)	(12,462,451)	(9,598,990)	(9,005,340)	(5,687,744)	6
Total Non-Cash Items	(8,830,790)	(7,692,116)	(4,536,596)	(3,568,963)	(2,861,564)	7
Net Cash Provided From Operating Activities	<u>(3,660,976)</u>	<u>820,163</u>	<u>3,342,505</u>	<u>4,727,853</u>	<u>4,710,793</u>	8
<b>Cash Flows from Investing Activities</b>						
Cash Flows from Construction	(1,922,110)	(4,012,077)	(4,278,983)	(4,457,010)	(8,068,169)	9
Purchase of Other Investments	(237,500)					10
Sale of Other Investments	888,976	(712,500)				11
Other	9,975,000	15,377,800	9,384,480	4,893,540	4,988,942	12
Net Cash Provided From Investing Activities	<u>8,704,366</u>	<u>10,653,223</u>	<u>5,105,497</u>	<u>436,530</u>	<u>(3,079,227)</u>	13
<b>Cash Flows from Financing Activities</b>						
Net Proceeds (Payments)						
Long-Term Debt		4,620,342	3,149,073	20,612	20,612	14
Common Stock	(1,149,500)	13,651	51,535			15
Preferred Stock			(25,000)	1,300,000	1,300,000	16
Short-Term Debt	(1,518,633)		(5,000,000)	(3,090,913)	(3,090,913)	17
Dividends Paid	(4,306,424)	(5,318,524)	(3,780,536)	(3,305,991)		18
Other Financing		(439,243)	(496,164)			19
Net Cash Provided From Financing Activities	<u>(6,974,557)</u>	<u>(1,123,774)</u>	<u>(6,101,092)</u>	<u>(5,076,292)</u>	<u>(1,770,301)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(1,931,167)	10,349,612	2,346,910	88,091	(138,735)	21
Cash & Equivalents at Beginning of Year	13,206,612	2,857,000	510,090	421,999	560,734	22
<b>Cash &amp; Equivalents at End of Year</b>	<b>\$11,275,444</b>	<b>\$13,206,612</b>	<b>\$2,857,000</b>	<b>\$510,090</b>	<b>\$421,999</b>	<b>23</b>

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
1 Revenues	\$20,021,382	\$20,477,526	\$22,001,528	\$21,353,080	\$20,731,210
2 Access Lines	26,415	28,412	29,602	30,261	30,312
<b>DOLLAR AMOUNTS</b>					
3 Wages and Benefits	8,597,091	\$8,238,445	\$8,122,556	\$7,476,474	\$7,720,519
4 Depreciation and Amortization	3,744,436	3,775,562	3,727,957	3,213,967	2,967,931
5 Other Operations Expense	9,350,835	6,889,414	5,428,807	4,952,835	3,993,094
6 Total Operation Expenses	21,692,362	18,903,422	17,279,321	15,643,276	14,681,543
8 Income Taxes - Operating Taxes	(1,047,738)	53,851	1,077,639	1,305,127	1,432,508
9 Other Taxes - Operating Taxes	1,281,462	1,177,816	1,387,512	1,304,055	1,270,210
10 Capital Costs	(\$1,904,704)	342,438	2,257,056	3,100,622	3,346,949
11 Total	\$20,021,382	\$20,477,527	\$22,001,528	\$21,353,080	\$20,731,210
<b>PERCENT OF REVENUES</b>					
12 Wages and Benefits	42.9	40.2	36.9	35.0	37.2
13 Depreciation and Amortization	18.7	18.4	16.9	15.1	14.3
14 Other Operations Expense	46.7	33.6	24.7	23.2	19.3
16 Income Taxes - Operating Taxes	(5.2)	0.3	4.9	6.1	6.9
17 Other Taxes - Operating Taxes	6.4	5.8	6.3	6.1	6.1
18 Capital Costs	(9.5)	1.7	10.3	14.5	16.1
19 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER ACCESS LINE</b>					
20 Wages and Benefits	325.46	289.96	274.39	247.07	254.70
21 Depreciation and Amortization	141.75	132.89	125.94	106.21	97.91
22 Other Operations Expense	354.00	242.48	183.39	163.67	131.73
24 Income Taxes - Operating Taxes	(39.66)	1.90	36.40	43.13	47.26
25 Other Taxes - Operating Taxes	48.51	41.45	46.87	43.09	41.90
26 Capital Costs	(72.11)	12.05	76.25	102.46	110.42
27 Total	757.96	720.74	743.24	705.63	683.93

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

	2005	2004	2003	2002	2001	
<b>TELECOMMUNICATIONS PLANT</b>						
<b>Plant In Service</b>						
General Support Assets	8,218,803	\$7,925,391	\$7,517,487	\$7,714,256	\$7,166,334	1
Central Office Assets	29,324,116	28,945,035	25,524,629	24,384,243	22,946,674	2
Information Origination/Termination	1,750,134	1,753,558	1,748,998	1,717,310	1,710,106	3
Cable And Wire Facilities	25,800,263	24,985,381	23,746,836	21,670,712	19,372,995	4
Amortizable Assets						5
<b>Total Plant In Service</b>	<b>65,093,316</b>	<b>63,609,366</b>	<b>58,537,951</b>	<b>55,486,520</b>	<b>51,196,110</b>	<b>6</b>
Property Held For Future Use						7
Plant Under Construction	56,296	193,789	1,261,750	1,780,215	4,176,715	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
<b>Total Telecommunications Plant</b>	<b>65,149,612</b>	<b>63,803,154</b>	<b>59,799,701</b>	<b>57,266,735</b>	<b>55,372,825</b>	<b>13</b>
Less Acc. Prov. For Depreciation & Amort.	32,196,983	29,039,845	25,279,795	23,213,563	22,800,517	14
<b>Net Total Utility Plant</b>	<b>\$32,952,629</b>	<b>\$34,763,309</b>	<b>\$34,519,907</b>	<b>\$34,053,172</b>	<b>\$32,572,307</b>	<b>15</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	3.62	2.47	2.19	0.61	0.65	16
Total Capitalization	\$50,482,223	\$52,422,498	\$45,488,340	\$44,366,508	\$41,145,989	17
<b>Percent Of Capitalization (Incl. S-T- Debt)</b>						
Long-Term Debt	17.3%	19.6%	15.7%		9.7%	18
Preferred Stock	1.0%	1.0%	1.1%	1.1%	1.2%	19
Common Stock & Retained Earnings	78.7%	76.6%	83.2%	78.6%	73.9%	20
Short-Term Debt	3.0%	2.9%		20.3%	15.2%	21
Pretax Coverage of Interest Expense	13.53	36.33	27.67	22.44	17.30	22
Com. Stock Dividends as a % of Earnings	83.2%	62.4%	48.1%	38.6%	40.6%	23
Return on Common Equity	12.9%	21.8%	21.6%	25.3%	26.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-190.5%	20.4%	78.1%	106.1%	58.4%	25
CWIP as a % of Plant	0.1%	0.3%	2.1%	3.1%	7.5%	26

Current Assets	24,452,916	25,597,321	14,670,641	9,327,832	6,364,504
Current Liabilities	6,764,107	10,353,084	6,687,183	15,364,899	9,746,657
Total Capitalization	50,482,223	52,422,498	45,488,340	44,366,508	41,145,989
Long-Term Debt	8,732,149	10,250,782	7,149,073		4,000,000
Preferred Stock	500,000	500,000	500,000	500,000	500,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	39,731,441	40,153,084	37,839,267	34,866,508	30,395,989
Short-Term Debt	1,518,633	1,518,632		9,000,000	6,250,000
Pretax Income	8,469,890	13,258,998	12,256,855	12,718,501	11,355,614
Interest Expense	626,001	364,932	442,956	566,862	656,434
Common Dividends Paid	4,281,424	5,293,524	3,780,536	3,190,637	3,065,913
Net Income (Excl. Preferred Stock Dividends)	5,144,814	8,487,279	7,854,101	8,271,816	7,547,357
Internal Cash	(3,660,976)	820,163	3,342,505	4,727,853	4,710,793
Cash Outflows for Construction	(1,922,110)	(4,012,077)	(4,278,983)	(4,457,010)	(8,068,169)
CWIP	56,296	193,789	1,261,750	1,780,215	4,176,715
Total Plant	65,149,611	63,803,154	59,799,701	57,266,735	55,372,825
Shares Outstanding	5,985,463	5,985,463	5,984,883	1,799,709	1,803,583
Number of Employees	119	122	116	119	132