

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	(\$411,047)	(\$580,355)	(\$143,898)	(\$204,325)	\$187,897	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	2,298,853	2,324,699	2,326,017	2,186,483	2,134,523	2
Changes in Deferred Income Taxes	165,507	116,800	276,386	(287,859)	555	3
Changes in Working Capital	(1,146,964)	802,393	(4,923,331)	271,576	63,530	4
Capitalized AFDC - Equity	9	(779,764)	(2,112)	(1,824)	(1,472)	5
Other	462,180	1,720,944	643,708	316,333	(175,157)	6
Total Non-Cash Items	1,779,585	4,185,072	(1,679,332)	2,484,710	2,021,979	7
Net Cash Provided From Operating Activities	<u>1,368,539</u>	<u>3,604,717</u>	<u>(1,823,230)</u>	<u>2,280,385</u>	<u>2,209,876</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,317,547)	(1,361,831)	(2,880,368)	(2,639,303)	(2,582,165)	9
Purchase of Other Investments	389,675	(900,122)	427,044	190,212	(5,024)	10
Sale of Other Investments	(65,448)	1,067,965	1,157,375	89,180	8,486	11
Other	16,976	(889,376)	(128,042)	(24,701)	(886,216)	12
Net Cash Provided From Investing Activities	<u>(976,344)</u>	<u>(2,083,363)</u>	<u>(1,423,991)</u>	<u>(2,384,613)</u>	<u>(3,464,919)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(851,617)	(1,101,950)	1,045,723	(394,193)	(83,518)	14
Common Stock	(766)	(14,522)	(8,551)	(861)	(4,200)	15
Preferred Stock	(1)	(27)	1,295	1,189	83	16
Short-Term Debt	599,606	(78,071)	2,406,512	843,135	1,440,721	17
Dividends Paid	(94,714)	(194,562)	(160,587)	(205,716)	(194,955)	18
Other Financing	(31,769)	(132,472)	(33,334)	(193,225)	18,094	19
	30,090	(137,085)	22,940	172,685	4,013	
Net Cash Provided From Financing Activities	<u>(349,171)</u>	<u>(1,658,690)</u>	<u>3,273,998</u>	<u>223,014</u>	<u>1,180,237</u>	20
Net Increase (Decrease) in Cash & Equivalents	43,024	(137,336)	26,777	118,786	(74,806)	21
Cash & Equivalents at Beginning of Year	474,013	611,349	584,572	465,786	540,591	22
Cash & Equivalents at End of Year	\$517,037	\$474,013	\$611,349	\$584,572	\$465,786	23

Table 5 T

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

	2004	2003	2002	2001	2000
1 Revenues	\$7,632,191	\$7,827,351	\$8,219,824	\$8,373,980	\$8,755,660
2 Access Lines	10,812,113	11,540,971	12,638,060	12,639,900	13,224,403
DOLLAR AMOUNTS					
3 Wages and Benefits	\$3,538,024	\$4,352,048	\$3,652,585	\$3,577,662	\$2,552,763
4 Depreciation and Amortization	2,298,959	2,289,236	2,329,899	2,189,365	2,140,978
5 Other Operations Expense	1,985,123	1,958,516	1,901,858	2,209,645	3,060,635
6 Total Operation Expenses	7,822,107	8,599,800	7,884,342	7,976,672	7,754,376
7 Income Taxes - Operating Taxes	(345,884)	(606,282)	(169,679)	(133,521)	143,140
8 Other Taxes - Operating Taxes	622,347	722,231	623,262	584,329	661,886
9 Capital Costs	(466,379)	(888,398)	(118,101)	(53,500)	196,258
10 Total	\$7,632,191	\$7,827,351	\$8,219,824	\$8,373,980	\$8,755,660
PERCENT OF REVENUES					
11 Wages and Benefits	46.4	55.6	44.4	42.7	29.2
12 Depreciation and Amortization	30.1	29.2	28.3	26.1	24.5
13 Other Operations Expense	26.0	25.0	23.1	26.4	35.0
14 Income Taxes - Operating Taxes	(4.5)	(7.7)	(2.1)	(1.6)	1.6
15 Other Taxes - Operating Taxes	8.2	9.2	7.6	7.0	7.6
16 Capital Costs	(6.1)	(11.3)	(1.4)	(0.6)	2.2
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	327.23	377.10	289.01	283.05	193.03
19 Depreciation and Amortization	212.63	198.36	184.36	173.21	161.90
20 Other Operations Expense	183.60	169.70	150.49	174.82	231.44
21 Income Taxes - Operating Taxes	(31.99)	(52.53)	(13.43)	(10.56)	10.82
22 Other Taxes - Operating Taxes	57.56	62.58	49.32	46.23	50.05
23 Capital Costs	(43.13)	(76.98)	(9.34)	(4.23)	14.84
24 Total	705.89	678.22	650.40	662.50	662.08

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$4,184,600.63	\$4,159,424.24	\$3,863,611.71	\$3,731,258.57	\$3,331,964.65	1
Central Office Assets	13,862,208	13,827,034	13,489,417	12,767,135	11,713,973	2
Information Origination/Termination	625,103	608,609	672,567	785,165	814,518	3
Cable And Wire Facilities	13,362,619	12,927,173	12,424,730	11,817,724	11,271,598	4
Amortizable Assets	792,504	823,127	795,178	856,522	799,447	5
Total Plant In Service	32,827,035	32,345,367	31,245,504	29,957,804	27,931,501	6
Property Held For Future Use	1,920	2,129	2,323	2,117	2,089	7
Plant Under Construction	359,717	210,247	487,124	668,813	715,977	8
Tel. Acquisition	142,620	142,698	142,698	141,895	141,953	9
Other Plant	423	427	427	427	427	10
Nonoperating Plant	34,179	35,913	145,975	112,625	7,796	11
Goodwill			8,778			12
Total Telecommunications Plant	33,365,894	32,736,782	32,032,829	30,883,680	28,799,743	13
Less Acc. Prov. For Depreciation & Amort.	20,390,940	18,796,108	17,761,593	16,183,169	14,535,757	14
Net Total Utility Plant	\$12,974,955	\$13,940,673	\$14,271,236	\$14,700,512	\$14,263,986	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.38	0.48	0.71	0.48	0.54	16
Total Capitalization (\$000)	\$8,342,482	\$9,258,951	\$11,073,302	\$7,982,287	\$7,980,418	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	35.6%	41.8%	43.3%	44.7%	51.1%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	30.0%	34.3%	34.2%	58.6%	62.8%	20
Short-Term Debt	34.4%	23.9%	22.5%	-3.4%	-14.0%	21
Pretax Coverage of Interest Expense	-2.01	-2.99	-0.42	-0.60	1.07	22
Com. Stock Dividends as a % of Earnings	-24.4%	-16.5%	-52.0%	-15.5%	-43.4%	23
Return on Common Equity	-14.5%	-35.0%	-9.6%	-10.1%	-2.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	103.9%	198.2%	-63.3%	85.1%	85.6%	25
CWIP as a % of Plant	1.5%	0.6%	1.5%	2.2%	2.5%	26

Notes:

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

Current Assets	2,012,758,158	3,588,956,459	4,397,345,295	3,527,360,942	3,190,785,087
Current Liabilities	5,263,173,428	7,492,355,623	6,214,982,379	7,405,913,460	5,862,544,574
Total Capitalization	8,342,481,988	9,258,950,985	11,073,302,136	7,982,286,904	7,980,417,587
Long-Term Debt	2,971,502,229	3,868,232,866	4,796,748,218	3,571,487,135	4,079,288,401
Preferred Stock	1,012,700	1,013,200	1,015,400	1,020,400	1,131,800
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,502,348,122	3,179,788,750	3,784,134,485	4,679,246,765	5,015,052,302
Short-Term Debt	2,867,618,937	2,209,916,170	2,491,404,033	(269,467,395)	(1,115,054,916)
Pretax Income	(631,622,917)	(1,371,972,615)	(172,243,539)	(234,025,368)	469,311,770
Interest Expense	314,072,741	458,530,988	410,265,287	388,444,398	440,320,245
Dividends Paid	100,116,505	207,162,449	222,986,840	80,263,343	52,688,521
Net Income (Excl. Preferred Stock Dividends)	(410,977,884)	(1,258,685,040)	(428,508,824)	(518,043,424)	(121,531,881)
Internal Cash	1,368,538,564	2,698,631,029	(1,823,260,152)	2,246,742,741	2,209,876,041
Cash Outflows for Construction	(1,317,546,711)	(1,361,830,539)	(2,880,367,836)	(2,639,009,587)	(2,582,165,073)
CWIP	490,553,176	210,247,016	487,124,014	668,812,679	715,999,715
Total Plant	32,482,887,386	32,736,781,608	32,024,051,434	30,883,680,272	28,799,743,100
Shares Outstanding	7,575,565	7,575,165	3,389,991	3,393,865	3,265,107
Number of Employees	28,916	29,123	30,791	39,741	41,408

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$132,686	\$111,768	\$167,747	\$129,671	\$89,347	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	179,753	171,399	170,337	170,646	146,404	2
Changes in Deferred Income Taxes	9,110	(47,159)	234,119	(73,970)	82,969	3
Changes in Working Capital	(491,939)	559,012	(1,022,236)	19,702	(21,562)	4
Capitalized AFDC - Equity	9	(779,764)	(2,112)	(1,824)	(1,472)	5
Other	(17,209)	209,312	253,584	(221,491)	(28,639)	6
Total Non-Cash Items	(320,275)	112,800	(366,307)	(106,936)	177,701	7
Net Cash Provided From Operating Activities	<u>(187,589)</u>	<u>224,568</u>	<u>(198,560)</u>	<u>22,735</u>	<u>267,048</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(102,998)	(152,948)	(1,112,375)	(231,833)	(232,022)	(0)
Purchase of Other Investments	389,675	(900,122)	427,044	190,212	(5,024)	(0)
Sale of Other Investments	2,210	856,089	968,124	(28,200)	(2,162)	(0)
Other	16,976	10,018	6,024	6,582	(2,007)	(0)
Net Cash Provided From Investing Activities	<u>305,862</u>	<u>(186,962)</u>	<u>288,817</u>	<u>(63,239)</u>	<u>(241,215)</u>	(0)
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(2,126)	(1,245)	(43,649)	33,742	(13,518)	14
Common Stock	(766)	(14,522)	(8,551)	(861)	(4,200)	15
Preferred Stock	(1)	(27)	1,295	1,189	83	16
Short-Term Debt	(6,893)	(6,380)	(5,873)	(4,307)	(4,155)	17
Dividends Paid	(94,714)	(14,562)	(26,587)	(10,716)	(45,655)	18
Other Financing	(848)	(1,126)	256	(6,655)	(2,862)	19
	422	459		0	(605)	
Net Cash Provided From Financing Activities	<u>(104,926)</u>	<u>(37,405)</u>	<u>(83,108)</u>	<u>12,392</u>	<u>(70,912)</u>	20
Net Increase (Decrease) in Cash & Equivalents	13,347	202	7,149	(28,113)	(45,079)	21
Cash & Equivalents at Beginning of Year	20,586	20,384	13,236	41,348	86,428	22
Cash & Equivalents at End of Year	\$33,933	\$20,586	\$20,384	\$13,236	\$41,348	23

Table 5 WT

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

	2004	2003	2002	2001	2000
1 Revenues	\$906,727	\$904,408	\$910,958	\$919,924	\$897,446
2 Access Lines	1,234,644	1,288,862	1,327,238	1,329,078	1,336,455
DOLLAR AMOUNTS					
3 Wages and Benefits	\$162,825	\$175,008	\$204,940	\$310,288	\$229,901
4 Depreciation and Amortization	179,860	135,936	174,220	173,528	152,860
5 Other Operations Expense	318,656	276,023	241,126	173,263	242,856
6 Total Operation Expenses	661,341	586,968	620,286	657,079	625,618
7 Income Taxes - Operating Taxes	70,817	71,719	48,816	105,022	121,714
8 Other Taxes - Operating Taxes	51,121	52,297	48,078	44,081	49,110
9 Capital Costs	123,447	193,425	193,778	113,743	101,004
10 Total	\$906,727	\$904,408	\$910,958	\$919,924	\$897,446
PERCENT OF REVENUES					
11 Wages and Benefits	18.0	19.4	22.5	33.7	25.6
12 Depreciation and Amortization	19.8	15.0	19.1	18.9	17.0
13 Other Operations Expense	35.1	30.5	26.5	18.8	27.1
14 Income Taxes - Operating Taxes	7.8	7.9	5.4	11.4	13.6
15 Other Taxes - Operating Taxes	5.6	5.8	5.3	4.8	5.5
16 Capital Costs	13.6	21.4	21.3	12.4	11.3
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	131.88	135.79	154.41	233.46	172.02
19 Depreciation and Amortization	145.68	105.47	131.26	130.56	114.38
20 Other Operations Expense	258.10	214.16	181.67	130.36	181.72
21 Income Taxes - Operating Taxes	57.36	55.64	36.78	79.02	91.07
22 Other Taxes - Operating Taxes	41.41	40.58	36.22	33.17	36.75
23 Capital Costs	99.99	150.07	146.00	85.58	75.58
24 Total	734.40	701.71	686.36	692.15	671.51

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$334,395	\$325,107	\$318,720	\$284,423	\$261,030	1
Central Office Assets	1,317,474	1,277,813	1,214,870	1,108,465	1,024,633	2
Information Origination/Termination	33,989	37,324	36,742	41,543	40,774	3
Cable And Wire Facilities	1,526,658	1,486,463	1,401,205	1,312,444	1,264,543	4
Amortizable Assets	20,520	20,057	22,735	15,133	11,994	5
Total Plant In Service	3,233,037	3,146,765	2,994,273	2,762,008	2,602,974	6
Property Held For Future Use	162	128	321	370	342	7
Plant Under Construction	35,458	40,415	119,048	256,332	197,493	8
Tel. Acquisition	142,620	142,698	142,698	141,895	141,953	9
Other Plant	423	427	427	427	427	10
Nonoperating Plant	1,522	3,549	3,553	3,522	3,170	11
Goodwill			8,778			12
Total Telecommunications Plant	3,413,223	3,333,981	3,269,098	3,164,553	2,946,358	13
Less Acc. Prov. For Depreciation & Amort.			(16,134,688)	(14,676,574)	(13,157,772)	14
Net Total Utility Plant				\$17,841,126	\$16,104,130	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.33	0.67	10.02	1.07	1.52	16
Total Capitalization (\$000)	\$1,451,896	\$1,424,044	\$1,982,571	\$1,570,151	\$1,551,569	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	5.2%	5.5%	33.4%	23.9%	29.7%	18
Preferred Stock	0.1%	0.1%	0.1%	0.1%	0.1%	19
Common Stock & Retained Earnings	93.9%	93.6%	65.5%	74.7%	68.8%	20
Short-Term Debt	0.9%	0.8%	1.1%	1.4%	1.5%	21
Pretax Coverage of Interest Expense	16.91	2.98	6.54	11.15	11.96	22
Com. Stock Dividends as a % of Earnings	75.4%	24.3%	19.7%	13.1%	58.1%	23
Return on Common Equity	9.8%	7.8%	11.2%	7.7%	6.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-182.1%	146.8%	-17.9%	-4.7%	115.1%	25
CWIP as a % of Plant	6.6%	1.2%	3.7%	8.1%	6.7%	26

Notes:

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

Current Assets	323,706,943	1,187,286,461	1,246,793,270	246,537,967	327,090,359
Current Liabilities	242,616,474	1,766,774,137	124,463,463	229,345,812	214,972,133
Total Capitalization	1,451,895,659	1,424,043,908	1,982,571,179	1,570,151,324	1,551,569,190
Long-Term Debt	74,990,398	78,498,496	661,672,200	375,524,768	460,174,338
Preferred Stock	1,012,700	1,013,200	1,015,400	1,020,400	1,131,800
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,363,176,490	1,332,845,497	1,298,071,149	1,172,310,054	1,067,512,712
Short-Term Debt	12,716,072	11,686,716	21,812,430	21,296,101	22,750,339
Pretax Income	220,839,737	271,541,004	257,618,254	231,037,080	227,154,879
Interest Expense	13,062,558	91,238,166	39,371,166	20,713,641	18,986,795
Dividends Paid	100,116,505	27,162,449	32,986,840	14,263,343	52,688,521
Net Income (Excl. Preferred Stock Dividends)	132,755,482	111,741,491	167,618,170	109,252,745	90,761,727
Internal Cash	(187,588,617)	224,568,438	(198,590,437)	(10,907,491)	267,048,027
Cash Outflows for Construction	(102,997,825)	(152,947,637)	(1,112,375,082)	(231,540,125)	(232,022,155)
CWIP	166,294,500	40,414,844	119,048,187	256,332,224	197,515,355
Total Plant	2,530,216,016	3,333,980,777	3,260,320,046	3,164,552,774	2,946,357,791
Shares Outstanding	7,575,564	7,575,164	3,389,990	3,393,864	3,265,106
Number of Employees	2,482	2,548	2,658	4,183	3,807

Table 4

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	(\$462,990)	(\$608,233)	(\$197,413)	(\$250,952)	\$146,454	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	2,244,257	2,272,878	2,279,567	2,134,625	2,088,969	2
Changes in Deferred Income Taxes	158,723	130,703	259,670	(260,409)	(29,331)	3
Changes in Working Capital	(1,132,429)	328,056	(4,424,495)	277,512	78,402	4
Capitalized AFDC - Equity	119	(779,550)	(1,636)	(1,624)	(539)	5
Other	473,339	2,029,439	306,330	314,847	(160,594)	6
Total Non-Cash Items	1,744,010	3,981,526	(1,580,565)	2,464,951	1,976,907	7
Net Cash Provided From Operating Activities	<u>1,281,019</u>	<u>3,373,293</u>	<u>(1,777,978)</u>	<u>2,213,999</u>	<u>2,123,361</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,282,360)	(1,324,993)	(2,846,307)	(2,579,191)	(2,521,947)	9
Purchase of Other Investments	406,398	(739,307)	307,991	175,683	(6,514)	10
Sale of Other Investments	(67,769)	1,066,743	1,157,111	90,102	9,092	11
Other		(899,394)	(134,066)	(31,283)	(884,209)	12
Net Cash Provided From Investing Activities	<u>(943,731)</u>	<u>(1,896,951)</u>	<u>(1,515,271)</u>	<u>(2,344,690)</u>	<u>(3,403,578)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(849,491)	(1,100,705)	1,049,372	(387,935)	(70,000)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	606,499	(71,690)	2,412,385	847,442	1,444,876	17
Dividends Paid	(64,660)	(180,000)	(134,000)	(195,000)	(172,300)	18
Other Financing	(30,921)	(131,346)	(32,412)	(185,858)	21,073	19
	29,669	(137,544)	22,940	172,685	4,618	
Net Cash Provided From Financing Activities	<u>(308,904)</u>	<u>(1,621,285)</u>	<u>3,318,286</u>	<u>251,334</u>	<u>1,228,267</u>	20
Net Increase (Decrease) in Cash & Equivalents	28,384	(144,944)	25,036	120,643	(51,950)	21
Cash & Equivalents at Beginning of Year	419,455	564,399	539,363	418,719	470,669	22
Cash & Equivalents at End of Year	\$447,839	\$419,455	\$564,399	\$539,363	\$418,719	23

Table 5 AT

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

	2004	2003	2002	2001	2000
1 Revenues	\$7,318,212	\$7,509,655	\$7,901,251	\$8,055,115	\$8,437,765
2 Access Lines	10,391,707	11,099,791	12,180,340	12,193,374	12,786,035
DOLLAR AMOUNTS					
3 Wages and Benefits	\$3,473,308	\$4,277,326	\$3,579,769	\$3,501,430	\$2,479,025
4 Depreciation and Amortization	2,242,903	2,241,442	2,275,410	2,134,487	2,092,734
5 Other Operations Expense	1,879,882	1,860,569	1,794,550	2,116,546	2,975,306
6 Total Operation Expenses	7,596,093	8,379,336	7,649,729	7,752,464	7,547,066
7 Income Taxes - Operating Taxes	(369,068)	(629,502)	(183,490)	(159,979)	95,903
8 Other Taxes - Operating Taxes	605,133	705,616	606,086	566,537	642,860
9 Capital Costs	(513,946)	(945,794)	(171,073)	(103,907)	151,936
10 Total	\$7,318,212	\$7,509,655	\$7,901,251	\$8,055,115	\$8,437,765
PERCENT OF REVENUES					
11 Wages and Benefits	47.5	57.0	45.3	43.5	29.4
12 Depreciation and Amortization	30.6	29.8	28.8	26.5	24.8
13 Other Operations Expense	25.7	24.8	22.7	26.3	35.3
14 Income Taxes - Operating Taxes	(5.0)	(8.4)	(2.3)	(2.0)	1.1
15 Other Taxes - Operating Taxes	8.3	9.4	7.7	7.0	7.6
16 Capital Costs	(7.0)	(12.6)	(2.2)	(1.3)	1.8
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	334.24	385.35	293.90	287.16	193.89
19 Depreciation and Amortization	215.84	201.94	186.81	175.05	163.67
20 Other Operations Expense	180.90	167.62	147.33	173.58	232.70
21 Income Taxes - Operating Taxes	(35.52)	(56.71)	(15.06)	(13.12)	7.50
22 Other Taxes - Operating Taxes	58.23	63.57	49.76	46.46	50.28
23 Capital Costs	(49.46)	(85.21)	(14.05)	(8.52)	11.88
24 Total	704.24	676.56	648.69	660.61	659.92

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
<u>Plant In Service</u>						
General Support Assets	\$4,056,625	\$4,034,390	\$3,739,627	\$3,608,805	\$3,213,825	1
Central Office Assets	13,466,314	13,442,350	13,121,406	12,417,034	11,392,537	2
Information Origination/Termination	617,616	600,359	664,003	770,904	800,150	3
Cable And Wire Facilities	12,911,326	12,490,520	12,007,917	11,412,309	10,884,798	4
Amortizable Assets	788,522	819,156	789,270	853,769	796,746	5
Total Plant In Service	31,840,403	31,386,775	30,322,222	29,062,821	27,088,057	6
Property Held For Future Use	1,758	2,002	2,002	1,747	1,747	7
Plant Under Construction	348,678	194,961	467,615	631,182	679,469	8
Tel. Acquisition	142,405	142,405	142,405	141,601	141,659	9
Other Plant						10
Nonoperating Plant	32,694	34,467	144,525	111,206	6,730	11
Goodwill						12
Total Telecommunications Plant	32,365,938	31,760,610	31,078,769	29,948,558	27,917,663	13
Less Acc. Prov. For Depreciation & Amort.	19,823,080	18,270,778	17,281,563	15,724,104	14,118,910	14
Net Total Utility Plant	\$12,542,858	\$13,489,832	\$13,797,206	\$14,224,454	\$13,798,753	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.36	0.46	0.61	0.46	0.53	16
Total Capitalization (\$000)	\$7,787,578	\$8,715,816	\$10,163,192	\$7,433,951	\$7,453,773	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	37.2%	43.5%	42.9%	46.8%	53.4%	18
Preferred Stock						19
Common Stock & Retained Earnings	26.1%	31.3%	32.8%	57.1%	61.9%	20
Short-Term Debt	36.7%	25.2%	24.3%	-3.9%	-15.3%	21
Pretax Coverage of Interest Expense	-2.33	-3.46	-0.64	-0.84	0.86	22
Com. Stock Dividends as a % of Earnings	-14.0%	-14.0%	-39.4%	-11.7%	-14.0%	23
Return on Common Equity	-19.4%	-40.9%	-11.9%	-12.0%	-3.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	99.9%	186.2%	-62.5%	84.5%	84.2%	25
CWIP as a % of Plant	1.5%	0.6%	1.5%	2.1%	2.4%	26

Notes:

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

Current Assets	1,845,352	3,342,516	3,769,513	3,395,246	3,042,280
Current Liabilities	5,181,646	7,304,622	6,156,202	7,334,862	5,766,166
Total Capitalization	7,787,578	8,715,816	10,163,192	7,433,951	7,453,773
Long-Term Debt	2,896,512	3,789,734	4,360,222	3,481,093	3,978,245
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,036,163	2,727,852	3,333,379	4,243,622	4,613,334
Short-Term Debt	2,854,903	2,198,229	2,469,592	(290,763)	(1,137,805)
Pretax Income	(718,801)	(1,458,785)	(254,355)	(317,642)	370,904
Interest Expense	307,908	421,897	397,254	379,544	430,405
Dividends Paid	64,660	180,000	190,000	66,000	23,000
Net Income (Excl. Preferred Stock Dividends)	(462,990)	(1,286,537)	(481,895)	(566,024)	(164,389)
Internal Cash	1,281,019	2,467,207	(1,777,978)	2,178,688	2,123,361
Cash Outflows for Construction	(1,282,360)	(1,324,993)	(2,846,307)	(2,578,898)	(2,521,947)
CWIP	479,514	194,961	467,615	631,182	679,469
Total Plant	31,482,931	31,760,610	31,078,769	29,948,558	27,917,663
Shares Outstanding	0	0	0	0	0
Number of Employees	27,871	28,060	29,672	38,390	40,004

Table 4 |

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$51,944	\$27,878	\$53,515	\$46,627	\$41,443	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	54,596	51,822	46,450	51,858	45,554	2
Changes in Deferred Income Taxes	6,785	(13,903)	16,717	(27,450)	29,886	3
Changes in Working Capital	(14,535)	474,337	(498,836)	(5,936)	(14,871)	4
Capitalized AFDC - Equity	(110)	(214)	(476)	(200)	(932)	5
Other	(11,159)	(308,495)	337,378	1,486	(14,563)	6
Total Non-Cash Items	35,576	203,546	(98,767)	19,759	45,072	7
Net Cash Provided From Operating Activities	87,519	231,424	(45,252)	66,386	86,515	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(35,187)	(36,838)	(34,061)	(60,112)	(60,218)	9
Purchase of Other Investments	(16,723)	(160,815)	119,053	14,529	1,490	10
Sale of Other Investments	2,321	1,222	264	(922)	(607)	11
Other	16,976	10,018	6,024	6,582	(2,007)	12
Net Cash Provided From Investing Activities	(32,614)	(186,412)	91,280	(39,923)	(61,341)	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(2,126)	(1,245)	(3,649)	(6,258)	(13,518)	14
Common Stock	(766)	(14,522)	(8,551)	(861)	(4,200)	15
Preferred Stock	(1)	(27)	1,295	1,189	83	16
Short-Term Debt	(6,893)	(6,380)	(5,873)	(4,307)	(4,155)	17
Dividends Paid	(30,054)	(14,562)	(26,587)	(10,716)	(22,655)	18
Other Financing	(848)	(1,126)	(923)	(7,367)	(2,980)	19
	422	459	-	0	(605)	
Net Cash Provided From Financing Activities	(40,266)	(37,405)	(44,287)	(28,320)	(48,030)	20
Net Increase (Decrease) in Cash & Equivalents	14,640	7,608	1,741	(1,857)	(22,856)	21
Cash & Equivalents at Beginning of Year	54,558	46,950	45,209	47,066	69,922	22
Cash & Equivalents at End of Year	\$69,198	\$54,558	\$46,950	\$45,209	\$47,066	23

Table 5 BT

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

	2004	2003	2002	2001	2000
1 Revenues	\$313,979	\$317,696	\$318,573	\$318,866	\$317,895
2 Access Lines	420,406	441,180	457,720	446,526	438,368
DOLLAR AMOUNTS					
3 Wages and Benefits	64,716	74,722	72,816	76,232	73,738
4 Depreciation and Amortization	56,056	47,794	54,489	54,878	48,244
5 Other Operations Expense	105,241	97,948	107,308	93,099	85,328
6 Total Operation Expenses	226,014	220,464	234,613	224,209	207,310
7 Income Taxes - Operating Taxes	23,184	23,221	13,812	26,458	47,237
8 Other Taxes - Operating Taxes	17,215	16,615	17,176	17,792	19,026
9 Capital Costs	47,567	57,396	52,972	50,407	44,322
10 Total	\$313,979	\$317,696	\$318,573	\$318,866	\$317,895
PERCENT OF REVENUES					
11 Wages and Benefits	20.6	23.5	22.9	23.9	23.2
12 Depreciation and Amortization	17.9	15.0	17.1	17.2	15.2
13 Other Operations Expense	33.5	30.8	33.7	29.2	26.8
14 Income Taxes - Operating Taxes	7.4	7.3	4.3	8.3	14.9
15 Other Taxes - Operating Taxes	5.5	5.2	5.4	5.6	6.0
16 Capital Costs	15.1	18.1	16.6	15.8	13.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	154	169	159	171	168
19 Depreciation and Amortization	133	108	119	123	110
20 Other Operations Expense	250	222	234	208	195
21 Income Taxes - Operating Taxes	55	53	30	59	108
22 Other Taxes - Operating Taxes	41	38	38	40	43
23 Capital Costs	113	130	116	113	101
24 Total Annual	747	720	696	714	725

Table 6 I

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$127,976	\$125,035	\$123,985	\$122,454	\$118,139	1
Central Office Assets	395,894	384,684	368,012	350,100	321,436	2
Information Origination/Termination	7,487	8,250	8,565	14,261	14,368	3
Cable And Wire Facilities	451,293	436,653	416,813	405,415	386,799	4
Amortizable Assets	3,982	3,971	5,908	2,754	2,702	5
Total Plant In Service	986,632	958,592	923,282	894,983	843,444	6
Property Held For Future Use	162	128	321	370	342	7
Plant Under Construction	11,039	15,286	19,509	37,630	36,508	8
Tel. Acquisition	215	293	293	293	293	9
Other Plant	423	427	427	427	427	10
Nonoperating Plant	1,485	1,446	1,450	1,419	1,065	11
Goodwill			8,778			12
Total Telecommunications Plant	999,957	976,172	954,060	935,122	882,080	13
Less Acc. Prov. For Depreciation & Amort.	567,860	525,331	480,030	459,064	416,847	14
Net Total Utility Plant	\$432,097	\$450,841	\$474,030	\$476,058	\$465,233	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.05	1.31	10.68	1.86	1.54	16
Total Capitalization (\$000)	\$554,904	\$543,135	\$910,110	\$548,335	\$526,644	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	13.5%	14.5%	48.0%	16.5%	19.2%	18
Preferred Stock	0.2%	0.2%	0.1%	0.2%	0.2%	19
Common Stock & Retained Earnings	84.0%	83.2%	49.5%	79.4%	76.3%	20
Short-Term Debt	2.3%	2.2%	2.4%	3.9%	4.3%	21
Pretax Coverage of Interest Expense	14.14	2.37	6.31	9.40	9.92	22
Com. Stock Dividends as a % of Earnings	68.2%	97.5%	61.8%	29.7%	69.3%	23
Return on Common Equity	11.3%	6.2%	12.0%	11.5%	10.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	248.7%	628.2%	-132.9%	113.2%	143.7%	25
CWIP as a % of Plant	1.1%	1.6%	2.1%	4.0%	4.1%	26

Current Assets	167,406	246,440	627,832	132,115	148,505
Current Liabilities	81,527	187,734	58,780	71,051	96,379
Total Capitalization	554,904	543,135	910,110	548,335	526,644
Long-Term Debt	74,990	78,498	436,526	90,394	101,043
Preferred Stock	1,013	1,013	1,015	1,020	1,132
Common Stock and Retained Earnings (Excl. Preferred Stock)	466,185	451,937	450,756	435,625	401,719
Short-Term Debt	12,716	11,687	21,812	21,296	22,750
Pretax Income	87,178	86,812	82,112	83,617	98,407
Interest Expense	6,165	36,634	13,011	8,900	9,916
Dividends Paid	35,457	27,162	32,987	14,263	29,689
Net Income (Excl. Preferred Stock Dividends)	52,013	27,852	53,386	47,980	42,857
Internal Cash	87,519	231,424	(45,282)	68,055	86,515
Cash Outflows for Construction	(35,187)	(36,838)	(34,061)	(60,112)	(60,218)
CWIP	11,039	15,286	19,509	37,630	36,531
Total Plant	999,957	976,172	945,282	935,122	882,080
Shares Outstanding	7,576	7,575	3,390	3,394	3,265
Number of Employees	1,045	1,063	1,119	1,351	1,404

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$7,104,581	\$6,546,475	\$4,849,770	\$4,659,505	\$5,238,950	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	9,553,704	9,395,139	9,774,592	9,514,692	9,447,953	2
Changes in Deferred Income Taxes	1,653,017	(178,558)	(218,350)	409,263	1,432,060	3
Changes in Working Capital	1,444,918	(326,376)	(2,583,409)	(3,244,016)	4,177,710	4
Capitalized AFDC - Equity	(87,835)	(90,558)	(138,750)	(66,415)	(101,207)	5
Other	(729,542)	(528,329)	2,338,434	367,155	(1,201,552)	6
Total Non-Cash Items	11,834,262	8,271,318	9,172,517	6,980,679	13,754,964	7
Net Cash Provided From Operating Activities	<u>18,938,843</u>	<u>14,817,793</u>	<u>14,022,287</u>	<u>11,640,184</u>	<u>18,993,914</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(5,543,805)	(5,373,166)	(6,818,890)	(6,857,291)	(9,755,486)	9
Purchase of Other Investments						10
Sale of Other Investments						11
Other						12
Net Cash Provided From Investing Activities	<u>(5,543,805)</u>	<u>(5,373,166)</u>	<u>(6,818,890)</u>	<u>(6,857,291)</u>	<u>(9,755,486)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments):						
Long-Term Debt	(2,272,400)	(2,272,400)	(2,272,400)	(2,272,400)	(1,454,400)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt		(916,664)	(1,120,868)	1,417,034	(3,679,885)	17
Dividends Paid	(6,189,002)	(5,363,003)	(3,713,000)	(4,109,070)	(3,875,000)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(8,461,402)</u>	<u>(8,552,067)</u>	<u>(7,106,268)</u>	<u>(4,964,436)</u>	<u>(9,009,285)</u>	20
Net Increase (Decrease) in Cash & Equivalents	4,933,636	892,560	97,129	(181,543)	229,143	21
Cash & Equivalents at Beginning of Year	1,231,496	338,936	241,807	423,350	194,207	22
Cash & Equivalents at End of Year	\$6,165,132	\$1,231,496	\$338,936	\$241,807	\$423,350	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$57,008,896	\$58,177,102	\$56,837,481	\$57,641,788	\$57,964,087
2 Access Lines	95,002	98,362	101,290	102,500	103,190
DOLLAR AMOUNTS					
3 Wages and Benefits	\$6,238,562	\$6,690,748	\$6,837,588	\$6,911,773	\$7,053,934
4 Depreciation and Amortization	9,553,704	9,395,139	9,774,592	9,514,692	9,447,953
5 Other Operations Expense	16,738,654	17,907,269	18,247,561	19,630,820	18,470,045
6 Total Operation Expenses	32,530,920	33,993,156	34,859,741	36,057,285	34,971,932
7 Income Taxes - Operating Taxes	6,862,664	6,664,913	5,794,772	5,706,101	5,811,991
8 Other Taxes - Operating Taxes	4,574,631	4,673,686	4,678,423	4,099,588	4,897,934
9 Capital Costs	13,040,681	12,845,347	11,504,545	11,778,814	12,282,230
10 Total	\$57,008,896	\$58,177,102	\$56,837,481	\$57,641,788	\$57,964,087
PERCENT OF REVENUES					
11 Wages and Benefits	10.9	11.5	12.0	12.0	12.2
12 Depreciation and Amortization	16.8	16.1	17.2	16.5	16.3
13 Other Operations Expense	29.4	30.8	32.1	34.1	31.9
14 Income Taxes - Operating Taxes	12.0	11.5	10.2	9.9	10.0
15 Other Taxes - Operating Taxes	8.0	8.0	8.2	7.1	8.4
16 Capital Costs	22.9	22.1	20.2	20.4	21.2
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	65.67	68.02	67.51	67.43	68.36
19 Depreciation and Amortization	100.56	95.52	96.50	92.83	91.56
20 Other Operations Expense	176.19	182.05	180.15	191.52	178.99
21 Income Taxes - Operating Taxes	72.24	67.76	57.21	55.67	56.32
22 Other Taxes - Operating Taxes	48.15	47.52	46.19	40.00	47.47
23 Capital Costs	137.27	130.59	113.58	114.92	119.03
24 Total	600.08	591.46	561.14	562.36	561.72

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$19,634,030	\$19,666,896	\$20,028,245	\$20,052,693	\$19,770,678	1
Central Office Assets	79,430,735	78,850,893	76,232,789	74,278,443	71,286,371	2
Information Origination/Termination	387,386	422,733	392,650	438,204	657,444	3
Cable And Wire Facilities	93,174,250	91,062,023	85,145,900	92,657,877	90,509,074	4
Amortizable Assets					24,222	5
Total Plant In Service	192,626,401	190,002,545	181,799,584	187,427,217	182,247,789	6
Property Held For Future Use						7
Plant Under Construction	2,396,939	2,615,635	4,184,373	3,072,229	3,507,377	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
Total Telecommunications Plant	195,208,908	192,803,748	186,169,525	190,685,014	185,940,734	13
Less Acc. Prov. For Depreciation & Amort.	114,021,473	107,836,078	97,343,835	99,528,135	92,392,517	14
Net Total Utility Plant	\$81,187,435	\$84,967,670	\$88,825,690	\$91,156,879	\$93,548,217	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.72	1.24	1.08	0.92	0.75	16
Total Capitalization	\$71,937,331	\$73,294,152	\$75,299,744	\$77,556,242	\$77,861,173	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	14.9%	17.7%	21.5%	25.3%	26.3%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	81.9%	79.2%	75.5%	71.8%	70.8%	20
Short-Term Debt	3.2%	3.1%	3.0%	2.9%	2.9%	21
Pretax Coverage of Interest Expense	9.31	7.60	5.18	4.48	4.52	22
Com. Stock Dividends as a % of Earnings	87.1%	81.9%	76.6%	88.2%	74.0%	23
Return on Common Equity	12.1%	11.4%	8.6%	8.4%	9.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	341.6%	275.8%	205.6%	169.7%	194.7%	25
CWIP as a % of Plant	1.2%	1.4%	2.2%	1.6%	1.9%	26

Current Assets	12,201,363	9,383,992	9,004,315	10,041,968	11,386,299
Current Liabilities	7,089,628	7,567,204	8,360,075	10,945,657	15,182,519
Total Capitalization	71,937,331	73,294,152	75,299,744	77,556,242	77,861,173
Long-Term Debt	10,729,200	13,001,600	16,190,664	19,583,932	20,439,298
Preferred Stock	0	0	0	0	0
Common Stock and Retained Earnings (Excl. Preferred Stock)	58,935,731	58,020,152	56,836,680	55,699,910	55,149,475
Short-Term Debt	2,272,400	2,272,400	2,272,400	2,272,400	2,272,400
Pretax Income	12,847,567	12,250,045	9,957,148	9,910,489	10,923,729
Interest Expense	1,380,584	1,611,431	1,923,334	2,214,468	2,414,400
Common Dividends Paid	6,189,002	5,363,003	3,713,000	4,109,070	3,875,000
Net Income (Excl. Preferred Stock Dividends)	7,104,581	6,546,475	4,849,770	4,659,505	5,238,950
Internal Cash	18,938,843	14,817,793	14,022,287	11,640,184	18,993,914
Cash Outflows for Construction	(5,543,805)	(5,373,166)	(6,818,890)	(6,857,291)	(9,755,486)
CWIP	2,396,939	2,615,635	4,184,373	3,072,229	3,507,377
Total Plant	195,208,908	192,803,748	186,169,525	190,685,014	185,940,734
Shares Outstanding	2,621	2,621	2,621	2,621	2,621
Number of Employees	96	107	110	128	130

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$227,186	\$258,080	\$368,264	\$256,851	\$244,720	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	865,424	622,637	672,332	667,537	643,668	2
Changes in Deferred Income Taxes	20,161	55,277	54,059	(73,624)	53,596	3
Changes in Working Capital	85,360	(127,324)	131,545	108,512	(245,034)	4
Capitalized AFDC - Equity						5
Other	(15,205)	(153,956)	133,168	185,158	(9,514)	6
Total Non-Cash Items	955,740	396,634	991,104	887,583	442,716	7
Net Cash Provided From Operating Activities	<u>1,182,926</u>	<u>654,714</u>	<u>1,359,368</u>	<u>1,144,434</u>	<u>687,436</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(765,858)	(835,220)	(1,006,311)	(547,786)	(436,109)	9
Purchase of Other Investments						10
Sale of Other Investments	5,530	4,363	1,959	31,655		11
Other	(6,697)	(1,459)	(3,218)	(7,220)		12
Net Cash Provided From Investing Activities	<u>(767,025)</u>	<u>(832,316)</u>	<u>(1,007,570)</u>	<u>(523,351)</u>	<u>(436,109)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(133,650)	(131,794)	(125,855)	(147,517)	(154,226)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid				(100,000)	(850,000)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(133,650)</u>	<u>(131,794)</u>	<u>(125,855)</u>	<u>(247,517)</u>	<u>(1,004,226)</u>	20
Net Increase (Decrease) in Cash & Equivalents	282,251	(309,396)	225,943	373,566	(752,899)	21
Cash & Equivalents at Beginning of Year	1,171,994	1,481,390	1,255,447	881,881	1,634,780	22
Cash & Equivalents at End of Year	\$1,454,245	\$1,171,994	\$1,481,390	\$1,255,447	\$881,881	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$4,567,303	\$4,183,437	\$4,199,133	\$3,999,191	\$3,798,762
2 Access Lines	3,571	3,728	3,728	3,578	3,548
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,574,856	\$1,455,020	\$1,306,188	\$1,298,783	\$1,140,600
4 Depreciation and Amortization	864,309	621,521	671,216	666,421	642,552
5 Other Operations Expense	1,445,490	1,372,364	1,247,626	1,106,975	1,136,779
6 Total Operation Expenses	3,884,655	3,448,905	3,225,030	3,072,179	2,919,931
7 Income Taxes - Operating Taxes	13,137	38,391	104,225	167,529	171,627
8 Other Taxes - Operating Taxes	260,959	261,802	246,736	199,885	273,583
9 Capital Costs	408,552	434,339	623,142	559,598	433,621
10 Total	\$4,567,303	\$4,183,437	\$4,199,133	\$3,999,191	\$3,798,762
PERCENT OF REVENUES					
11 Wages and Benefits	34.5	34.8	31.1	32.5	30.0
12 Depreciation and Amortization	18.9	14.9	16.0	16.7	16.9
13 Other Operations Expense	31.6	32.8	29.7	27.7	29.9
14 Income Taxes - Operating Taxes	0.3	0.9	2.5	4.2	4.5
15 Other Taxes - Operating Taxes	5.7	6.3	5.9	5.0	7.2
16 Capital Costs	8.9	10.4	14.8	14.0	11.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	441.01	390.30	350.37	362.99	321.48
19 Depreciation and Amortization	242.04	166.72	180.05	186.26	181.10
20 Other Operations Expense	404.79	368.12	334.66	309.38	320.40
21 Income Taxes - Operating Taxes	3.68	10.30	27.96	46.82	48.37
22 Other Taxes - Operating Taxes	73.08	70.23	66.18	55.87	77.11
23 Capital Costs	114.41	116.51	167.15	156.40	122.22
24 Total	1,279.00	1,122.17	1,126.38	1,117.72	1,070.68

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,298,894	\$2,489,651	\$2,427,577	\$2,418,899	\$2,366,635	1
Central Office Assets	5,198,453	4,592,761	3,948,453	3,634,930	3,595,541	2
Information Origination/Termination	204,194	191,480	177,545	154,672	151,245	3
Cable And Wire Facilities	5,162,107	4,949,292	4,676,378	4,379,601	4,162,528	4
Amortizable Assets						5
Total Plant In Service	12,863,648	12,223,184	11,229,953	10,588,102	10,275,949	6
Property Held For Future Use						7
Plant Under Construction	234	761	208,021	3,118	1,413	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	12,863,882	12,223,945	11,437,974	10,591,220	10,277,362	13
Less Acc. Prov. For Depreciation & Amort.	6,479,884	5,742,660	5,167,483	4,657,086	4,200,159	14
Net Total Utility Plant	\$6,383,998	\$6,481,285	\$6,270,491	\$5,934,134	\$6,077,203	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	4.06	4.03	2.68	3.79	2.38	16
Total Capitalization	\$7,278,229	\$7,184,693	\$7,058,406	\$6,815,995	\$6,890,757	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	49.9%	52.5%	55.4%	58.7%	60.3%	18
Preferred Stock						19
Common Stock & Retained Earnings	48.1%	45.6%	42.7%	38.8%	35.9%	20
Short-Term Debt	2.0%	1.9%	1.9%	2.4%	3.8%	21
Pretax Coverage of Interest Expense	2.27	2.49	3.70	2.70	2.60	22
Com. Stock Dividends as a % of Earnings					40.9%	23
Return on Common Equity	6.7%	8.2%	13.0%	10.0%	9.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	154.5%	78.4%	135.1%	208.9%	157.6%	25
CWIP as a % of Plant	0.0%	0.0%	1.8%	0.0%	0.0%	26

Current Assets	2,467,555	2,188,324	2,670,990	2,281,239	2,243,392
Current Liabilities	607,284	542,448	997,091	601,910	940,821
Total Capitalization	7,278,229	7,184,693	7,058,406	6,815,995	6,890,757
Long-Term Debt	3,635,270	3,773,292	3,911,304	4,002,301	4,156,030
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	3,500,579	3,273,393	3,015,312	2,647,047	2,474,291
Short-Term Debt	142,380	138,008	131,790	166,647	260,436
Pretax Income	436,503	495,576	756,915	567,729	562,894
Interest Expense	192,573	198,783	204,740	210,591	216,747
Common Dividends Paid					100,000
Net Income (Excl. Preferred Stock Dividends)	227,186	258,080	368,264	256,851	244,720
Internal Cash	1,182,926	654,714	1,359,368	1,144,434	687,436
Cash Outflows for Construction	(765,858)	(835,220)	(1,006,311)	(547,786)	(436,109)
CWIP	234	761	208,021	3,118	1,413
Total Plant	12,863,882	12,223,945	11,437,974	10,591,220	10,277,362
Shares Outstanding	4,850	4,850	4,850	4,850	4,850
Number of Employees	24	18	18	18	16

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$1,326	\$351,948	\$413,267	\$302,723	\$433,899	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	899,318	867,587	860,009	838,070	808,521	2
Changes in Deferred Income Taxes	443,369	29,480	86,099	(50,057)	171,903	3
Changes in Working Capital	(228,998)	380,657	215,212	196,081	125,041	4
Capitalized AFDC - Equity						5
Other	(781,250)	180,084	(215,978)	(45,945)	(59,773)	6
Total Non-Cash Items	332,439	1,457,808	945,342	938,149	1,045,692	7
Net Cash Provided From Operating Activities	<u>333,765</u>	<u>1,809,756</u>	<u>1,358,609</u>	<u>1,240,872</u>	<u>1,479,591</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(516,046)	(662,671)	(384,910)	(627,822)	(992,443)	9
Purchase of Other Investments		(24,504)	5,466	44,520	(245,530)	10
Sale of Other Investments	219,156	(2,673)	1,657			11
Other						12
Net Cash Provided From Investing Activities	<u>(296,890)</u>	<u>(689,848)</u>	<u>(377,787)</u>	<u>(583,302)</u>	<u>(1,237,973)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(270,726)	(253,401)	(237,029)	(222,005)	(143,816)	14
Common Stock						15
Preferred Stock				(106,800)		16
Short-Term Debt				(175,776)	(73,810)	17
Dividends Paid	(154,521)	(154,522)	(158,976)	(126,720)	(130,823)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(425,247)</u>	<u>(407,923)</u>	<u>(396,005)</u>	<u>(631,301)</u>	<u>(348,449)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(388,372)	711,985	584,817	26,269	(106,831)	21
Cash & Equivalents at Beginning of Year	1,952,415	1,240,430	655,613	629,344	736,175	22
Cash & Equivalents at End of Year	\$1,564,043	\$1,952,415	\$1,240,430	\$655,613	\$629,344	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$4,322,302	\$4,397,586	\$4,632,566	\$4,814,112	\$4,994,129
2 Access Lines	6,562	6,703	6,800	6,876	6,828
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,564,424	\$1,543,574	\$1,984,559	\$2,142,191	\$1,725,000
4 Depreciation and Amortization	895,832	864,102	856,523	829,287	807,827
5 Other Operations Expense	1,041,736	1,430,522	986,617	1,274,343	1,244,699
6 Total Operation Expenses	3,501,992	3,838,198	3,827,699	4,245,821	3,777,526
7 Income Taxes - Operating Taxes	144,208	25,240	75,208	(45,231)	312,686
8 Other Taxes - Operating Taxes	230,822	234,104	220,518	213,741	232,388
9 Capital Costs	445,280	300,044	509,141	399,781	671,529
10 Total	\$4,322,302	\$4,397,586	\$4,632,566	\$4,814,112	\$4,994,129
PERCENT OF REVENUES					
11 Wages and Benefits	36.2	35.1	42.8	44.5	34.5
12 Depreciation and Amortization	20.7	19.6	18.5	17.2	16.2
13 Other Operations Expense	24.1	32.5	21.3	26.5	24.9
14 Income Taxes - Operating Taxes	3.3	0.6	1.6	(0.9)	6.3
15 Other Taxes - Operating Taxes	5.3	5.3	4.8	4.4	4.7
16 Capital Costs	10.3	6.8	11.0	8.3	13.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	238.41	230.28	291.85	311.55	252.64
19 Depreciation and Amortization	136.52	128.91	125.96	120.61	118.31
20 Other Operations Expense	158.75	213.42	145.09	185.33	182.29
21 Income Taxes - Operating Taxes	21.98	3.77	11.06	(6.58)	45.79
22 Other Taxes - Operating Taxes	35.18	34.93	32.43	31.09	34.03
23 Capital Costs	67.86	44.76	74.87	58.14	98.35
24 Total	658.69	656.06	681.26	700.13	731.42

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
<u>Plant In Service</u>						
General Support Assets	\$2,931,448	\$2,822,904	\$2,758,859	\$2,857,879	\$2,724,202	1
Central Office Assets	4,649,353	4,554,341	4,234,619	4,164,126	3,878,215	2
Information Origination/Termination	309,682	309,681	309,681	309,681	309,681	3
Cable And Wire Facilities	6,506,322	6,360,026	6,188,464	6,049,189	5,897,749	4
Amortizable Assets	754	754	754	754	754	5
Total Plant In Service	14,397,559	14,047,706	13,492,377	13,381,629	12,810,601	6
Property Held For Future Use						7
Plant Under Construction	85,358	16,513	13,915	11,618	134,966	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	145,271	145,271	145,271	145,271	160,969	11
Goodwill						12
Total Telecommunications Plant	14,628,188	14,209,490	13,651,563	13,538,518	13,106,536	13
Less Acc. Prov. For Depreciation & Amort.	7,499,948	6,633,384	5,883,149	5,291,290	4,650,896	14
Net Total Utility Plant	\$7,128,240	\$7,576,106	\$7,768,414	\$8,247,228	\$8,455,640	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	7.49	1.58	1.42	1.24	1.33	16
Total Capitalization	\$12,179,020	\$12,564,260	\$12,593,738	\$12,827,876	\$13,176,536	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	22.9%	24.3%	26.3%	27.7%	28.6%	18
Preferred Stock					0.8%	19
Common Stock & Retained Earnings	77.1%	75.7%	73.7%	72.3%	69.2%	20
Short-Term Debt					1.3%	21
Pretax Coverage of Interest Expense	1.70	2.57	2.83	1.87	3.42	22
Com. Stock Dividends as a % of Earnings	11653.2%	43.9%	38.5%	41.9%	29.1%	23
Return on Common Equity	0.0%	3.7%	4.5%	3.3%	4.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	64.7%	273.1%	353.0%	197.6%	149.1%	25
CWIP as a % of Plant	0.6%	0.1%	0.1%	0.1%	1.0%	26

Current Assets	2,523,999	2,842,914	2,494,211	1,884,016	2,026,891
Current Liabilities	337,010	1,799,436	1,752,566	1,520,908	1,529,042
Total Capitalization	12,179,020	12,564,260	12,593,738	12,827,876	13,176,536
Long-Term Debt	2,787,460	3,058,186	3,311,587	3,548,616	3,770,621
Preferred Stock					106,800
Common Stock and Retained Earnings (Excl. Preferred Stock)	9,391,560	9,506,074	9,282,151	9,279,260	9,123,339
Short-Term Debt					175,776
Pretax Income	384,096	631,205	764,078	560,365	1,054,486
Interest Expense	226,282	245,793	270,311	299,371	307,901
Common Dividends Paid	154,521	154,522	158,976	126,720	124,416
Net Income (Excl. Preferred Stock Dividends)	1,326	351,948	413,267	302,723	427,491
Internal Cash	333,765	1,809,756	1,358,609	1,240,872	1,479,591
Cash Outflows for Construction	(516,046)	(662,671)	(384,910)	(627,822)	(992,443)
CWIP	85,358	16,513	13,915	11,618	134,966
Total Plant	14,628,188	14,209,490	13,651,563	13,538,518	13,106,536
Shares Outstanding	1,536	1,536	1,536	1,536	1,536
Number of Employees	30	27	28	27	31

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$174,247	\$190,052	\$26,477	\$227,251	\$101,272	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	151,468	115,940	110,460	104,492	98,934	2
Changes in Deferred Income Taxes	84,158	8,900	(12,471)	(13,529)	(14,824)	3
Changes in Working Capital	(102,726)	415,285	6,447	46,492	38,998	4
Capitalized AFDC - Equity						5
Other	165,757	(90,794)	58,017	(112,170)	(57,772)	6
Total Non-Cash Items	298,657	449,331	162,453	25,285	65,336	7
Net Cash Provided From Operating Activities	<u>472,904</u>	<u>639,383</u>	<u>188,930</u>	<u>252,536</u>	<u>166,608</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(173,868)	(749,378)	(77,792)	(106,179)	(141,171)	9
Purchase of Other Investments						10
Sale of Other Investments	33,837	7,410	(1,963)	2,078	9,365	11
Other						12
Net Cash Provided From Investing Activities	<u>(140,031)</u>	<u>(741,968)</u>	<u>(79,755)</u>	<u>(104,101)</u>	<u>(131,806)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(141,667)	(21,789)	(20,723)	(19,725)	(18,771)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	20,000	70,000	(91,000)	(99,000)	(150,000)	17
Dividends Paid	(208,500)					18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(330,167)</u>	<u>48,211</u>	<u>(111,723)</u>	<u>(118,725)</u>	<u>(168,771)</u>	20
Net Increase (Decrease) in Cash & Equivalents	2,706	(54,374)	(2,548)	29,710	(133,969)	21
Cash & Equivalents at Beginning of Year	1,323	55,697	58,245	28,535	162,504	22
Cash & Equivalents at End of Year	\$4,029	\$1,323	\$55,697	\$58,245	\$28,535	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$992,071	\$974,929	\$914,315	\$916,671	\$893,623
2 Access Lines	1,485	1,589	1,658	1,646	1,639
DOLLAR AMOUNTS					
3 Wages and Benefits	\$309,414	\$326,208	\$309,392	\$299,419	\$318,560
4 Depreciation and Amortization	150,366	115,739	110,260	104,292	98,733
5 Other Operations Expense	415,288	370,310	352,800	331,404	367,536
6 Total Operation Expenses	875,068	812,257	772,452	735,115	784,829
7 Income Taxes - Operating Taxes	28,238	44,756	32,260	49,195	25,833
8 Other Taxes - Operating Taxes	45,475	40,151	32,468	31,907	42,557
9 Capital Costs	43,290	77,765	77,135	100,454	40,404
10 Total	\$992,071	\$974,929	\$914,315	\$916,671	\$893,623
PERCENT OF REVENUES					
11 Wages and Benefits	31.2	33.5	33.8	32.7	35.6
12 Depreciation and Amortization	15.2	11.9	12.1	11.4	11.0
13 Other Operations Expense	41.9	38.0	38.6	36.2	41.1
14 Income Taxes - Operating Taxes	2.8	4.6	3.5	5.4	2.9
15 Other Taxes - Operating Taxes	4.6	4.1	3.6	3.5	4.8
16 Capital Costs	4.4	8.0	8.4	11.0	4.5
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	208.36	205.29	186.61	181.91	194.36
19 Depreciation and Amortization	101.26	72.84	66.50	63.36	60.24
20 Other Operations Expense	279.66	233.05	212.79	201.34	224.24
21 Income Taxes - Operating Taxes	19.02	28.17	19.46	29.89	15.76
22 Other Taxes - Operating Taxes	30.62	25.27	19.58	19.38	25.97
23 Capital Costs	29.15	48.94	46.52	61.03	24.65
24 Total	668.06	613.55	551.46	556.91	545.22

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$284,446	\$287,104	\$186,203	\$186,203	\$186,203	1
Central Office Assets	1,076,547	954,379	875,226	837,800	790,482	2
Information Origination/Termination	65,610	65,610	65,610	65,610	65,610	3
Cable And Wire Facilities	1,199,212	1,181,471	1,124,602	1,092,270	990,626	4
Amortizable Assets						5
Total Plant In Service	2,625,814	2,488,564	2,251,641	2,181,883	2,032,921	6
Property Held For Future Use						7
Plant Under Construction	847	555,927	55,771	53,944	114,472	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	2,626,661	3,044,491	2,307,412	2,235,827	2,147,393	13
Less Acc. Prov. For Depreciation & Amort.	1,083,126	1,490,623	1,379,774	1,277,684	1,189,057	14
Net Total Utility Plant	\$1,543,535	\$1,553,868	\$927,638	\$958,143	\$958,336	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.12	0.67	-1.40	-2.26	20.78	16
Total Capitalization	\$1,202,272	\$1,358,192	\$1,119,929	\$1,205,175	\$1,096,649	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt		8.7%	12.6%	13.6%	16.8%	18
Preferred Stock						19
Common Stock & Retained Earnings	120.8%	109.4%	115.8%	105.4%	95.1%	20
Short-Term Debt	-20.8%	-18.2%	-28.4%	-18.9%	-11.9%	21
Pretax Coverage of Interest Expense	-41.67	-33.89	-8.52	-65.03	13.42	22
Com. Stock Dividends as a % of Earnings	119.7%					23
Return on Common Equity	11.9%	13.7%	2.1%	19.7%	10.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	272.0%	85.3%	242.9%	237.8%	118.0%	25
CWIP as a % of Plant	0.0%	18.3%	2.4%	2.4%	5.3%	26

Current Assets	223,766	198,049	266,585	261,118	315,411
Current Liabilities	200,045	294,968	(190,176)	(115,491)	15,177
Total Capitalization	1,202,272	1,358,192	1,119,929	1,205,175	1,096,649
Long-Term Debt		118,674	141,577	163,360	184,095
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,452,272	1,486,525	1,296,473	1,269,996	1,042,745
Short-Term Debt	(250,000)	(247,007)	(318,121)	(228,181)	(130,191)
Pretax Income	197,740	228,079	52,567	266,941	131,502
Interest Expense	(4,745)	(6,729)	(6,170)	(4,105)	9,797
Common Dividends Paid	208,500				
Net Income (Excl. Preferred Stock Dividends)	174,247	190,052	26,477	227,251	101,272
Internal Cash	472,904	639,383	188,930	252,536	166,608
Cash Outflows for Construction	(173,868)	(749,378)	(77,792)	(106,179)	(141,171)
CWIP	847	555,927	55,771	53,944	114,472
Total Plant	2,626,661	3,044,491	2,307,412	2,235,827	2,147,393
Shares Outstanding	695	695	695	695	695
Number of Employees	5	5	6	7	6

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$396,342	(\$82,257)	(\$707,379)	\$1,163,067	\$557,428	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	613,697	589,597	638,005	644,536	518,416	2
Changes in Deferred Income Taxes	(56,172)	(1,011,621)	304,089	(3,634)	738,787	3
Changes in Working Capital	515,754	1,406,597	(249,651)	475,877	25,356	4
Capitalized AFDC - Equity						5
Other	218,316	(88,699)	1,183,117	(180,485)	(1,049,816)	6
Total Non-Cash Items	1,291,595	895,874	1,875,560	936,294	232,743	7
Net Cash Provided From Operating Activities	<u>1,687,937</u>	<u>813,617</u>	<u>1,168,181</u>	<u>2,099,361</u>	<u>790,171</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,034,929)	(543,211)	(835,275)	(1,085,161)	(620,134)	9
Purchase of Other Investments				1,321,780	(1,276,561)	10
Sale of Other Investments	2,534	3,482	6,401	8,329	69,202	11
Other						12
Net Cash Provided From Investing Activities	<u>(1,032,395)</u>	<u>(539,729)</u>	<u>(828,874)</u>	<u>244,948</u>	<u>(1,827,493)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)	(380,271)					
Long-Term Debt		153,283	(108,923)	(103,585)	(98,579)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(9,024)	(530,000)		(550,000)	(900,000)	17
Dividends Paid	(59,888)	(68,912)	(68,912)	(1,673,912)	(68,912)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(449,183)</u>	<u>(445,629)</u>	<u>(177,835)</u>	<u>(2,327,497)</u>	<u>(1,067,491)</u>	20
Net Increase (Decrease) in Cash & Equivalents	206,359	(171,741)	161,472	16,812	(2,104,813)	21
Cash & Equivalents at Beginning of Year	275,263	447,004	285,532	268,720	2,373,533	22
Cash & Equivalents at End of Year	\$481,622	\$275,263	\$447,004	\$285,532	\$268,720	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$5,299,948	\$5,621,274	\$6,433,890	\$6,804,982	\$7,704,229
2 Access Lines	5,914	5,566	6,151	6,178	6,180
DOLLAR AMOUNTS					
3 Wages and Benefits	\$2,154,811	\$1,716,184	\$1,479,013	\$1,651,102	\$1,896,785
4 Depreciation and Amortization	612,248	588,149	636,556	643,087	515,967
5 Other Operations Expense	1,266,214	2,042,118	3,315,526	3,265,426	3,647,790
6 Total Operation Expenses	4,033,273	4,346,451	5,431,095	5,559,615	6,060,542
7 Income Taxes - Operating Taxes	312,782	(12,911)	(12,609)	253,318	337,043
8 Other Taxes - Operating Taxes	237,358	202,943	239,645	297,088	287,115
9 Capital Costs	716,535	1,084,791	775,759	694,961	1,019,529
10 Total	\$5,299,948	\$5,621,274	\$6,433,890	\$6,804,982	\$7,704,229
PERCENT OF REVENUES					
11 Wages and Benefits	40.7	30.5	23.0	24.3	24.6
12 Depreciation and Amortization	11.6	10.5	9.9	9.5	6.7
13 Other Operations Expense	23.9	36.3	51.5	48.0	47.3
14 Income Taxes - Operating Taxes	5.9	(0.2)	(0.2)	3.7	4.4
15 Other Taxes - Operating Taxes	4.5	3.6	3.7	4.4	3.7
16 Capital Costs	13.5	19.3	12.1	10.2	13.2
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	364.36	308.33	240.45	267.26	306.92
19 Depreciation and Amortization	103.53	105.67	103.49	104.09	83.49
20 Other Operations Expense	214.10	366.89	539.02	528.56	590.26
21 Income Taxes - Operating Taxes	52.89	(2.32)	(2.05)	41.00	54.54
22 Other Taxes - Operating Taxes	40.13	36.46	38.96	48.09	46.46
23 Capital Costs	121.16	194.90	126.12	112.49	164.97
24 Total	896.17	1,009.93	1,045.99	1,101.49	1,246.64

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,090,596	\$2,643,781	\$2,705,301	\$2,692,702	\$2,644,834	1
Central Office Assets	2,869,240	2,675,972	2,432,421	4,747,829	4,041,052	2
Information Origination/Termination	121,984	104,250	82,902	52,698	25,806	3
Cable And Wire Facilities	6,525,804	6,363,319	6,190,991	5,876,882	5,676,093	4
Amortizable Assets						5
Total Plant In Service	12,607,624	11,787,322	11,411,615	13,370,111	12,387,785	6
Property Held For Future Use						7
Plant Under Construction	331,533	138,599	226,430	316,358	296,903	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	12,939,157	11,925,921	11,638,045	13,686,469	12,684,688	13
Less Acc. Prov. For Depreciation & Amort.	6,417,400	5,867,919	5,526,725	7,801,735	7,207,534	14
Net Total Utility Plant	\$6,521,757	\$6,058,002	\$6,111,320	\$5,884,734	\$5,477,154	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.85	1.08	1.93	1.14	1.08	16
Total Capitalization	\$4,330,654	\$4,066,807	\$4,862,421	\$6,717,524	\$8,593,666	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	38.1%	43.7%	38.9%	29.8%	24.5%	18
Preferred Stock	3.2%	3.4%	2.9%	2.1%	1.6%	19
Common Stock & Retained Earnings	55.9%	50.2%	45.1%	58.7%	60.1%	20
Short-Term Debt	2.8%	2.7%	13.1%	9.5%	13.8%	21
Pretax Coverage of Interest Expense	8.87	0.40	-1.72	9.13	10.61	22
Com. Stock Dividends as a % of Earnings	15.5%	-65.6%	-8.4%	144.3%	3.0%	23
Return on Common Equity	17.4%	-4.3%	-23.4%	25.4%	43.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	163.1%	149.8%	139.9%	193.5%	127.4%	25
CWIP as a % of Plant	2.6%	1.2%	1.9%	2.3%	2.3%	26

Current Assets	1,381,237	1,344,018	2,350,310	1,561,321	2,275,563
Current Liabilities	1,624,824	1,247,796	1,217,417	1,363,806	2,105,503
Total Capitalization	4,330,654	4,066,807	4,862,421	6,717,524	8,593,666
Long-Term Debt	1,651,577	1,775,530	1,889,975	1,998,898	2,107,761
Preferred Stock	138,850	138,850	138,850	138,850	138,850
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,419,930	2,043,540	2,194,709	3,940,889	5,163,446
Short-Term Debt	120,297	108,887	638,887	638,887	1,183,609
Pretax Income	802,793	61,023	(459,723)	1,601,549	2,328,909
Interest Expense	90,500	154,363	267,583	175,405	219,518
Common Dividends Paid	59,888	59,888	59,888	1,664,888	59,888
Net Income (Excl. Preferred Stock Dividends)	387,318	(91,281)	(716,403)	1,154,043	1,982,815
Internal Cash	1,687,937	813,617	1,168,181	2,099,361	790,171
Cash Outflows for Construction	(1,034,929)	(543,211)	(835,275)	(1,085,161)	(620,134)
CWIP	331,533	138,599	226,430	316,358	296,903
Total Plant	12,939,157	11,925,921	11,638,045	13,686,469	12,684,688
Shares Outstanding	74,860	74,860	74,860	74,860	74,860
Number of Employees	36	36	26	23	28

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$710,093	\$1,184,892	\$1,334,129	\$979,345	\$1,223,602	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,666,545	1,340,142	1,018,773	1,139,407	(286,742)	2
Changes in Deferred Income Taxes	(186,766)	(100,895)	(101,377)	(71,765)	(37,331)	3
Changes in Working Capital	(38,036)	(178,293)	361,976	(1,723,369)	878,013	4
Capitalized AFDC - Equity	0	0				5
Other	167,850	(140,919)	72,151	(87,882)	544,063	6
Total Non-Cash Items	1,609,593	920,036	1,351,523	(743,609)	1,098,003	7
Net Cash Provided From Operating Activities	<u>2,319,686</u>	<u>2,104,927</u>	<u>2,685,651</u>	<u>235,736</u>	<u>2,321,605</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(250,763)	(138,657)	138,339	(990,415)	(1,550,957)	9
Purchase of Other Investments						10
Sale of Other Investments						11
Other						12
Net Cash Provided From Investing Activities	<u>(250,763)</u>	<u>(138,657)</u>	<u>138,339</u>	<u>(990,415)</u>	<u>(1,550,957)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(25,000)	(19,500)	(37,500)	(70,500)	(217,000)	17
Dividends Paid	(2,044,396)	(1,945,000)	(2,787,000)		(487,000)	18
Other Financing				585,000		19
Net Cash Provided From Financing Activities	<u>(2,069,396)</u>	<u>(1,964,500)</u>	<u>(2,824,500)</u>	<u>514,500</u>	<u>(704,000)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(473)	1,770	(510)	(240,180)	66,648	21
Cash & Equivalents at Beginning of Year	18,862	17,092	17,602	257,781	191,133	22
Cash & Equivalents at End of Year	\$18,389	\$18,862	\$17,092	\$17,602	\$257,781	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$8,440,986	\$8,412,884	\$8,940,224	\$9,576,272	\$9,413,034
2 Access Lines	11,495	12,257	12,842	13,471	13,029

DOLLAR AMOUNTS

3 Wages and Benefits	\$2,201,059	\$2,196,897	\$2,344,900	\$2,587,387	\$2,477,072
4 Depreciation and Amortization	1,839,135	1,794,101	1,798,527	1,739,753	1,463,406
5 Other Operations Expense	2,695,495	2,559,675	2,677,327	3,154,973	3,157,591
6 Total Operation Expenses	6,735,689	6,550,673	6,820,754	7,482,113	7,098,069
7 Income Taxes - Operating Taxes	406,102	465,572	574,925	459,470	571,628
8 Other Taxes - Operating Taxes	516,439	496,642	374,847	606,948	455,824
9 Capital Costs	782,756	899,997	1,169,698	1,027,741	1,287,513
10 Total	\$8,440,986	\$8,412,884	\$8,940,224	\$9,576,272	\$9,413,034

PERCENT OF REVENUES

11 Wages and Benefits	26.1	26.1	26.2	27.0	26.3
12 Depreciation and Amortization	21.8	21.3	20.1	18.2	15.5
13 Other Operations Expense	31.9	30.4	29.9	32.9	33.5
14 Income Taxes - Operating Taxes	4.8	5.5	6.4	4.8	6.1
15 Other Taxes - Operating Taxes	6.1	5.9	4.2	6.3	4.8
16 Capital Costs	9.3	10.7	13.1	10.7	13.7
17 Total	100.0	100.0	100.0	100.0	100.0

DOLLARS PER ACCESS LINE

18 Wages and Benefits	191.48	179.24	182.60	192.07	190.12
19 Depreciation and Amortization	159.99	146.37	140.05	129.15	112.32
20 Other Operations Expense	234.49	208.83	208.48	234.20	242.35
21 Income Taxes - Operating Taxes	35.33	37.98	44.77	34.11	43.87
22 Other Taxes - Operating Taxes	44.93	40.52	29.19	45.06	34.99
23 Capital Costs	68.10	73.43	91.08	76.29	98.82
24 Total	734.32	686.37	696.17	710.88	722.47

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$4,509,125	\$4,457,665	\$4,418,138	\$4,368,259	\$4,054,829	1
Central Office Assets	12,968,010	12,864,841	12,769,694	12,622,440	10,053,442	2
Information Origination/Termination	7,400	7,400	186,036	579,783	740,640	3
Cable And Wire Facilities	11,717,886	11,634,828	11,410,008	11,011,347	10,748,031	4
Amortizable Assets	0			3,685	3,685	5
Total Plant In Service	29,202,421	28,964,735	28,783,875	28,585,515	25,600,627	6
Property Held For Future Use						7
Plant Under Construction	45,976	32,901	75,102	411,800	2,406,273	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	29,248,397	28,997,636	28,858,977	28,997,315	28,006,900	13
Less Acc. Prov. For Depreciation & Amort.	15,410,268	13,743,722	12,403,580	11,384,806	10,245,399	14
Net Total Utility Plant	\$13,838,129	\$15,253,913	\$16,455,397	\$17,612,509	\$17,761,501	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.13	1.17	1.10	1.29	0.90	16
Total Capitalization	\$13,007,199	\$14,366,499	\$15,146,108	\$16,636,479	\$15,142,634	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	97.1%	97.2%	97.2%	97.2%	96.5%	20
Short-Term Debt	2.9%	2.8%	2.8%	2.8%	3.5%	21
Pretax Coverage of Interest Expense	45.64	66.03	69.49	46.27	48.35	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	5.3%	8.3%	8.6%	6.4%	8.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	925.1%	1518.1%	-1941.4%	23.8%	149.7%	25
CWIP as a % of Plant	0.2%	0.1%	0.3%	1.4%	8.6%	26

Current Assets	2,622,439	2,989,034	2,977,044	3,234,533	7,903,451
Current Liabilities	2,330,625	2,560,666	2,715,974	2,511,847	8,737,317
Total Capitalization	13,007,199	14,366,499	15,146,108	16,636,479	15,142,634
Long-Term Debt	0	0	0		
Preferred Stock	0	0	0		
Common Stock and Retained Earnings (Excl. Preferred Stock)	12,625,199	13,959,499	14,719,608	16,172,479	14,608,134
Short-Term Debt	382,000	407,000	426,500	464,000	534,500
Pretax Income	1,133,664	1,668,938	1,923,114	1,398,843	1,817,227
Interest Expense	24,838	25,275	27,675	30,232	37,582
Common Dividends Paid	0	0	0		
Net Income (Excl. Preferred Stock Dividends)	710,093	1,184,892	1,334,129	979,345	1,223,602
Internal Cash	2,319,686	2,104,927	2,685,651	235,736	2,321,605
Cash Outflows for Construction	(250,763)	(138,657)	138,339	(990,415)	(1,550,957)
CWIP	45,976	32,901	75,102	411,800	2,406,273
Total Plant	29,248,397	28,997,636	28,858,977	28,997,315	28,006,900
Shares Outstanding	100	100	100	100	100
Number of Employees	45	50	48	57	65

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	(\$589,805)	\$231,455	\$316,651	(\$508,897)	\$286,889	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	625,767	663,829	772,511	734,466	690,347	2
Changes in Deferred Income Taxes	(116,241)	(73,347)	267,334	(15,014)	(10,544)	3
Changes in Working Capital	(537,582)	(1,244,347)	110,607	422,350	(671,237)	4
Capitalized AFDC - Equity	0	0				5
Other	1,066,579	(198,096)	(243,346)	750,650	268,587	6
Total Non-Cash Items	1,038,523	(851,961)	907,106	1,892,452	277,153	7
Net Cash Provided From Operating Activities	<u>448,718</u>	<u>(620,506)</u>	<u>1,223,757</u>	<u>1,383,555</u>	<u>564,042</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(357,715)	(322,508)	(764,068)	(859,085)	(785,245)	9
Purchase of Other Investments	(4,757)	(38,146)	(425,157)	(53,566)	(111,315)	10
Sale of Other Investments	0	644,689				11
Other	20,462	1,067	215,051	40,952	3,403	12
Net Cash Provided From Investing Activities	<u>(342,010)</u>	<u>285,102</u>	<u>(974,174)</u>	<u>(871,699)</u>	<u>(893,157)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(211,521)	(199,081)	(187,438)	(176,590)	(166,398)	14
Common Stock	0	0				15
Preferred Stock	0	0				16
Short-Term Debt	80,456	409,817	110,888	(300,000)	300,000	17
Dividends Paid	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)	18
Other Financing	(16,773)	(56,343)	(37,772)	(58,608)	(83,656)	19
Net Cash Provided From Financing Activities	<u>(154,338)</u>	<u>147,893</u>	<u>(120,822)</u>	<u>(541,698)</u>	<u>43,446</u>	20
Net Increase (Decrease) in Cash & Equivalents	(47,630)	(187,511)	128,761	(29,842)	(285,669)	21
Cash & Equivalents at Beginning of Year	69,327	256,838	128,077	157,919	443,588	22
Cash & Equivalents at End of Year	\$21,697	\$69,327	\$256,838	\$128,077	\$157,919	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$2,990,711	\$3,520,864	\$3,662,542	\$3,676,547	\$4,041,014
2 Access Lines	3,935	4,010	4,131	4,142	4,092

DOLLAR AMOUNTS

3 Wages and Benefits	\$1,099,036	\$1,468,971	\$1,524,954	\$1,502,037	\$1,423,435
4 Depreciation and Amortization	624,557	663,274	771,946	733,901	689,782
5 Other Operations Expense	774,751	858,281	958,162	1,006,357	918,077
6 Total Operation Expenses	2,498,344	2,990,526	3,255,062	3,242,295	3,031,294
7 Income Taxes - Operating Taxes	108,108	21,394	115,734	45,006	209,035
8 Other Taxes - Operating Taxes	189,163	173,356	163,534	159,921	166,818
9 Capital Costs	195,096	335,588	128,212	229,325	633,867
10 Total	\$2,990,711	\$3,520,864	\$3,662,542	\$3,676,547	\$4,041,014

PERCENT OF REVENUES

11 Wages and Benefits	36.7	41.7	41.6	40.9	35.2
12 Depreciation and Amortization	20.9	18.8	21.1	20.0	17.1
13 Other Operations Expense	25.9	24.4	26.2	27.4	22.7
14 Income Taxes - Operating Taxes	3.6	0.6	3.2	1.2	5.2
15 Other Taxes - Operating Taxes	6.3	4.9	4.5	4.3	4.1
16 Capital Costs	6.5	9.5	3.5	6.2	15.7
17 Total	100.0	100.0	100.0	100.0	100.0

DOLLARS PER ACCESS LINE

18 Wages and Benefits	279.30	366.33	369.15	362.64	347.86
19 Depreciation and Amortization	158.72	165.40	186.87	177.19	168.57
20 Other Operations Expense	196.89	214.04	231.94	242.96	224.36
21 Income Taxes - Operating Taxes	27.47	5.34	28.02	10.87	51.08
22 Other Taxes - Operating Taxes	48.07	43.23	39.59	38.61	40.77
23 Capital Costs	49.58	83.69	31.04	55.37	154.90
24 Total	760.03	878.02	886.60	887.63	987.54

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,813,998	\$2,808,669	\$2,889,581	\$2,808,848	\$2,721,714	1
Central Office Assets	4,366,449	4,289,686	4,266,582	4,138,817	3,950,953	2
Information Origination/Termination	41,515	42,217	51,153	53,062	56,131	3
Cable And Wire Facilities	5,523,820	5,399,866	5,274,755	4,934,594	4,608,191	4
Amortizable Assets	140,687	140,687	140,687	107,094	107,094	5
Total Plant In Service	12,886,469	12,681,125	12,622,758	12,042,415	11,444,083	6
Property Held For Future Use						7
Plant Under Construction	7,725	22,478	21,495	107,586	74,931	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	35,834	35,834	35,834	35,834	35,834	11
Goodwill						12
Total Telecommunications Plant	12,930,028	12,739,437	12,680,087	12,185,835	11,554,848	13
Less Acc. Prov. For Depreciation & Amort.	6,987,606	6,509,066	6,107,882	5,596,400	5,039,374	14
Net Total Utility Plant	\$5,942,422	\$6,230,371	\$6,572,205	\$6,589,435	\$6,515,474	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.73	2.71	2.37	2.75	3.35	16
Total Capitalization	\$8,981,246	\$10,150,252	\$10,220,749	\$9,818,575	\$10,878,795	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	16.0%	16.4%	18.8%	20.8%	20.9%	18
Preferred Stock	1.4%	1.3%	1.3%	1.3%	1.2%	19
Common Stock & Retained Earnings	77.1%	78.2%	79.9%	77.9%	75.2%	20
Short-Term Debt	5.5%	4.0%	0.0%	0.0%	2.8%	21
Pretax Coverage of Interest Expense	-3.34	4.81	3.71	-2.12	3.86	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	-8.0%	2.8%	3.9%	-6.5%	3.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	125.4%	-192.4%	160.2%	161.0%	71.8%	25
CWIP as a % of Plant	0.1%	0.2%	0.2%	0.9%	0.6%	26

Current Assets	3,261,181	2,855,812	1,851,526	1,604,764	1,711,525
Current Liabilities	1,196,021	1,052,170	781,465	582,494	510,389
Total Capitalization	8,981,246	10,150,252	10,220,749	9,818,575	10,878,795
Long-Term Debt	1,439,678	1,667,972	1,923,396	2,037,718	2,272,916
Preferred Stock	130,000	130,000	130,000	130,000	130,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	6,921,295	7,942,463	8,167,353	7,650,857	8,175,879
Short-Term Debt	490,273	409,817	0	0	300,000
Pretax Income	(369,239)	596,559	483,806	(318,576)	645,271
Interest Expense	110,533	123,984	130,273	150,345	167,072
Common Dividends Paid	0	0	0	0	0
Net Income (Excl. Preferred Stock Dividends)	(596,305)	224,955	310,151	(515,397)	280,389
Internal Cash	448,718	(620,506)	1,223,757	1,383,555	564,042
Cash Outflows for Construction	(357,715)	(322,508)	(764,068)	(859,085)	(785,245)
CWIP	7,725	22,478	21,495	107,586	74,931
Total Plant	12,930,028	12,739,437	12,680,087	12,185,835	11,554,848
Shares Outstanding	140	140	140	140	140
Number of Employees	21	25	29	33	32

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$46,974,344	\$55,694,610	\$44,636,032	\$31,433,154	\$15,109,207	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	53,195,374	49,457,079	51,836,180	63,892,522	48,498,325	2
Changes in Deferred Income Taxes	(6,295,632)	2,538,117	12,395,025	15,423,908	470,996	3
Changes in Working Capital	(113,690,695)	145,221,905	(12,325,750)	(5,599,019)	1,304,205	4
Capitalized AFDC - Equity	0	(781,661,886)	(1,945,443)	(1,812,889)	(126,191)	5
Other	498,028	548,565,731	(61,638,152)	(39,093,558)	(3,308,522)	6
Total Non-Cash Items	(66,292,925)	(35,879,054)	(11,678,140)	32,810,964	46,838,813	7
Net Cash Provided From Operating Activities	(19,318,581)	19,815,556	32,957,892	64,244,118	61,948,020	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(25,207,265)	(19,157,073)	(34,850,221)	(40,041,422)	(61,956,553)	9
Purchase of Other Investments	109,627,704					10
Sale of Other Investments	0			(24,195,522)		11
Other	0					12
Net Cash Provided From Investing Activities	84,420,439	(19,157,073)	(34,850,221)	(64,236,944)	(61,956,553)	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(64,660,000)					18
Other Financing			1,178,808			19
Net Cash Provided From Financing Activities	(64,660,000)	0	1,178,808	0	0	20
Net Increase (Decrease) in Cash & Equivalents	441,858	658,483	(713,521)	7,174	(8,533)	21
Cash & Equivalents at Beginning of Year	(52,857)	(711,340)	2,181	(4,993)	3,540	22
Cash & Equivalents at End of Year	\$389,001	(\$52,857)	(\$711,340)	\$2,181	(\$4,993)	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$250,559,916	\$246,507,920	\$237,307,049	\$228,305,441	\$216,293,216
2 Access Lines	312,816	317,202	321,627	315,747	315,747
DOLLAR AMOUNTS					
3 Wages and Benefits	\$20,389,097	\$17,134,635	\$50,546,396	\$53,036,449	\$52,196,609
4 Depreciation and Amortization	52,105,584	56,158,787	56,486,076	59,285,857	48,498,325
5 Other Operations Expense	85,486,804	66,913,296	41,019,778	50,982,820	59,380,948
6 Total Operation Expenses	157,981,485	140,206,718	148,052,250	163,305,126	160,075,882
7 Income Taxes - Operating Taxes	27,700,466	32,475,375	24,612,689	18,697,229	14,610,770
8 Other Taxes - Operating Taxes	13,434,243	13,514,307	13,662,432	11,710,813	15,505,682
9 Capital Costs	51,443,723	60,311,520	50,979,678	34,592,273	26,100,882
10 Total	\$250,559,916	\$246,507,920	\$237,307,049	\$228,305,441	\$216,293,216
PERCENT OF REVENUES					
11 Wages and Benefits	8.1	7.0	21.3	23.2	24.1
12 Depreciation and Amortization	20.8	22.8	23.8	26.0	22.4
13 Other Operations Expense	34.1	27.1	17.3	22.3	27.5
14 Income Taxes - Operating Taxes	11.1	13.2	10.4	8.2	6.8
15 Other Taxes - Operating Taxes	5.4	5.5	5.8	5.1	7.2
16 Capital Costs	20.5	24.5	21.5	15.2	12.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	65.18	54.02	157.16	167.97	165.31
19 Depreciation and Amortization	166.57	177.04	175.63	187.76	153.60
20 Other Operations Expense	273.28	210.95	127.54	161.47	188.06
21 Income Taxes - Operating Taxes	88.55	102.38	76.53	59.22	46.27
22 Other Taxes - Operating Taxes	42.95	42.60	42.48	37.09	49.11
23 Capital Costs	164.45	190.14	158.51	109.56	82.66
24 Total	800.98	777.13	737.83	723.06	685.02

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,**

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$66,933,459	\$62,072,556	\$62,735,253	\$61,220,529	\$55,647,226	1
Central Office Assets	359,170,552	348,511,355	329,278,555	313,508,216	281,455,442	2
Information Origination/Termination	10,699,038	13,724,870	13,046,710	12,904,928	12,615,349	3
Cable And Wire Facilities	430,736,406	418,707,132	399,816,346	390,221,640	377,054,980	4
Amortizable Assets	3,898,823	3,898,823	3,981,974	4,457,829	4,384,578	5
Total Plant In Service	871,438,278	846,914,736	808,858,838	782,313,142	731,157,575	6
Property Held For Future Use						7
Plant Under Construction	11,568,534	10,884,812	29,783,636	22,282,860	34,255,915	8
Tel. Acquisition	142,404,998	142,404,998	142,404,998	141,601,249	141,659,385	9
Other Plant						10
Nonoperating Plant	37,599	37,599	37,598	37,599	37,599	11
Goodwill						12
Total Telecommunications Plant	1,025,449,409	1,000,242,145	981,085,070	946,234,850	907,110,474	13
Less Acc. Prov. For Depreciation & Amort.	568,540,944	515,345,570	465,888,491	414,052,311	374,355,311	14
Net Total Utility Plant	\$456,908,465	\$484,896,575	\$515,196,579	\$532,182,539	\$532,755,163	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.14	0.88	21.96	2.93	2.09	16
Total Capitalization	\$272,620,275	\$290,305,932	\$459,757,067	\$473,927,528	\$476,907,084	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	0.0%	0.0%	49.0%	60.2%	66.9%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	100.0%	51.0%	39.8%	33.1%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	21
Pretax Coverage of Interest Expense	956770.92	75.47	56.41	35.40	12.69	22
Com. Stock Dividends as a % of Earnings	137.6%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	16.7%	14.9%	9.6%	6.6%	3.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-76.6%	103.4%	94.6%	160.4%	100.0%	25
CWIP as a % of Plant	100.0%	1.1%	3.0%	2.4%	3.8%	26

Notes:

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

Current Assets	59,454,990	821,766,062	40,344,545	40,317,775	37,767,140
Current Liabilities	52,082,886	928,630,994	1,837,057	13,752,367	18,087,479
Total Capitalization	272,620,275	290,305,932	459,757,067	473,927,528	476,907,084
Long-Term Debt	0	0	225,145,745	285,131,046	319,130,871
Preferred Stock	0	0	0	0	0
Common Stock and Retained Earnings (Excl. Preferred Stock)	272,620,275	290,305,932	234,611,322	188,796,482	157,776,213
Short-Term Debt	0	0	0	0	0
Pretax Income	73,059,027	87,060,864	70,406,902	49,836,518	29,325,568
Interest Expense	76	1,153,644	1,248,039	1,407,779	2,311,264
Common Dividends Paid	64,660,000	0	0	0	0
Net Income (Excl. Preferred Stock Dividends)	46,974,344	55,694,610	44,636,032	31,433,154	15,109,207
Internal Cash	(19,318,581)	19,815,556	32,957,892	64,244,118	61,948,020
Cash Outflows for Construction	(25,207,265)	(19,157,073)	(34,850,221)	(40,041,422)	(61,956,553)
CWIP	142,404,998	10,884,812	29,783,636	22,282,860	34,255,915
Total Plant	142,442,597	1,000,242,145	981,085,071	946,234,850	907,110,474
Shares Outstanding	0	0	0	0	0
Number of Employees	313	304	315	348	354

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	(\$27,323)	\$70,438	(\$135,191)	\$131,538	\$248,139	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	578,728	603,573	590,279	562,992	526,456	2
Changes in Deferred Income Taxes	(123,084)	(126,362)	(154,136)	(162,349)	8,331	3
Changes in Working Capital	67,323	(441,752)	(235,897)	18,458	22,385	4
Capitalized AFDC - Equity						5
Other	184,778	140,669	460,419	469,953	74,634	6
Total Non-Cash Items	707,744	176,129	660,666	889,054	631,806	7
Net Cash Provided From Operating Activities	<u>680,421</u>	<u>246,567</u>	<u>525,474</u>	<u>1,020,592</u>	<u>879,945</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(591,975)	(407,329)	(303,342)	(759,244)	(232,518)	9
Purchase of Other Investments						10
Sale of Other Investments	(8,904)	44,387		37,453		11
Other	28,195	5,536	(96,373)	(275,354)	(125,346)	12
Net Cash Provided From Investing Activities	<u>(572,684)</u>	<u>(357,407)</u>	<u>(399,716)</u>	<u>(997,145)</u>	<u>(357,864)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(203,172)	(192,332)	221,069	(160,494)	(152,158)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	250,000	150,000	(200,000)	200,000	(77,822)	17
Dividends Paid	(86,100)	(84,000)	(84,000)	(71,400)	(50,400)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(39,272)</u>	<u>(126,332)</u>	<u>(62,931)</u>	<u>(31,894)</u>	<u>(280,380)</u>	20
Net Increase (Decrease) in Cash & Equivalents	68,465	(237,172)	62,828	(8,447)	241,701	21
Cash & Equivalents at Beginning of Year	261,003	498,174	435,346	443,793	202,092	22
Cash & Equivalents at End of Year	\$329,467	\$261,003	\$498,174	\$435,346	\$443,793	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$3,280,430	\$3,376,225	\$ 3,356,322	\$3,432,698	\$3,759,248
2 Access Lines	1,959	1,964	1,959	1,975	1,886
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,458,761	\$1,493,930	\$1,499,475	\$1,615,936	\$1,737,214
4 Depreciation and Amortization	577,487	602,333	589,039	561,752	525,216
5 Other Operations Expense	828,337	801,101	786,490	740,526	812,516
6 Total Operation Expenses	2,864,585	2,897,363	2,875,005	2,918,213	3,074,946
7 Income Taxes - Operating Taxes	(22,129)	110,337	57,080	92,238	180,978
8 Other Taxes - Operating Taxes	119,018	3,190	135,331	115,193	161,950
9 Capital Costs	318,956	365,334	288,907	307,054	341,374
10 Total	\$3,280,430	\$3,376,225	\$3,356,322	\$3,432,698	\$3,759,248
PERCENT OF REVENUES					
11 Wages and Benefits	44.5	44.2	44.7	47.1	46.2
12 Depreciation and Amortization	17.6	17.8	17.6	16.4	14.0
13 Other Operations Expense	25.3	23.7	23.4	21.6	21.6
14 Income Taxes - Operating Taxes	(0.7)	3.3	1.7	2.7	4.8
15 Other Taxes - Operating Taxes	3.6	0.1	4.0	3.4	4.3
16 Capital Costs	9.7	10.8	8.6	8.9	9.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	744.65	760.66	765.43	818.20	921.11
19 Depreciation and Amortization	294.79	306.69	300.68	284.43	278.48
20 Other Operations Expense	422.84	407.89	401.48	374.95	430.81
21 Income Taxes - Operating Taxes	(11.30)	56.18	29.14	46.70	95.96
22 Other Taxes - Operating Taxes	60.75	1.62	69.08	58.33	85.87
23 Capital Costs	162.82	186.02	147.48	155.47	181.00
24 Total	1,674.54	1,719.06	1,713.28	1,738.07	1,993.24

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,099,236	\$1,971,662	\$1,975,427	\$1,976,055	\$1,873,086	1
Central Office Assets	2,784,185	3,157,370	2,969,766	2,644,367	2,328,673	2
Information Origination/Termination	119,257	119,257	119,257	119,257	119,257	3
Cable And Wire Facilities	4,816,451	4,758,301	4,733,703	4,619,756	4,411,379	4
Amortizable Assets	214	214	214	214	214	5
Total Plant In Service	9,819,344	10,006,804	9,798,368	9,359,648	8,732,609	6
Property Held For Future Use						7
Plant Under Construction	193,792	114,979		181,942	137,256	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	10,013,135	10,121,783	9,798,368	9,541,591	8,869,865	13
Less Acc. Prov. For Depreciation & Amort.	5,130,570	5,262,608	4,699,803	4,157,329	3,645,642	14
Net Total Utility Plant	\$4,882,565	\$4,859,174	\$5,098,565	\$5,384,262	\$5,224,223	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.11	4.39	4.68	1.70	3.09	16
Total Capitalization	\$8,343,646	\$8,410,305	\$8,465,717	\$8,901,295	\$8,550,922	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	36.4%	38.5%	40.5%	36.1%	39.4%	18
Preferred Stock	0.3%	0.3%	0.3%	0.3%	0.3%	19
Common Stock & Retained Earnings	58.5%	59.4%	59.2%	61.4%	60.3%	20
Short-Term Debt	4.8%	1.8%		2.2%		21
Pretax Coverage of Interest Expense	0.83	1.66	0.72	2.03	2.80	22
Com. Stock Dividends as a % of Earnings	-315.1%	119.3%	-62.1%	72.8%	28.8%	23
Return on Common Equity	-0.6%	1.4%	-2.6%	1.8%	4.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	114.9%	60.5%	173.2%	134.4%	378.4%	25
CWIP as a % of Plant	1.9%	1.1%		1.9%	1.5%	26

Current Assets	1,358,486	1,247,885	1,153,935	1,067,558	961,440
Current Liabilities	642,834	283,937	246,452	627,830	310,760
Total Capitalization	8,343,646	8,410,305	8,465,717	8,901,295	8,550,922
Long-Term Debt	3,036,226	3,239,398	3,431,730	3,210,661	3,371,154
Preferred Stock	23,000	23,000	23,000	23,000	23,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	4,884,419	4,997,907	5,010,987	5,467,635	5,156,768
Short-Term Debt	400,000	150,000		200,000	
Pretax Income	220,965	456,578	198,873	496,383	682,110
Interest Expense	265,725	275,803	276,984	244,257	243,458
Common Dividends Paid	86,100	84,000	84,000	71,400	71,400
Net Income (Excl. Preferred Stock Dividends)	(27,323)	70,438	(135,191)	98,137	248,139
Internal Cash	680,421	246,567	525,474	1,020,591	879,945
Cash Outflows for Construction	(591,975)	(407,329)	(303,342)	(759,244)	(232,518)
CWIP	193,792	114,979		181,942	137,256
Total Plant	10,013,135	10,121,782	9,798,368	9,541,591	8,869,865
Shares Outstanding	420	420	420	420	420
Number of Employees	29	27	30	29	27

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	(\$1,354,802)	(\$254,855)	(\$289,804)	(\$765,067)	\$548,656	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	237,726	255,322	284,438	263,576	187,015	2
Changes in Deferred Income Taxes	149,265	(76,150)	22,276	(2,833)	(3,648)	3
Changes in Working Capital	(375,041)	209,979	(80,635)	168,145	(166,993)	4
Capitalized AFDC - Equity						5
Other	1,220,717	56,439	69,086	635,527	(90,579)	6
Total Non-Cash Items	1,232,667	445,590	295,165	1,064,415	(74,205)	7
Net Cash Provided From Operating Activities	<u>(122,135)</u>	<u>190,735</u>	<u>5,361</u>	<u>299,348</u>	<u>474,451</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(293,411)	(265,475)	(719,991)	(248,009)	(681,073)	9
Purchase of Other Investments	(9,300)	3,494	49,864	23,084	(205,921)	10
Sale of Other Investments		44,300				11
Other						12
Net Cash Provided From Investing Activities	<u>(302,711)</u>	<u>(217,681)</u>	<u>(670,127)</u>	<u>(224,925)</u>	<u>(886,994)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	74,956	462,032	620,140	(32,049)	63,649	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	137,858	(90,000)	(1,178)		(4,999)	17
Dividends Paid						18
Other Financing						19
Net Cash Provided From Financing Activities	<u>212,814</u>	<u>372,032</u>	<u>618,962</u>	<u>(32,049)</u>	<u>58,650</u>	20
Net Increase (Decrease) in Cash & Equivalents	(212,032)	345,086	(45,804)	42,374	(353,893)	21
Cash & Equivalents at Beginning of Year	456,571	111,485	157,289	114,915	468,808	22
Cash & Equivalents at End of Year	\$244,539	\$456,571	\$111,485	\$157,289	\$114,915	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$1,940,584	\$2,093,515	\$2,098,522	\$2,092,040	\$1,928,480
2 Access Lines	1,128	1,140	1,147	1,122	1,083
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,023,904	\$1,172,678	\$1,123,397	\$1,235,279	\$876,031
4 Depreciation and Amortization	237,290	254,886	284,002	263,140	186,580
5 Other Operations Expense	597,116	622,725	682,736	518,379	705,594
6 Total Operation Expenses	1,858,311	2,050,289	2,090,135	2,016,798	1,768,204
7 Income Taxes - Operating Taxes	(91,649)	(113,169)	(9,667)	(93,264)	20,871
8 Other Taxes - Operating Taxes	119,890	115,074	68,778	138,215	87,245
9 Capital Costs	54,033	41,321	(50,724)	30,292	52,159
10 Total	\$1,940,584	\$2,093,515	\$2,098,522	\$2,092,040	\$1,928,480
PERCENT OF REVENUES					
11 Wages and Benefits	52.8	56.0	53.5	59.0	45.4
12 Depreciation and Amortization	12.2	12.2	13.5	12.6	9.7
13 Other Operations Expense	30.8	29.7	32.5	24.8	36.6
14 Income Taxes - Operating Taxes	(4.7)	(5.4)	(0.5)	(4.5)	1.1
15 Other Taxes - Operating Taxes	6.2	5.5	3.3	6.6	4.5
16 Capital Costs	2.8	2.0	(2.4)	1.4	2.7
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	907.72	1,028.66	979.42	1,100.96	808.89
19 Depreciation and Amortization	210.36	223.58	247.60	234.53	172.28
20 Other Operations Expense	529.36	546.25	595.24	462.01	651.52
21 Income Taxes - Operating Taxes	(81.25)	(99.27)	(8.43)	(83.12)	19.27
22 Other Taxes - Operating Taxes	106.29	100.94	59.96	123.19	80.56
23 Capital Costs	47.90	36.25	(44.22)	27.00	48.16
24 Total	1,720.38	1,836.42	1,829.57	1,864.56	1,780.68

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,793,458	\$1,716,302	\$1,686,121	\$1,649,872	\$1,592,943	1
Central Office Assets	1,728,997	1,728,997	883,190	883,190	845,478	2
Information Origination/Termination	51,634	51,634	51,634	51,634	51,634	3
Cable And Wire Facilities	2,669,463	2,646,192	2,493,475	2,220,128	2,125,296	4
Amortizable Assets						5
Total Plant In Service	6,243,551	6,143,124	5,114,420	4,804,824	4,615,351	6
Property Held For Future Use						7
Plant Under Construction	1,143,370	974,207	1,667,613	1,329,406	1,277,036	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	7,386,921	7,117,331	6,782,033	6,134,230	5,892,387	13
Less Acc. Prov. For Depreciation & Amort.	3,257,353	3,027,034	2,769,445	2,558,761	2,297,172	14
Net Total Utility Plant	\$4,129,568	\$4,090,298	\$4,012,588	\$3,575,469	\$3,595,215	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	8.45	1.74	2.06	2.63	20.32	16
Total Capitalization	\$6,698,158	\$7,840,146	\$7,722,968	\$7,393,811	\$8,190,929	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	57.1%	47.8%	42.5%	36.0%	33.4%	18
Preferred Stock						19
Common Stock & Retained Earnings	40.9%	52.2%	56.3%	62.7%	66.0%	20
Short-Term Debt	2.1%		1.2%	1.2%	0.7%	21
Pretax Coverage of Interest Expense	-5.99	-0.94	-0.82	-4.91	4.57	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	-39.7%	-6.0%	-6.5%	-15.2%	10.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-41.6%	71.8%	0.7%	120.7%	69.7%	25
CWIP as a % of Plant	15.5%	13.7%	24.6%	21.7%	21.7%	26

Current Assets	612,360	1,169,193	744,388	577,939	537,464
Current Liabilities	72,481	671,340	361,064	220,115	26,451
Total Capitalization	6,698,158	7,840,146	7,722,968	7,393,811	8,190,929
Long-Term Debt	3,822,368	3,747,412	3,285,380	2,665,240	2,732,289
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,737,932	4,092,734	4,347,588	4,637,392	5,402,461
Short-Term Debt	137,858		90,000	91,178	56,178
Pretax Income	(1,242,425)	(180,559)	(137,120)	(717,633)	710,160
Interest Expense	207,321	192,313	168,143	146,195	155,407
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(1,354,802)	(254,855)	(289,804)	(765,067)	548,656
Internal Cash	(122,135)	190,735	5,361	299,348	474,451
Cash Outflows for Construction	(293,411)	(265,475)	(719,991)	(248,009)	(681,073)
CWIP	1,143,370	974,207	1,667,613	1,329,406	1,277,036
Total Plant	7,386,921	7,117,331	6,782,033	6,134,230	5,892,387
Shares Outstanding	243	243	243	243	243
Number of Employees	13	13	16	19	17

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	(\$1,705,706)	(\$2,034,739)	\$2,844,248	\$112,620	\$750,330	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	660,170	673,314	647,048	624,432	586,104	2
Changes in Deferred Income Taxes	35,113	17,748	45,854	(76,932)	(233,435)	3
Changes in Working Capital	33,226	286,329	(195,212)	143,902	26,903	4
Capitalized AFDC - Equity						5
Other	2,052,144	2,157,870	(2,657,934)	(72,577)	(205,069)	6
Total Non-Cash Items	2,780,653	3,135,261	(2,160,244)	618,825	174,503	7
Net Cash Provided From Operating Activities	<u>1,074,947</u>	<u>1,100,522</u>	<u>684,004</u>	<u>731,445</u>	<u>924,833</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(204,383)	(315,344)	(580,416)	(509,499)	(667,406)	9
Purchase of Other Investments		(43,349)	(144,582)	(354,452)	(708,666)	10
Sale of Other Investments	145,655	53,488		(50,639)	(415,432)	11
Other				275,491	554,976	12
Net Cash Provided From Investing Activities	<u>(58,728)</u>	<u>(305,205)</u>	<u>(724,998)</u>	<u>(639,099)</u>	<u>(1,236,528)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(120,861)	(112,163)	(104,094)	(96,659)	(89,681)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(20,919)	(6,435)	27,354			17
Dividends Paid	(138,600)	(138,600)	(99,000)	(138,600)	(138,600)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(280,380)</u>	<u>(257,198)</u>	<u>(175,740)</u>	<u>(235,259)</u>	<u>(228,281)</u>	20
Net Increase (Decrease) in Cash & Equivalents	735,839	538,119	(216,734)	(142,913)	(539,976)	21
Cash & Equivalents at Beginning of Year	900,492	362,373	579,107	722,020	1,261,996	22
Cash & Equivalents at End of Year	\$1,636,332	\$900,492	\$362,373	\$579,107	\$722,020	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$4,267,995	\$4,207,739	\$4,082,191	\$4,017,534	\$3,923,848
2 Access Lines	5,516	5,629	5,721	5,515	5,449

DOLLAR AMOUNTS

3 Wages and Benefits	\$1,285,187	\$1,672,296	\$1,678,381	\$1,330,484	\$1,216,068
4 Depreciation and Amortization	659,555	672,576	646,310	623,694	585,366
5 Other Operations Expense	1,575,298	1,308,735	1,160,591	906,505	768,636
6 Total Operation Expenses	3,520,040	3,653,607	3,485,282	2,860,683	2,570,070
7 Income Taxes - Operating Taxes	145,721	59,636	66,026	280,603	315,454
8 Other Taxes - Operating Taxes	219,612	210,008	194,291	182,518	182,402
9 Capital Costs	382,622	284,488	336,592	693,730	855,922
10 Total	\$4,267,995	\$4,207,739	\$4,082,191	\$4,017,534	\$3,923,848

PERCENT OF REVENUES

11 Wages and Benefits	30.1	39.7	41.1	33.1	31.0
12 Depreciation and Amortization	15.5	16.0	15.8	15.5	14.9
13 Other Operations Expense	36.9	31.1	28.4	22.6	19.6
14 Income Taxes - Operating Taxes	3.4	1.4	1.6	7.0	8.0
15 Other Taxes - Operating Taxes	5.1	5.0	4.8	4.5	4.6
16 Capital Costs	9.0	6.8	8.2	17.3	21.8
17 Total	100.0	100.0	100.0	100.0	100.0

DOLLARS PER ACCESS LINE

18 Wages and Benefits	232.99	297.09	293.37	241.25	223.17
19 Depreciation and Amortization	119.57	119.48	112.97	113.09	107.43
20 Other Operations Expense	285.59	232.50	202.87	164.37	141.06
21 Income Taxes - Operating Taxes	26.42	10.59	11.54	50.88	57.89
22 Other Taxes - Operating Taxes	39.81	37.31	33.96	33.09	33.47
23 Capital Costs	69.37	50.54	58.83	125.79	157.08
24 Total	773.75	747.51	713.55	728.47	720.10

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,056,103	\$2,018,524	\$2,069,720	\$1,976,150	\$1,912,770	1
Central Office Assets	3,656,902	3,666,373	3,524,172	3,441,934	3,257,402	2
Information Origination/Termination	175,727	177,525	178,708	187,171	188,612	3
Cable And Wire Facilities	5,887,809	5,769,536	5,715,889	5,601,536	5,402,625	4
Amortizable Assets						5
Total Plant In Service	11,776,541	11,631,958	11,488,489	11,206,791	10,761,409	6
Property Held For Future Use						7
Plant Under Construction	56,351	308,978	327,557	226,957	246,677	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	11,832,892	11,940,936	11,816,046	11,433,748	11,008,086	13
Less Acc. Prov. For Depreciation & Amort.	6,545,698	6,176,990	5,630,388	5,182,195	4,642,338	14
Net Total Utility Plant	\$5,287,194	\$5,763,946	\$6,185,658	\$6,251,553	\$6,365,748	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	6.66	4.58	4.71	4.84	4.45	16
Total Capitalization	\$8,949,023	\$10,914,190	\$13,199,692	\$10,558,538	\$10,748,606	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	14.1%	12.7%	11.3%	15.2%	15.8%	18
Preferred Stock						19
Common Stock & Retained Earnings	85.9%	87.1%	88.5%	84.8%	84.2%	20
Short-Term Debt		0.2%	0.2%			21
Pretax Coverage of Interest Expense	-15.36	-16.25	25.87	3.82	9.12	22
Com. Stock Dividends as a % of Earnings	-8.1%	-6.8%	3.5%	123.1%	18.5%	23
Return on Common Equity	-19.8%	-19.2%	27.5%	1.3%	8.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	525.9%	349.0%	117.8%	143.6%	138.6%	25
CWIP as a % of Plant	0.5%	2.6%	2.8%	2.0%	2.2%	26

Current Assets	3,877,581	3,340,644	3,220,363	3,225,731	2,919,569
Current Liabilities	581,984	728,727	683,679	666,091	656,629
Total Capitalization	8,949,023	10,935,109	13,227,046	10,558,538	10,748,606
Long-Term Debt	1,264,526	1,385,387	1,497,550	1,601,643	1,698,303
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	7,684,497	9,528,803	11,702,142	8,956,895	9,050,303
Short-Term Debt		20,919	27,354		
Pretax Income	(1,560,903)	(1,840,594)	3,037,750	477,103	1,202,780
Interest Expense	101,629	113,258	117,437	124,790	131,814
Common Dividends Paid	138,600	138,600	99,000	138,600	138,600
Net Income (Excl. Preferred Stock Dividends)	(1,705,706)	(2,034,739)	2,844,248	112,620	750,330
Internal Cash	1,074,947	1,100,522	684,004	731,445	924,833
Cash Outflows for Construction	(204,383)	(315,344)	(580,416)	(509,499)	(667,406)
CWIP	56,351	308,978	327,557	226,957	246,677
Total Plant	11,832,892	11,940,936	11,816,046	11,433,748	11,008,086
Shares Outstanding	39,600	39,600	39,600	39,600	39,600
Number of Employees	27	26	26	27	26

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$679,666	\$181,254	\$411,181	\$540,412	\$1,436,973	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,113,659	1,393,947	1,348,467	1,326,364	1,291,812	2
Changes in Deferred Income Taxes	385,250	(43,164)	33,499	118,721	(125,342)	3
Changes in Working Capital	(266,595)	180,188	257,907	315,394	145,119	4
Capitalized AFDC - Equity	0	0				5
Other	(208,283)	(14,438)	144,654	(30,457)	39,440	6
Total Non-Cash Items	1,024,031	1,516,533	1,784,527	1,730,022	1,351,029	7
Net Cash Provided From Operating Activities	<u>1,703,697</u>	<u>1,697,787</u>	<u>2,195,708</u>	<u>2,270,434</u>	<u>2,788,002</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(950,524)	(1,218,031)	(923,534)	(829,480)	(673,735)	9
Purchase of Other Investments	0	0	0			10
Sale of Other Investments	5,272	0	0			11
Other	0	118,647	(15,463)	33,885	6,884	12
Net Cash Provided From Investing Activities	<u>(945,252)</u>	<u>(1,099,384)</u>	<u>(938,997)</u>	<u>(795,595)</u>	<u>(666,851)</u>	13
Cash Flows from Financing Activities						
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	0		(575,000)	(575,000)		18
Other Financing	(23,032)					19
Net Cash Provided From Financing Activities	<u>(23,032)</u>	<u>(600,359)</u>	<u>(533,504)</u>	<u>(575,000)</u>	<u>0</u>	20
Net Increase (Decrease) in Cash & Equivalents	735,413	(1,956)	723,207	899,839	2,121,151	21
Cash & Equivalents at Beginning of Year	8,313,723	8,315,679	7,592,472	6,692,633	4,571,482	22
Cash & Equivalents at End of Year	\$9,049,136	\$8,313,723	\$8,315,679	\$7,592,472	\$6,692,633	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$6,429,878	\$6,184,106	\$6,194,736	\$6,131,073	\$7,158,106
2 Access Lines	9,646	9,806	9,940	9,921	9,376
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,174,135	\$1,189,598	\$1,200,223	\$1,016,386	\$926,321
4 Depreciation and Amortization	1,113,659	1,393,947	1,348,466	1,326,365	1,291,812
5 Other Operations Expense	2,964,239	3,016,880	2,758,573	2,707,290	2,919,004
6 Total Operation Expenses	5,252,033	5,600,425	5,307,262	5,050,040	5,137,138
7 Income Taxes - Operating Taxes	354,785	221,252	253,188	434,795	566,566
8 Other Taxes - Operating Taxes	235,705	230,751	322,968	288,138	330,643
9 Capital Costs	587,355	131,678	311,317	358,100	1,123,759
10 Total	\$6,429,878	\$6,184,106	\$6,194,736	\$6,131,073	\$7,158,106
PERCENT OF REVENUES					
11 Wages and Benefits	18.3	19.2	19.4	16.6	12.9
12 Depreciation and Amortization	17.3	22.5	21.8	21.6	18.0
13 Other Operations Expense	46.1	48.8	44.5	44.2	40.8
14 Income Taxes - Operating Taxes	5.5	3.6	4.1	7.1	7.9
15 Other Taxes - Operating Taxes	3.7	3.7	5.2	4.7	4.6
16 Capital Costs	9.1	2.1	5.0	5.8	15.7
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	121.72	121.31	120.75	102.45	98.80
19 Depreciation and Amortization	115.45	142.15	135.66	133.69	137.78
20 Other Operations Expense	307.30	307.66	277.52	272.88	311.33
21 Income Taxes - Operating Taxes	36.78	22.56	25.47	43.83	60.43
22 Other Taxes - Operating Taxes	24.44	23.53	32.49	29.04	35.26
23 Capital Costs	60.89	13.43	31.32	36.10	119.85
24 Total	666.58	630.65	623.21	617.99	763.45

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,905,076	\$1,851,347	\$1,813,018	\$2,744,778	\$2,747,570	1
Central Office Assets	8,261,666	7,902,560	7,480,969	7,598,383	7,335,934	2
Information Origination/Termination	15,297	23,402	19,624	117,964	135,730	3
Cable And Wire Facilities	10,136,439	9,709,177	9,334,561	8,989,658	8,831,861	4
Amortizable Assets	663,080	709,932	1,028,903			5
Total Plant In Service	20,981,558	20,196,418	19,677,075	19,450,783	19,051,095	6
Property Held For Future Use						7
Plant Under Construction	127,803	413,532	122,865	40,301	6,220	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	21,109,361	20,609,950	19,799,940	19,491,084	19,057,315	13
Less Acc. Prov. For Depreciation & Amort.	12,350,840	11,683,020	10,701,427	9,985,736	9,060,016	14
Net Total Utility Plant	\$8,758,521	\$8,926,930	\$9,098,514	\$9,505,348	\$9,997,299	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	8.78	9.63	9.52	9.22	10.67	16
Total Capitalization	\$15,412,279	\$14,755,645	\$15,165,820	\$15,288,144	\$15,322,733	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.0%	0.2%	0.3%	0.0%	0.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	99.8%	99.7%	100.0%	100.0%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	21
Pretax Coverage of Interest Expense	638.92	262.23	4407.11	3884.55		22
Com. Stock Dividends as a % of Earnings	0.0%	317.2%	139.8%	106.4%	0.0%	23
Return on Common Equity	4.5%	1.2%	2.7%	3.5%	9.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	179.2%	139.4%	237.8%	273.7%	413.8%	25
CWIP as a % of Plant	0.6%	2.0%	0.6%	0.2%	0.0%	26

Current Assets	10,871,902	9,632,718	9,944,485	9,572,178	8,699,162
Current Liabilities	1,238,551	1,000,599	1,044,801	1,038,494	814,977
Total Capitalization	15,412,279	14,755,645	15,165,820	15,288,144	15,322,733
Long-Term Debt	2,035	25,067	41,496		
Preferred Stock	0	0	0		
Common Stock and Retained Earnings (Excl. Preferred Stock)	15,410,244	14,730,578	15,124,324	15,288,144	15,322,733
Short-Term Debt	0	0	0		
Pretax Income	1,066,350	433,721	718,360	1,082,468	2,123,088
Interest Expense	1,669	1,654	163	279	
Common Dividends Paid	0	575,000	575,000	575,000	
Net Income (Excl. Preferred Stock Dividends)	679,666	181,254	411,181	540,412	1,436,973
Internal Cash	1,703,697	1,697,787	2,195,708	2,270,434	2,788,002
Cash Outflows for Construction	(950,524)	(1,218,031)	(923,534)	(829,480)	(673,735)
CWIP	127,803	413,532	122,865	40,301	6,220
Total Plant	21,109,361	20,609,950	19,799,940	19,491,084	19,057,315
Shares Outstanding	1,000	1,000	1,000	1,000	1,000
Number of Employees	22	21	22	23	24

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$35,969	\$264,022	\$336,343	\$646,505	\$294,446	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,323,375	1,278,368	1,233,842	1,166,920	990,946	2
Changes in Deferred Income Taxes	39,033	55,312	29,470	(103,749)	(16,274)	3
Changes in Working Capital	49,448	656,987	124,734	435,345	(1,058,866)	4
Capitalized AFDC - Equity						5
Other	(181,319)	(732,800)	650,641	814,569	771,530	6
Total Non-Cash Items	1,230,537	1,257,867	2,038,687	2,313,085	687,336	7
Net Cash Provided From Operating Activities	<u>1,266,506</u>	<u>1,521,889</u>	<u>2,375,030</u>	<u>2,959,590</u>	<u>981,782</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(942,725)	(980,628)	(1,041,568)	(1,133,101)	(1,227,679)	9
Purchase of Other Investments	(68,998)	(287,314)	(57,301)	(99,393)	(41,250)	10
Sale of Other Investments	92,888	250,948	71,213	48,963	435	11
Other						12
Net Cash Provided From Investing Activities	<u>(918,835)</u>	<u>(1,016,994)</u>	<u>(1,027,656)</u>	<u>(1,183,531)</u>	<u>(1,268,494)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(61,887)	(244,197)	(186,348)	15,838	(43,101)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(199,250)	(141,071)	(11,500)	(1,288,100)	565,900	17
Dividends Paid	(246,393)	(485,417)		(228,794)	(228,793)	18
Other Financing			(780,245)			19
Net Cash Provided From Financing Activities	<u>(507,530)</u>	<u>(870,685)</u>	<u>(978,093)</u>	<u>(1,501,056)</u>	<u>294,006</u>	20
Net Increase (Decrease) in Cash & Equivalents	(159,859)	(365,790)	369,281	275,003	7,294	21
Cash & Equivalents at Beginning of Year	511,857	877,647	508,366	233,363	226,069	22
Cash & Equivalents at End of Year	\$351,998	\$511,857	\$877,647	\$508,366	\$233,363	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$7,690,516	\$7,676,541	\$8,107,999	\$8,652,331	\$7,621,310
2 Access Lines	10,308	10,823	11,371	11,475	11,419
DOLLAR AMOUNTS					
3 Wages and Benefits	\$2,429,977	\$2,529,041	\$2,599,240	\$2,716,902	\$2,764,246
4 Depreciation and Amortization	1,322,917	1,277,911	1,233,384	1,166,462	990,489
5 Other Operations Expense	3,516,889	3,217,573	3,191,093	3,590,489	2,528,524
6 Total Operation Expenses	7,269,783	7,024,525	7,023,717	7,473,853	6,283,259
7 Income Taxes - Operating Taxes	(28,154)	24,524	224,738	176,547	152,387
8 Other Taxes - Operating Taxes	374,055	353,379	321,004	277,631	397,881
9 Capital Costs	74,832	274,113	538,540	724,300	787,783
10 Total	\$7,690,516	\$7,676,541	\$8,107,999	\$8,652,331	\$7,621,310
PERCENT OF REVENUES					
11 Wages and Benefits	31.6	32.9	32.1	31.4	36.3
12 Depreciation and Amortization	17.2	16.6	15.2	13.5	13.0
13 Other Operations Expense	45.7	41.9	39.4	41.5	33.2
14 Income Taxes - Operating Taxes	(0.4)	0.3	2.8	2.0	2.0
15 Other Taxes - Operating Taxes	4.9	4.6	4.0	3.2	5.2
16 Capital Costs	1.0	3.6	6.6	8.4	10.3
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	235.74	233.67	228.58	236.77	242.07
19 Depreciation and Amortization	128.34	118.07	108.47	101.65	86.74
20 Other Operations Expense	341.18	297.29	280.63	312.90	221.43
21 Income Taxes - Operating Taxes	(2.73)	2.27	19.76	15.39	13.35
22 Other Taxes - Operating Taxes	36.29	32.65	28.23	24.19	34.84
23 Capital Costs	7.26	25.33	47.36	63.12	68.99
24 Total	746.07	709.28	713.04	754.02	667.42

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$4,686,114	\$4,505,796	\$4,632,858	\$4,506,851	\$4,170,443	1
Central Office Assets	6,419,922	7,463,761	7,062,424	6,665,057	6,379,264	2
Information Origination/Termination	438,556	438,556	438,556	1,056,790	1,127,858	3
Cable And Wire Facilities	5,430,533	5,470,963	5,226,916	5,103,802	4,648,712	4
Amortizable Assets	130,699	130,699	130,699	130,699	130,699	5
Total Plant In Service	17,105,824	18,009,775	17,491,453	17,463,199	16,456,976	6
Property Held For Future Use						7
Plant Under Construction	27,690	124,374	309,343	222,746	652,466	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	17,133,514	18,134,149	17,800,796	17,685,945	17,109,442	13
Less Acc. Prov. For Depreciation & Amort.	10,464,260	10,991,817	10,110,233	9,509,301	8,813,554	14
Net Total Utility Plant	\$6,669,254	\$7,142,332	\$7,690,563	\$8,176,644	\$8,295,888	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.89	0.81	0.89	0.81	0.57	16
Total Capitalization	\$10,397,616	\$10,869,177	\$11,475,840	\$12,117,588	\$12,743,345	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	18.5%	18.0%	18.9%	19.6%	18.9%	18
Preferred Stock						19
Common Stock & Retained Earnings	59.2%	58.6%	57.4%	58.1%	50.1%	20
Short-Term Debt	22.3%	23.4%	23.7%	22.3%	31.0%	21
Pretax Coverage of Interest Expense	1.75	2.61	2.96	2.59	1.99	22
Com. Stock Dividends as a % of Earnings	155.2%	166.7%	268.4%		136.4%	23
Return on Common Equity	2.5%	4.5%	4.3%	6.2%	5.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	134.3%	155.2%	228.0%	261.2%	80.0%	25
CWIP as a % of Plant	0.2%	0.7%	1.7%	1.3%	3.8%	26

Current Assets	2,804,947	3,241,056	3,733,389	3,414,083	3,198,340
Current Liabilities	3,169,341	4,001,822	4,191,303	4,212,985	5,617,205
Total Capitalization	10,397,616	10,869,177	11,475,840	12,117,588	12,743,345
Long-Term Debt	1,918,763	1,959,212	2,167,987	2,380,311	2,408,403
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	6,159,332	6,369,756	6,591,151	7,035,051	6,388,546
Short-Term Debt	2,319,521	2,540,209	2,716,702	2,702,226	3,946,396
Pretax Income	305,114	512,274	777,741	967,788	980,440
Interest Expense	174,501	196,541	262,435	373,151	493,390
Common Dividends Paid	246,393	485,417	780,245		457,587
Net Income (Excl. Preferred Stock Dividends)	158,767	291,209	290,701	418,122	335,359
Internal Cash	1,266,506	1,521,889	2,375,030	2,959,590	981,782
Cash Outflows for Construction	(942,725)	(980,628)	(1,041,568)	(1,133,101)	(1,227,679)
CWIP	27,690	124,374	309,343	222,746	652,466
Total Plant	17,133,514	18,134,149	17,800,796	17,685,945	17,109,442
Shares Outstanding	11,733	11,733	11,733	11,733	11,733
Number of Employees	61	66	81	117	108

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$239,623	\$237,017	\$326,945	\$414,096	\$558,422	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	646,917	661,542	652,388	699,811	708,789	2
Changes in Deferred Income Taxes	38,181	78,087	49,233	(14,755)	(22,241)	3
Changes in Working Capital	(48,842)	(87,576)	171,426	166,784	(296,679)	4
Capitalized AFDC - Equity						5
Other	346,572	50,816	49,359	64,762	1,035,863	6
Total Non-Cash Items	982,828	702,869	922,406	916,602	1,425,732	7
Net Cash Provided From Operating Activities	<u>1,222,451</u>	<u>939,886</u>	<u>1,249,351</u>	<u>1,330,698</u>	<u>1,984,154</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(597,869)	(395,430)	(452,367)	(403,093)	(606,675)	9
Purchase of Other Investments						10
Sale of Other Investments	(66,729)					11
Other		1,134	(33,612)	(11,153)	(6,588)	12
Net Cash Provided From Investing Activities	<u>(664,598)</u>	<u>(394,296)</u>	<u>(485,979)</u>	<u>(414,246)</u>	<u>(613,263)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(100,827)	(95,615)	(90,665)	(86,005)	(81,448)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid		(499,996)	(499,996)	(499,997)	(499,997)	18
Other Financing*						19
Net Cash Provided From Financing Activities	<u>(100,827)</u>	<u>(595,611)</u>	<u>(590,661)</u>	<u>(586,002)</u>	<u>(581,445)</u>	20
Net Increase (Decrease) in Cash & Equivalents	457,026	(50,021)	172,711	330,450	789,446	21
Cash & Equivalents at Beginning of Year	3,997,257	4,047,278	3,874,567	3,544,117	2,754,671	22
Cash & Equivalents at End of Year	\$4,454,283	\$3,997,257	\$4,047,278	\$3,874,567	\$3,544,117	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$2,562,322	\$2,736,976	\$2,598,497	\$2,690,460	\$2,849,933
2 Access Lines	2,844	2,825	2,812	2,515	2,507
DOLLAR AMOUNTS					
3 Wages and Benefits	\$403,244	\$335,318	\$281,916	\$277,795	\$265,597
4 Depreciation and Amortization	646,919	661,542	652,388	699,811	708,789
5 Other Operations Expense	934,921	1,012,329	953,349	916,397	962,681
6 Total Operation Expenses	1,985,084	2,009,189	1,887,653	1,894,004	1,937,067
7 Income Taxes - Operating Taxes	118,546	191,429	135,154	196,089	236,139
8 Other Taxes - Operating Taxes	145,974	150,516	145,848	119,591	160,798
9 Capital Costs	312,718	385,842	429,842	480,777	515,929
10 Total	\$2,562,322	\$2,736,976	\$2,598,497	\$2,690,460	\$2,849,933
PERCENT OF REVENUES					
11 Wages and Benefits	15.7	12.3	10.8	10.3	9.3
12 Depreciation and Amortization	25.2	24.2	25.1	26.0	24.9
13 Other Operations Expense	36.5	37.0	36.7	34.1	33.8
14 Income Taxes - Operating Taxes	4.6	7.0	5.2	7.3	8.3
15 Other Taxes - Operating Taxes	5.7	5.5	5.6	4.4	5.6
16 Capital Costs	12.2	14.1	16.5	17.9	18.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	141.79	118.70	100.25	110.46	105.94
19 Depreciation and Amortization	227.47	234.17	232.00	278.25	282.72
20 Other Operations Expense	328.73	358.35	339.03	364.37	384.00
21 Income Taxes - Operating Taxes	41.68	67.76	48.06	77.97	94.19
22 Other Taxes - Operating Taxes	51.33	53.28	51.87	47.55	64.14
23 Capital Costs	109.96	136.58	152.86	191.16	205.80
24 Total	900.96	968.84	924.07	1,069.77	1,136.79

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$977,556	\$1,130,387	\$1,094,163	\$1,433,835	\$1,381,666	1
Central Office Assets	3,027,942	3,235,357	3,119,467	2,940,826	3,091,221	2
Information Origination/Termination	15,787	20,728	23,470	30,953	59,070	3
Cable And Wire Facilities	6,350,422	6,046,763	5,872,383	5,733,383	5,619,009	4
Amortizable Assets	86,494	75,296	411,013	150	150	5
Total Plant In Service	10,458,201	10,508,531	10,520,496	10,139,147	10,151,116	6
Property Held For Future Use						7
Plant Under Construction	43,390	37,818	61,121	43,154	170,506	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	10,501,591	10,546,349	10,581,617	10,182,301	10,321,622	13
Less Acc. Prov. For Depreciation & Amort.	6,474,050	6,536,489	6,317,175	5,753,909	5,607,008	14
Net Total Utility Plant	\$4,027,541	\$4,009,860	\$4,264,442	\$4,428,392	\$4,714,614	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	9.60	13.05	11.63	11.42	13.38	16
Total Capitalization	\$6,624,396	\$6,485,600	\$6,844,194	\$7,107,912	\$7,279,817	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	22.5%	24.6%	24.8%	25.2%	25.9%	18
Preferred Stock						19
Common Stock & Retained Earnings	75.9%	73.9%	73.8%	73.5%	73.0%	20
Short-Term Debt	1.6%	1.5%	1.4%	1.3%	1.2%	21
Pretax Coverage of Interest Expense	3.22	3.56	3.51	4.26	8.34	22
Com. Stock Dividends as a % of Earnings		211.0%	152.9%	120.7%	89.5%	23
Return on Common Equity	4.9%	4.8%	6.4%	7.9%	10.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	204.5%	237.7%	276.2%	330.1%	327.1%	25
CWIP as a % of Plant	0.4%	0.4%	0.6%	0.4%	1.7%	26

Current Assets	5,181,484	4,535,547	4,564,179	4,580,850	4,364,531
Current Liabilities	539,752	347,623	392,446	400,961	326,103
Total Capitalization	6,624,396	6,485,600	6,844,194	7,107,912	7,279,817
Long-Term Debt	1,488,712	1,595,024	1,695,837	1,791,427	1,882,099
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	5,029,900	4,790,277	5,053,256	5,226,309	5,312,208
Short-Term Debt	105,784	100,299	95,101	90,176	85,510
Pretax Income	507,625	615,982	642,487	834,859	969,406
Interest Expense	157,628	173,271	183,162	196,116	116,256
Common Dividends Paid		499,996	499,996	499,997	499,997
Net Income (Excl. Preferred Stock Dividends)	239,623	237,017	326,945	414,096	558,422
Internal Cash	1,222,451	939,886	1,249,351	1,330,698	1,984,154
Cash Outflows for Construction	(597,869)	(395,430)	(452,367)	(403,093)	(606,675)
CWIP	43,390	37,818	61,121	43,154	170,506
Total Plant	10,501,591	10,546,349	10,581,617	10,182,301	10,321,622
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,

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$2,422,706	\$315,470	\$577,162	\$367,340	\$717,338	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,574,943	1,746,383	1,790,560	1,621,151	1,329,586	2
Changes in Deferred Income Taxes	(39,458)	285,279	453,447	559,165	(245,194)	3
Changes in Working Capital	(194,235)	810,797	(1,680,266)	593,621	(486,408)	4
Capitalized AFDC - Equity						5
Other	(2,163,424)	18,538	(56,209)	(117,160)	244,578	6
Total Non-Cash Items	(822,174)	2,860,997	507,532	2,656,777	842,562	7
Net Cash Provided From Operating Activities	<u>1,600,532</u>	<u>3,176,467</u>	<u>1,084,694</u>	<u>3,024,117</u>	<u>1,559,900</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,608,732)	(987,612)	(1,064,410)	(1,822,475)	(1,062,754)	9
Purchase of Other Investments	(316,418)	(386,045)	115,483	(514,164)	(625,823)	10
Sale of Other Investments		22,412	520,000	(125,171)	(91,507)	11
Other		(525,146)	(116,403)	(100,043)		12
Net Cash Provided From Investing Activities	<u>(1,925,150)</u>	<u>(1,876,391)</u>	<u>(545,330)</u>	<u>(2,561,853)</u>	<u>(1,780,084)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(161,775)	(167,807)	(160,909)	(156,867)	(153,481)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(161,775)</u>	<u>(167,807)</u>	<u>(160,909)</u>	<u>(156,867)</u>	<u>(153,481)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(486,393)	1,132,269	378,455	305,397	(373,665)	21
Cash & Equivalents at Beginning of Year	3,167,086	2,034,817	1,656,362	1,350,965	1,724,630	22
Cash & Equivalents at End of Year	\$2,680,693	\$3,167,086	\$2,034,817	\$1,656,362	\$1,350,965	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$5,732,792	\$5,942,976	\$6,348,568	\$6,125,513	\$5,848,768
2 Access Lines	8,287	8,521	8,752	8,783	8,745
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,839,518	\$1,846,841	\$1,832,329	\$1,826,394	\$1,852,696
4 Depreciation and Amortization	1,566,979	1,746,383	1,754,639	1,613,294	1,563,845
5 Other Operations Expense	1,734,759	1,604,776	1,585,210	1,287,457	998,223
6 Total Operation Expenses	5,141,256	5,198,000	5,172,178	4,727,145	4,414,764
7 Income Taxes - Operating Taxes	68,374	157,274	414,417	430,259	547,255
8 Other Taxes - Operating Taxes	255,184	253,486	232,922	220,986	236,706
9 Capital Costs	267,978	334,216	529,051	747,123	650,043
10 Total	\$5,732,792	\$5,942,976	\$6,348,568	\$6,125,513	\$5,848,768
PERCENT OF REVENUES					
11 Wages and Benefits	32.1	31.1	28.9	29.8	31.7
12 Depreciation and Amortization	27.3	29.4	27.6	26.3	26.7
13 Other Operations Expense	30.3	27.0	25.0	21.0	17.1
14 Income Taxes - Operating Taxes	1.2	2.6	6.5	7.0	9.4
15 Other Taxes - Operating Taxes	4.5	4.3	3.7	3.6	4.0
16 Capital Costs	4.7	5.6	8.3	12.2	11.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	221.98	216.74	209.36	207.95	211.86
19 Depreciation and Amortization	189.09	204.95	200.48	183.68	178.83
20 Other Operations Expense	209.33	188.33	181.13	146.59	114.15
21 Income Taxes - Operating Taxes	8.25	18.46	47.35	48.99	62.58
22 Other Taxes - Operating Taxes	30.79	29.75	26.61	25.16	27.07
23 Capital Costs	32.34	39.22	60.45	85.06	74.33
24 Total	691.78	697.45	725.38	697.43	668.81

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$5,873,596	\$5,754,248	\$5,644,411	\$5,245,239	\$4,844,320	1
Central Office Assets	7,629,349	7,378,551	7,150,388	6,484,171	5,699,212	2
Information Origination/Termination	74,373	220,285	206,052	182,419	179,927	3
Cable And Wire Facilities	12,218,727	11,862,642	11,510,125	10,963,937	10,700,944	4
Amortizable Assets	264	264	264	264	264	5
Total Plant In Service	25,796,309	25,215,990	24,511,240	22,876,030	21,424,667	6
Property Held For Future Use		7,476	7,476	7,476	7,476	7
Plant Under Construction	979,833	446,834	488,838	936,281	770,693	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
Total Telecommunications Plant	27,193,963	26,088,121	25,425,375	24,237,608	22,620,657	13
Less Acc. Prov. For Depreciation & Amort.	14,232,982	13,153,755	11,866,481	10,432,914	9,256,669	14
Net Total Utility Plant	\$12,960,981	\$12,934,366	\$13,558,894	\$13,804,694	\$13,363,988	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	5.88	3.39	5.19	1.44	2.23	16
Total Capitalization	\$22,980,200	\$20,183,213	\$19,718,577	\$20,370,856	\$19,653,812	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	4.0%	5.3%	6.3%	6.9%	8.0%	18
Preferred Stock						19
Common Stock & Retained Earnings	96.0%	94.7%	93.7%	93.1%	92.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	48.59	6.54	14.19	10.19	15.87	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	11.8%	1.7%	3.1%	2.0%	4.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	99.5%	321.6%	101.9%	165.9%	146.8%	25
CWIP as a % of Plant	3.6%	1.7%	1.9%	3.9%	3.4%	26

Current Assets	4,224,132	4,825,914	3,830,362	4,522,492	4,523,023
Current Liabilities	718,725	1,421,976	737,800	3,148,268	2,028,036
Total Capitalization	22,980,200	20,183,213	19,718,577	20,370,856	19,653,812
Long-Term Debt	916,544	1,078,319	1,246,126	1,407,034	1,563,901
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	22,063,656	19,104,894	18,472,451	18,963,822	18,089,911
Short-Term Debt					
Pretax Income	2,540,542	390,359	946,956	722,243	1,150,196
Interest Expense	52,287	59,717	66,718	70,859	72,459
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	2,422,706	315,470	577,162	367,340	717,338
Internal Cash	1,600,532	3,176,467	1,084,694	3,024,117	1,559,900
Cash Outflows for Construction	(1,608,732)	(987,612)	(1,064,410)	(1,822,475)	(1,062,754)
CWIP	979,833	446,834	488,838	936,281	770,693
Total Plant	27,193,963	26,088,121	25,425,375	24,237,608	22,620,657
Shares Outstanding	2,626	2,626	2,626	2,626	2,626
Number of Employees	55	55	57	57	61

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$347,191	\$187,262	\$133,122	\$133,756	\$129,159	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	111,881	110,867	106,603	104,100	104,395	2
Changes in Deferred Income Taxes	10,348	2,813	1,865	628	2,706	3
Changes in Working Capital	14,494	50,508	(15,796)	(164,030)	15,558	4
Capitalized AFDC - Equity						5
Other	30,319	(12,757)	(23,165)	3,593	3,552	6
Total Non-Cash Items	167,042	151,431	69,507	(55,709)	126,211	7
Net Cash Provided From Operating Activities	<u>514,233</u>	<u>338,693</u>	<u>202,629</u>	<u>78,047</u>	<u>255,370</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(73,710)	(91,523)	(84,411)	(130,926)	(113,706)	9
Purchase of Other Investments	(60,000)	(70,000)	(50,000)		(21,500)	10
Sale of Other Investments						11
Other						12
Net Cash Provided From Investing Activities	<u>(133,710)</u>	<u>(161,523)</u>	<u>(134,411)</u>	<u>(130,926)</u>	<u>(135,206)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(35,891)	(34,586)	(36,097)	(35,341)	(34,643)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(200,000)	(51,000)			(25,000)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(235,891)</u>	<u>(85,586)</u>	<u>(36,097)</u>	<u>(35,341)</u>	<u>(59,643)</u>	20
Net Increase (Decrease) in Cash & Equivalents	144,632	91,584	32,121	(88,220)	60,521	21
Cash & Equivalents at Beginning of Year	273,827	182,243	150,122	238,342	177,821	22
Cash & Equivalents at End of Year	\$418,459	\$273,827	\$182,243	\$150,122	\$238,342	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$1,320,835	\$1,341,859	\$1,229,032	\$1,191,435	\$1,035,010
2 Access Lines	1,078	1,077	1,085	1,076	1,078
DOLLAR AMOUNTS					
3 Wages and Benefits	\$290,057	\$275,131	\$264,338	\$226,972	\$199,614
4 Depreciation and Amortization	99,930	97,168	92,805	91,340	88,719
5 Other Operations Expense	732,081	648,387	625,132	625,194	522,084
6 Total Operation Expenses	1,122,068	1,020,686	982,275	943,506	810,417
7 Income Taxes - Operating Taxes	218,593	124,366	94,644	98,908	88,960
8 Other Taxes - Operating Taxes					
9 Capital Costs	(19,826)	196,807	152,113	149,021	135,633
10 Total	\$1,320,835	\$1,341,859	\$1,229,032	\$1,191,435	\$1,035,010
PERCENT OF REVENUES					
11 Wages and Benefits	22.0	20.5	21.5	19.1	19.3
12 Depreciation and Amortization	7.6	7.2	7.6	7.7	8.6
13 Other Operations Expense	55.4	48.3	50.9	52.5	50.4
14 Income Taxes - Operating Taxes	16.5	9.3	7.7	8.3	8.6
15 Other Taxes - Operating Taxes					
16 Capital Costs	(1.5)	14.7	12.4	12.5	13.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	269.07	255.46	243.63	210.94	185.17
19 Depreciation and Amortization	92.70	90.22	85.53	84.89	82.30
20 Other Operations Expense	679.11	602.03	576.16	581.04	484.31
21 Income Taxes - Operating Taxes	202.78	115.47	87.23	91.92	82.52
22 Other Taxes - Operating Taxes					
23 Capital Costs	(18.39)	182.74	140.20	138.50	125.82
24 Total	1,225.26	1,245.92	1,132.75	1,107.28	960.12

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$475,622	\$456,668	\$452,077	\$437,352	\$435,576	1
Central Office Assets	900,642	874,549	855,184	832,644	802,632	2
Information Origination/Termination	29,666	29,666	29,666	29,667	29,667	3
Cable And Wire Facilities	933,505	898,733	846,156	810,338	764,093	4
Amortizable Assets	31,240	31,240	31,240	19,243	19,243	5
Total Plant In Service	2,370,675	2,290,856	2,214,323	2,129,244	2,051,211	6
Property Held For Future Use						7
Plant Under Construction						8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	2,370,675	2,290,856	2,214,323	2,129,244	2,051,211	13
Less Acc. Prov. For Depreciation & Amort.	1,099,861	1,011,863	915,037	834,727	743,387	14
Net Total Utility Plant	\$1,270,814	\$1,278,993	\$1,299,286	\$1,294,517	\$1,307,824	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	4.37	3.52	7.06	3.54	1.97	16
Total Capitalization	\$1,977,324	\$1,846,492	\$1,744,815	\$1,634,972	\$1,536,557	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	14.5%	16.4%	19.4%	22.1%	25.8%	18
Preferred Stock						19
Common Stock & Retained Earnings	85.5%	83.6%	80.6%	77.9%	74.2%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	22.64	11.28	7.14	6.56	6.28	22
Com. Stock Dividends as a % of Earnings	57.6%	27.2%			19.4%	23
Return on Common Equity	21.5%	12.7%	9.9%	11.1%	11.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	697.6%	370.1%	240.1%	59.6%	224.6%	25
CWIP as a % of Plant						26

Current Assets	659,778	567,120	459,291	405,231	427,305
Current Liabilities	151,017	161,327	65,026	114,456	216,359
Total Capitalization	1,977,324	1,846,492	1,744,815	1,634,972	1,536,557
Long-Term Debt	287,151	303,510	338,095	361,374	396,715
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,690,173	1,542,982	1,406,720	1,273,598	1,139,842
Short-Term Debt					
Pretax Income	529,478	287,679	212,194	221,092	210,711
Interest Expense	23,382	25,499	29,734	33,726	33,531
Common Dividends Paid	200,000	51,000			25,000
Net Income (Excl. Preferred Stock Dividends)	347,191	187,262	133,122	133,756	129,159
Internal Cash	514,233	338,693	202,629	78,047	255,370
Cash Outflows for Construction	(73,710)	(91,523)	(84,411)	(130,926)	(113,706)
CWIP					
Total Plant	2,370,675	2,290,856	2,214,323	2,129,244	2,051,211
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,

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$1,717,686	\$355,435	\$948,687	\$996,745	\$758,200	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,141,286	1,087,329	518,835	966,718	886,695	2
Changes in Deferred Income Taxes	(7,492,524)	6,067,402	588,359	(1,025,253)	1,271,129	3
Changes in Working Capital	8,844,498	5,270,395	(6,956,347)	(350,557)	(833,096)	4
Capitalized AFDC - Equity				(52,425)	(44,199)	5
Other	296,053	(124,894)	(3,152,333)	701,157	(195,009)	6
Total Non-Cash Items	2,789,313	12,300,232	(9,001,486)	239,640	1,085,520	7
Net Cash Provided From Operating Activities	<u>4,506,999</u>	<u>12,655,667</u>	<u>(8,052,799)</u>	<u>1,236,385</u>	<u>1,843,720</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,048,382)	(554,313)	(198,595)	(1,795,287)	(1,222,880)	9
Purchase of Other Investments	(2,624,351)	(12,132,759)	7,334,733	254,406	54,548	10
Sale of Other Investments				(177,044)	(83,859)	11
Other						12
Net Cash Provided From Investing Activities	<u>(3,672,733)</u>	<u>(12,687,072)</u>	<u>7,136,138</u>	<u>(1,717,925)</u>	<u>(1,252,191)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(805,000)		(186,870)	(174,735)	(162,564)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid					(1,550,000)	18
Other Financing				(56,171)		19
Net Cash Provided From Financing Activities	<u>(805,000)</u>		<u>(186,870)</u>	<u>(230,906)</u>	<u>(1,712,564)</u>	20
Net Increase (Decrease) in Cash & Equivalents	29,266	(31,405)	(1,103,531)	(712,446)	(1,121,035)	21
Cash & Equivalents at Beginning of Year	(11,449)	19,956	1,123,487	1,835,933	2,956,968	22
Cash & Equivalents at End of Year	\$17,817	(\$11,449)	\$19,956	\$1,123,487	\$1,835,933	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$5,889,018	\$5,784,237	\$5,917,908	\$5,638,055	\$6,010,086
2 Access Lines	6,643	6,722	6,812	6,740	6,851

DOLLAR AMOUNTS

3 Wages and Benefits	\$673,468	\$1,168,019	\$721,328	\$693,589	\$624,385
4 Depreciation and Amortization	1,215,809	525,739	957,455	943,700	901,277
5 Other Operations Expense	2,219,035	1,609,012	2,455,312	2,004,060	1,416,635
6 Total Operation Expenses	4,108,312	3,302,770	4,134,095	3,641,349	2,942,297
7 Income Taxes - Operating Taxes	535,011	392,007	318,671	628,847	1,971,093
8 Other Taxes - Operating Taxes	252,103	270,563	194,337	274,547	262,909
9 Capital Costs	993,593	1,818,897	1,270,805	1,093,312	833,787
10 Total	\$5,889,018	\$5,784,237	\$5,917,908	\$5,638,055	\$6,010,086

PERCENT OF REVENUES

11 Wages and Benefits	11.4	20.2	12.2	12.3	10.4
12 Depreciation and Amortization	20.6	9.1	16.2	16.7	15.0
13 Other Operations Expense	37.7	27.8	41.5	35.5	23.6
14 Income Taxes - Operating Taxes	9.1	6.8	5.4	11.2	32.8
15 Other Taxes - Operating Taxes	4.3	4.7	3.3	4.9	4.4
16 Capital Costs	16.9	31.4	21.5	19.4	13.9
17 Total	100.0	100.0	100.0	100.0	100.0

DOLLARS PER ACCESS LINE

18 Wages and Benefits	101.38	173.76	105.89	102.91	91.14
19 Depreciation and Amortization	183.02	78.21	140.55	140.01	131.55
20 Other Operations Expense	334.04	239.37	360.44	297.34	206.78
21 Income Taxes - Operating Taxes	80.54	58.32	46.78	93.30	287.71
22 Other Taxes - Operating Taxes	37.95	40.25	28.53	40.73	38.38
23 Capital Costs	149.57	270.59	186.55	162.21	121.70
24 Total	886.50	860.49	868.75	836.51	877.26

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,151,428	\$2,055,773	\$1,966,383	\$1,804,638	\$1,799,228	1
Central Office Assets	6,810,576	6,475,155	6,126,184	5,491,955	5,131,620	2
Information Origination/Termination	153,216	186,548	179,486	650,448	606,250	3
Cable And Wire Facilities	11,959,955	11,585,959	10,968,306	9,988,036	9,208,171	4
Amortizable Assets						5
Total Plant In Service	21,075,175	20,303,435	19,240,359	17,935,077	16,745,269	6
Property Held For Future Use						7
Plant Under Construction	481,203	201,270	669,693	1,776,380	1,118,476	8
Tel. Acquisition						9
Other Plant		3,290	3,290	3,290	3,290	10
Nonoperating Plant			40,340	40,340	40,340	11
Goodwill			8,778,017			12
Total Telecommunications Plant	21,556,378	20,507,995	28,731,699	19,755,087	17,907,375	13
Less Acc. Prov. For Depreciation & Amort.	13,707,807	12,566,521	11,479,192	10,960,357	10,170,682	14
Net Total Utility Plant	\$7,848,571	\$7,941,474	\$17,252,507	\$8,794,730	\$7,736,693	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.24	1.52	-4507.32	8.16	4.07	16
Total Capitalization	\$8,640,315	\$7,727,630	\$7,372,195	\$9,556,647	\$8,721,045	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt				33.7%	39.0%	18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	64.4%	59.0%	20
Short-Term Debt				2.0%	2.0%	21
Pretax Coverage of Interest Expense	147.95	1.53	4.47	7.28	13.96	22
Com. Stock Dividends as a % of Earnings	46.9%				204.4%	23
Return on Common Equity	21.0%	4.7%	14.0%	17.6%	13.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	429.9%	2283.1%	-4054.9%	68.9%	150.8%	25
CWIP as a % of Plant	2.2%	1.0%	3.4%	9.0%	6.2%	26

Current Assets	1,996,025	7,413,147	8,004,995	2,062,178	3,038,610
Current Liabilities	8,335,373	4,864,033	(1,776)	252,771	746,508
Total Capitalization	8,640,315	7,727,630	7,372,195	9,556,647	8,721,045
Long-Term Debt				3,216,433	3,403,366
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	8,640,315	7,727,630	7,372,195	6,153,344	5,143,036
Short-Term Debt				186,870	174,643
Pretax Income	2,667,898	2,150,739	1,632,755	1,824,054	2,939,917
Interest Expense	18,033	1,403,297	365,397	250,459	210,624
Common Dividends Paid	805,000				1,550,000
Net Income (Excl. Preferred Stock Dividends)	1,717,686	355,435	948,687	996,745	758,200
Internal Cash	4,506,999	12,655,667	(8,052,799)	1,236,385	1,843,720
Cash Outflows for Construction	(1,048,382)	(554,313)	(198,595)	(1,795,287)	(1,222,880)
CWIP	481,203	201,270	669,693	1,776,380	1,118,476
Total Plant	21,556,378	20,507,995	19,953,682	19,755,087	17,907,375
Shares Outstanding	21,742	21,742	21,742	21,742	21,744
Number of Employees	9	9	9	11	11

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$13,731,482	\$1,123,358	\$14,064,934	\$16,065,884	\$11,214,003	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	8,484,266	8,283,877	4,946,636	7,781,445	6,152,441	2
Changes in Deferred Income Taxes	4,395,965	(15,590,457)	11,911,080	(19,221,431)	18,713,365	3
Changes in Working Capital	(2,471,766)	409,891,642	(396,514,273)	(3,072,714)	(8,626,225)	4
Capitalized AFDC - Equity				(240,382)	(275,276)	5
Other	(1,471,881)	(289,534,883)	295,051,900	8,697,057	(5,531,700)	6
Total Non-Cash Items	8,936,584	113,050,179	(84,604,657)	(6,056,025)	10,432,605	7
Net Cash Provided From Operating Activities	<u>22,668,066</u>	<u>114,173,537</u>	<u>(70,539,723)</u>	<u>10,009,859</u>	<u>21,646,608</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(5,918,552)	(4,636,296)	(2,380,053)	(12,735,149)	(12,572,293)	9
Purchase of Other Investments	(11,372,427)	(109,263,619)	88,540,793	2,944,702	5,981,621	10
Sale of Other Investments				588,713	(686,331)	11
Other				1,602,342		12
Net Cash Provided From Investing Activities	<u>(17,290,979)</u>	<u>(113,899,915)</u>	<u>86,160,740</u>	<u>(7,599,392)</u>	<u>(7,277,003)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt					(8,900,000)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(6,405,000)					17
Dividends Paid			(15,000,000)		(14,000,000)	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>	<u>(22,900,000)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(1,027,913)	273,622	621,017	(1,484,058)	(8,530,395)	21
Cash & Equivalents at Beginning of Year	1,552,325	1,278,703	657,686	2,141,744	10,672,139	22
Cash & Equivalents at End of Year	\$524,412	\$1,552,325	\$1,278,703	\$657,686	\$2,141,744	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$70,766,111	\$69,506,840	\$72,337,707	\$71,220,468	\$68,341,501
2 Access Lines	75,886	85,915	94,579	81,390	77,973
DOLLAR AMOUNTS					
3 Wages and Benefits	\$5,740,424	\$14,222,763	\$11,564,623	\$13,516,455	\$12,291,105
4 Depreciation and Amortization	9,283,347	2,339,939	7,246,492	9,691,183	6,755,686
5 Other Operations Expense	31,948,591	21,237,183	28,515,907	16,590,985	14,430,071
6 Total Operation Expenses	46,972,362	37,799,885	47,327,022	39,798,623	33,476,862
7 Income Taxes - Operating Taxes	7,259,818	10,176,769	3,591,084	11,515,980	20,076,309
8 Other Taxes - Operating Taxes	3,051,409	2,630,475	3,517,153	4,016,468	3,518,989
9 Capital Costs	13,482,522	18,899,711	17,902,448	15,889,397	11,269,341
10 Total	\$70,766,111	\$69,506,840	\$72,337,707	\$71,220,468	\$68,341,501
PERCENT OF REVENUES					
11 Wages and Benefits	8.1	20.5	16.0	19.0	18.0
12 Depreciation and Amortization	13.1	3.4	10.0	13.6	9.9
13 Other Operations Expense	45.1	30.6	39.4	23.3	21.1
14 Income Taxes - Operating Taxes	10.3	14.6	5.0	16.2	29.4
15 Other Taxes - Operating Taxes	4.3	3.8	4.9	5.6	5.1
16 Capital Costs	19.1	27.2	24.7	22.3	16.5
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	75.65	165.54	122.27	166.07	157.63
19 Depreciation and Amortization	122.33	27.24	76.62	119.07	86.64
20 Other Operations Expense	421.01	247.19	301.50	203.85	185.06
21 Income Taxes - Operating Taxes	95.67	118.45	37.97	141.49	257.48
22 Other Taxes - Operating Taxes	40.21	30.62	37.19	49.35	45.13
23 Capital Costs	177.67	219.98	189.29	195.23	144.53
24 Total	932.53	809.02	764.84	875.05	876.48

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$19,526,125	\$18,013,589	\$17,992,399	\$16,394,895	\$15,669,763	1
Central Office Assets	80,123,115	77,558,794	75,362,600	68,818,226	62,566,019	2
Information Origination/Termination	1,433,380	1,915,770	1,786,841	3,746,007	3,705,601	3
Cable And Wire Facilities	72,066,479	69,194,170	67,388,220	62,975,756	59,548,524	4
Amortizable Assets	31,214	31,215	45,953	45,953	45,953	5
Total Plant In Service	173,180,313	166,713,538	162,576,013	151,980,837	141,535,860	6
Property Held For Future Use	38,544	38,544	38,544	36,815	36,815	7
Plant Under Construction	2,465,566	3,013,790	2,515,018	10,731,871	8,201,317	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	175,684,423	169,765,872	165,129,575	162,749,523	149,773,992	13
Less Acc. Prov. For Depreciation & Amort.	103,396,710	94,912,444	86,628,567	81,681,931	73,311,773	14
Net Total Utility Plant	\$72,287,713	\$74,853,428	\$78,501,008	\$81,067,592	\$76,462,219	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.99	0.98	485.26	2.14	1.35	16
Total Capitalization	\$88,825,092	\$81,498,609	\$376,146,285	\$77,388,262	\$59,719,661	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%	21.4%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	N/A	N/A	N/A	N/A	98.26	22
Com. Stock Dividends as a % of Earnings	46.6%		106.6%		124.8%	23
Return on Common Equity	16.1%	1.4%	17.8%	23.4%	18.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	383.0%	2462.6%	-2963.8%	78.6%	172.2%	25
CWIP as a % of Plant	1.4%	1.8%	1.5%	6.6%	5.5%	26

Current Assets	17,669,001	71,999,810	411,586,859	19,576,161	22,143,516
Current Liabilities	17,899,251	73,566,773	848,181	9,162,488	16,375,069
Total Capitalization	88,825,092	81,498,609	376,146,285	77,388,262	59,719,661
Long-Term Debt			295,771,034		
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	88,825,092	81,498,609	80,375,251	77,388,262	59,719,661
Short-Term Debt					
Pretax Income	21,414,178	29,105,331	21,477,347	27,609,235	31,612,031
Interest Expense	30,020	23,249,745	3,821,329	(67,660)	321,719
Common Dividends Paid	6,405,000		15,000,000		14,000,000
Net Income (Excl. Preferred Stock Dividends)	13,731,482	1,123,358	14,064,934	16,065,884	11,214,003
Internal Cash	22,668,066	114,173,537	(70,539,723)	10,009,859	21,646,608
Cash Outflows for Construction	(5,918,552)	(4,636,296)	(2,380,053)	(12,735,149)	(12,572,293)
CWIP	2,465,566	3,013,790	2,515,018	10,731,871	8,201,317
Total Plant	175,684,422	169,765,872	165,129,575	162,749,523	149,773,992
Shares Outstanding	506,758	506,758	506,758	506,758	506,758
Number of Employees	70	73	101	229	244

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$1,488,471	(\$282,181)	\$1,762,199	\$731,131	(\$373,747)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,630,329	1,349,202	1,333,830	1,332,356	1,171,247	2
Changes in Deferred Income Taxes	(340,016)	1,137,022	385,025	(2,377,752)	2,571,433	3
Changes in Working Capital	(70,064)	25,915,069	(24,592,469)	1,368,702	(514,850)	4
Capitalized AFDC - Equity				45,797	(32,244)	5
Other	(39,854)	(13,470,494)	12,406,646	(112,606)	(44,253)	6
Total Non-Cash Items	1,180,395	14,930,799	(10,466,968)	256,497	3,151,333	7
Net Cash Provided From Operating Activities	<u>2,668,866</u>	<u>14,648,618</u>	<u>(8,704,769)</u>	<u>987,628</u>	<u>2,777,586</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(668,180)	(426,026)	(722,894)	(1,650,201)	(2,147,842)	9
Purchase of Other Investments	777,831	(14,191,504)	8,651,662	1,164,359	(299,843)	10
Sale of Other Investments				(604,884)	(33,598)	11
Other						12
Net Cash Provided From Investing Activities	<u>109,651</u>	<u>(14,617,530)</u>	<u>7,928,768</u>	<u>(1,090,726)</u>	<u>(2,481,283)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt			(95,062)	(89,584)	(83,541)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(2,750,000)				(2,000,000)	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>	<u>(2,083,541)</u>	20
Net Increase (Decrease) in Cash & Equivalents	28,517	31,088	(871,063)	(373,860)	(1,787,238)	21
Cash & Equivalents at Beginning of Year	32,206	1,118	872,181	1,246,041	3,033,279	22
Cash & Equivalents at End of Year	\$60,724	\$32,206	\$1,118	\$872,181	\$1,246,041	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$6,503,194	\$6,250,915	\$6,333,684	\$6,250,675	\$6,491,489
2 Access Lines	9,452	9,671	9,954	10,026	10,172
DOLLAR AMOUNTS					
3 Wages and Benefits	\$544,365	\$22,560	\$1,415,009	\$828,184	\$630,974
4 Depreciation and Amortization	1,672,331	2,193,096	2,702,623	1,396,699	1,216,730
5 Other Operations Expense	2,499,972	2,067,643	1,273,540	2,372,795	1,586,733
6 Total Operation Expenses	4,716,668	4,283,299	5,391,172	4,597,678	3,434,437
7 Income Taxes - Operating Taxes	824,227	713,576	97,755	503,167	3,118,530
8 Other Taxes - Operating Taxes	299,691	174,844	317,951	371,058	334,367
9 Capital Costs	662,607	1,079,196	526,806	778,772	(395,845)
10 Total	\$6,503,194	\$6,250,915	\$6,333,684	\$6,250,675	\$6,491,489
PERCENT OF REVENUES					
11 Wages and Benefits	8.4	0.4	22.3	13.2	9.7
12 Depreciation and Amortization	25.7	35.1	42.7	22.3	18.7
13 Other Operations Expense	38.4	33.1	20.1	38.0	24.4
14 Income Taxes - Operating Taxes	12.7	11.4	1.5	8.0	48.0
15 Other Taxes - Operating Taxes	4.6	2.8	5.0	5.9	5.2
16 Capital Costs	10.2	17.3	8.3	12.5	(6.1)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	57.59	2.33	142.15	82.60	62.03
19 Depreciation and Amortization	176.93	226.77	271.51	139.31	119.62
20 Other Operations Expense	264.49	213.80	127.94	236.66	155.99
21 Income Taxes - Operating Taxes	87.20	73.79	9.82	50.19	306.58
22 Other Taxes - Operating Taxes	31.71	18.08	31.94	37.01	32.87
23 Capital Costs	70.10	111.59	52.92	77.68	(38.92)
24 Total	688.02	646.36	636.30	623.45	638.17

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,969,238	\$1,867,385	\$1,943,992	\$1,811,087	\$1,755,867	1
Central Office Assets	9,975,864	9,722,213	9,622,174	8,914,957	8,276,584	2
Information Origination/Termination	48,665	150,518	150,518	338,730	230,326	3
Cable And Wire Facilities	10,301,524	9,963,425	9,529,248	8,478,443	7,329,656	4
Amortizable Assets						5
Total Plant In Service	22,295,291	21,703,541	21,245,932	19,543,217	17,592,433	6
Property Held For Future Use						7
Plant Under Construction	265,232	188,802	220,385	1,200,206	1,546,586	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	22,560,523	21,892,343	21,466,317	20,743,423	19,139,019	13
Less Acc. Prov. For Depreciation & Amort.	15,618,551	13,988,222	12,639,020	11,305,190	10,595,043	14
Net Total Utility Plant	\$6,941,972	\$7,904,121	\$8,827,297	\$9,438,233	\$8,543,976	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.49	0.69	112.28	1.04	2.65	16
Total Capitalization	\$5,903,127	\$7,164,654	\$21,570,813	\$7,501,815	\$6,889,214	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt			65.5%	21.0%	24.3%	18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	34.5%	77.7%	74.4%	20
Short-Term Debt				1.3%	1.3%	21
Pretax Coverage of Interest Expense	403.49	1.33	5.56	9.29	32.59	22
Com. Stock Dividends as a % of Earnings	151.3%				-535.1%	23
Return on Common Equity	22.8%	-3.9%	26.5%	13.3%	-5.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	399.4%	3438.4%	-1204.2%	59.8%	129.3%	25
CWIP as a % of Plant	1.2%	0.9%	1.0%	5.8%	8.1%	26

Current Assets	1,832,195	4,171,687	24,359,843	878,770	2,923,215
Current Liabilities	3,703,773	6,028,778	216,960	848,018	1,104,707
Total Capitalization	5,903,127	7,164,654	21,570,813	7,501,815	6,889,214
Long-Term Debt			14,123,979	1,577,355	1,672,467
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	5,903,127	7,164,654	7,446,834	5,829,398	5,127,621
Short-Term Debt				95,062	89,126
Pretax Income	2,318,444	1,753,977	2,267,694	1,354,424	2,831,672
Interest Expense	5,746	1,322,582	407,740	145,779	86,889
Common Dividends Paid	2,251,653				2,000,000
Net Income (Excl. Preferred Stock Dividends)	1,488,471	(282,181)	1,762,199	731,131	(373,747)
Internal Cash	2,668,866	14,648,618	(8,704,769)	987,628	2,777,586
Cash Outflows for Construction	(668,180)	(426,026)	(722,894)	(1,650,201)	(2,147,842)
CWIP	265,232	188,802	220,385	1,200,206	1,546,586
Total Plant	22,560,523	21,892,343	21,466,317	20,743,423	19,139,019
Shares Outstanding	100	100	100	100	2,369
Number of Employees	9	9	9	10	9

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	5,987,739	(721,360)	111,055	\$2,133,920	(\$472,213)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	2,780,775	2,377,136	552,900	2,118,407	1,563,770	2
Changes in Deferred Income Taxes	8,193,752	(8,068,793)	2,285,742	(5,271,230)	7,153,177	3
Changes in Working Capital	(26,351,090)	31,972,626	(67,406,398)	515,394	(10,860,872)	4
Capitalized AFDC - Equity				(201,309)	(173,986)	5
Other	110,239	430,209	49,834,909	(3,504,109)	(345,330)	6
Total Non-Cash Items	(15,266,324)	26,711,178	(14,732,847)	(6,342,847)	(2,663,241)	7
Net Cash Provided From Operating Activities	<u>(9,278,585)</u>	<u>25,989,818</u>	<u>(14,621,792)</u>	<u>(4,208,927)</u>	<u>(3,135,454)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,207,441)	(1,226,543)	(506,271)	(4,576,908)	(4,168,888)	9
Purchase of Other Investments	10,495,080	(24,720,641)	15,086,019	8,806,690	1,004,289	10
Sale of Other Investments				185,058	(65,592)	11
Other		67				12
Net Cash Provided From Investing Activities	<u>9,287,639</u>	<u>(25,947,117)</u>	<u>14,579,748</u>	<u>4,414,840</u>	<u>(3,230,191)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid					(500,000)	18
Other Financing				(203,729)		19
Net Cash Provided From Financing Activities				<u>(203,729)</u>	<u>(500,000)</u>	20
Net Increase (Decrease) in Cash & Equivalents	9,054	42,701	(42,044)	2,184	(6,865,645)	21
Cash & Equivalents at Beginning of Year	71,120	28,419	70,463	68,279	6,933,924	22
Cash & Equivalents at End of Year	\$80,175	\$71,120	\$28,419	\$70,463	\$68,279	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$13,765,744	\$13,009,691	\$12,778,047	\$12,584,837	\$13,202,268
2 Access Lines	19,395	21,252	21,262	21,041	20,854
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,182,461	\$1,866,668	\$1,455,294	\$1,213,724	\$898,581
4 Depreciation and Amortization	2,904,780	1,959,788	2,614,336	2,632,678	1,639,153
5 Other Operations Expense	(413,436)	4,612,777	7,652,998	4,111,404	2,937,563
6 Total Operation Expenses	3,673,805	8,439,233	11,722,628	7,957,806	5,475,297
7 Income Taxes - Operating Taxes	3,256,239	543,885	(862,647)	1,358,704	6,800,059
8 Other Taxes - Operating Taxes	584,964	541,761	712,662	955,314	1,005,188
9 Capital Costs	6,250,736	3,484,812	1,205,404	2,313,013	(78,276)
10 Total	\$13,765,744	\$13,009,691	\$12,778,047	\$12,584,837	\$13,202,268
PERCENT OF REVENUES					
11 Wages and Benefits	8.6	14.3	11.4	9.6	6.8
12 Depreciation and Amortization	21.1	15.1	20.5	20.9	12.4
13 Other Operations Expense	(3.0)	35.5	59.9	32.7	22.3
14 Income Taxes - Operating Taxes	23.7	4.2	(6.8)	10.8	51.5
15 Other Taxes - Operating Taxes	4.2	4.2	5.6	7.6	7.6
16 Capital Costs	45.4	26.8	9.4	18.4	(0.6)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	60.97	87.83	68.45	57.68	43.09
19 Depreciation and Amortization	149.77	92.22	122.96	125.12	78.60
20 Other Operations Expense	(21.32)	217.05	359.94	195.40	140.86
21 Income Taxes - Operating Taxes	167.89	25.59	(40.57)	64.57	326.08
22 Other Taxes - Operating Taxes	30.16	25.49	33.52	45.40	48.20
23 Capital Costs	322.29	163.98	56.69	109.93	(3.75)
24 Total	709.76	612.16	600.98	598.11	633.08

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
<u>Plant In Service</u>						
General Support Assets	\$2,598,380	\$2,559,088	\$2,575,666	\$2,344,677	\$2,295,527	1
Central Office Assets	21,363,428	20,728,917	20,057,615	17,788,696	14,595,207	2
Information Origination/Termination	205,501	175,578	159,130	1,089,391	1,120,816	3
Cable And Wire Facilities	24,375,692	23,636,849	22,425,136	19,726,334	18,340,025	4
Amortizable Assets			1	786	786	5
Total Plant In Service	48,543,001	47,100,432	45,217,548	40,949,884	36,352,361	6
Property Held For Future Use	56,888	56,888	56,888	56,888	56,888	7
Plant Under Construction	491,102	648,244	1,304,585	5,065,976	4,885,282	8
Tel. Acquisition		78,169	78,167	78,169	78,169	9
Other Plant						10
Nonoperating Plant	181					11
Goodwill						12
Total Telecommunications Plant	49,091,172	47,883,733	46,657,188	46,150,917	41,372,700	13
Less Acc. Prov. For Depreciation & Amort.	27,293,852	24,513,077	22,135,941	21,583,041	19,279,576	14
Net Total Utility Plant	\$21,797,320	\$23,370,656	\$24,521,247	\$24,567,876	\$22,093,124	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	7.45	0.10	3023.62	26.26	1.58	16
Total Capitalization	\$19,368,491	\$13,380,720	\$64,101,117	\$13,670,678	\$16,236,301	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt			78.0%		28.9%	18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	22.0%	100.0%	71.1%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	36.01	0.96	0.33	8.15	12.28	22
Com. Stock Dividends as a % of Earnings					-105.9%	23
Return on Common Equity	36.6%	-5.2%	0.8%	16.9%	-3.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-768.5%	2118.9%	-2888.1%	-92.0%	-75.2%	25
CWIP as a % of Plant	1.0%	1.4%	2.8%	11.0%	11.8%	26

Current Assets	15,251,468	1,484,516	69,153,272	1,328,346	5,026,709
Current Liabilities	2,046,919	14,510,182	22,871	50,589	3,185,322
Total Capitalization	19,368,491	13,380,720	64,101,117	13,670,678	16,236,301
Long-Term Debt			49,999,037		4,700,000
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	19,368,491	13,380,720	14,102,080	13,670,678	11,536,301
Short-Term Debt					
Pretax Income	9,508,014	4,062,101	366,209	3,870,907	6,888,922
Interest Expense	264,036	4,239,576	1,117,801	474,717	561,076
Common Dividends Paid					500,000
Net Income (Excl. Preferred Stock Dividends)	5,987,739	(721,360)	111,055	2,133,920	(472,213)
Internal Cash	(9,278,585)	25,989,818	(14,621,792)	(4,208,927)	(3,135,454)
Cash Outflows for Construction	(1,207,441)	(1,226,543)	(506,271)	(4,576,908)	(4,168,888)
CWIP	491,102	648,244	1,304,585	5,065,976	4,885,282
Total Plant	49,091,172	47,883,733	46,657,188	46,150,917	41,372,700
Shares Outstanding	200	200	200	200	200
Number of Employees	14	15	16	16	15

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$143,885	\$303,841	(\$295,009)	\$80,244	\$180,548	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	584,328	537,975	581,017	555,619	518,868	2
Changes in Deferred Income Taxes	(71,359)	(30,803)	(79,163)	(110,933)	(77,456)	3
Changes in Working Capital	(253,552)	423,796	(42,738)	(268,773)	351,351	4
Capitalized AFDC - Equity						5
Other	36,505	131,486	446,211	88,898	117,012	6
Total Non-Cash Items	295,922	1,062,454	905,327	264,811	909,775	7
Net Cash Provided From Operating Activities	439,807	1,366,295	610,318	345,055	1,090,323	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(306,004)	(577,815)	(438,892)	(560,536)	(526,245)	9
Purchase of Other Investments	(15,935)	(209,675)	112,635	20,237	42,058	10
Sale of Other Investments	1,595	(7,181)	14,416	(11,746)	(4,794)	11
Other	(73,784)	(104,095)				12
Net Cash Provided From Investing Activities	(394,128)	(898,766)	(311,841)	(552,045)	(488,981)	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(87,137)	(82,911)	(78,887)	(75,077)	(71,400)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt				(17,714)	(18,000)	17
Dividends Paid	(23,551)	(211,045)	(14,774)	(12,630)	(20,893)	18
Other Financing	(58,970)	(290,382)				19
Net Cash Provided From Financing Activities	(169,658)	(584,338)	(93,661)	(105,421)	(110,293)	20
Net Increase (Decrease) in Cash & Equivalents	(123,979)	(116,809)	204,816	(312,411)	491,049	21
Cash & Equivalents at Beginning of Year	2,170,171	2,286,980	2,082,164	2,394,575	1,903,526	22
Cash & Equivalents at End of Year	\$2,046,192	\$2,170,171	\$2,286,980	\$2,082,164	\$2,394,575	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$3,503,071	\$3,845,378	\$3,626,837	\$3,862,798	\$3,819,125
2 Access Lines	3,003	3,090	3,099	3,123	3,080
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,711,482	\$1,532,921	\$1,690,217	\$1,510,224	\$1,478,273
4 Depreciation and Amortization	590,919	544,458	580,063	561,524	524,301
5 Other Operations Expense	1,141,586	1,160,675	1,085,154	1,197,827	1,085,612
6 Total Operation Expenses	3,443,986	3,238,054	3,355,434	3,269,575	3,088,186
7 Income Taxes - Operating Taxes	(78,696)	133,564	(52,512)	192,159	130,887
8 Other Taxes - Operating Taxes	152,710	160,127	151,291	122,613	159,254
9 Capital Costs	(14,929)	313,633	172,624	278,451	440,798
10 Total	\$3,503,071	\$3,845,378	\$3,626,837	\$3,862,798	\$3,819,125
PERCENT OF REVENUES					
11 Wages and Benefits	48.9	39.9	46.6	39.1	38.7
12 Depreciation and Amortization	16.9	14.2	16.0	14.5	13.7
13 Other Operations Expense	32.6	30.2	29.9	31.0	28.4
14 Income Taxes - Operating Taxes	(2.2)	3.5	(1.4)	5.0	3.4
15 Other Taxes - Operating Taxes	4.4	4.2	4.2	3.2	4.2
16 Capital Costs	(0.4)	8.2	4.8	7.2	11.5
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	569.92	496.09	545.41	483.58	479.96
19 Depreciation and Amortization	196.78	176.20	187.18	179.80	170.23
20 Other Operations Expense	380.15	375.62	350.16	383.55	352.47
21 Income Taxes - Operating Taxes	(26.21)	43.22	(16.94)	61.53	42.50
22 Other Taxes - Operating Taxes	50.85	51.82	48.82	39.26	51.71
23 Capital Costs	(4.97)	101.50	55.70	89.16	143.12
24 Total	1,166.52	1,244.46	1,170.32	1,236.89	1,239.98

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,529,506	\$1,401,162	\$ 1,150,737	\$1,150,219	\$1,088,104	1
Central Office Assets	3,305,445	3,313,166	3,083,247	2,940,285	2,628,536	2
Information Origination/Termination	181,672	181,672	181,672	181,672	181,672	3
Cable And Wire Facilities	3,568,157	3,554,160	3,534,273	3,496,291	3,361,674	4
Amortizable Assets	375,712	367,290	367,290	350,429	315,616	5
Total Plant In Service	8,960,492	8,817,450	8,317,219	8,118,896	7,575,602	6
Property Held For Future Use					22,500	7
Plant Under Construction	5,174	439	15,675			8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	8,965,666	8,817,889	8,332,894	8,118,896	7,598,102	13
Less Acc. Prov. For Depreciation & Amort.	5,843,542	5,416,800	4,979,760	4,607,480	4,103,789	14
Net Total Utility Plant	\$3,122,124	\$3,401,089	\$3,353,134	\$3,511,416	\$3,494,313	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	45.86	4.48	23.20	22.65	12.00	16
Total Capitalization	\$9,721,377	\$9,644,334	\$9,562,099	\$9,984,199	\$10,009,379	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	6.8%	7.7%	8.7%	9.1%	9.8%	18
Preferred Stock						19
Common Stock & Retained Earnings	93.2%	92.3%	91.3%	90.9%	90.0%	20
Short-Term Debt					0.2%	21
Pretax Coverage of Interest Expense	0.34	12.37	-6.74	3.50	7.14	22
Com. Stock Dividends as a % of Earnings	16.4%	69.5%	-5.0%	15.7%	11.6%	23
Return on Common Equity	1.6%	3.4%	-3.3%	0.9%	2.0%	24
Internal Cash Generated as a % of Cash Outflows for Construction	143.7%	236.5%	139.1%	61.6%	207.2%	25
CWIP as a % of Plant	0.1%	0.0%	0.2%		0.3%	26

Current Assets	3,028,689	3,848,964	3,252,033	2,978,128	3,141,065
Current Liabilities	66,046	860,067	140,161	131,502	261,861
Total Capitalization	9,721,377	9,644,334	9,562,099	9,984,199	10,009,379
Long-Term Debt	657,253	744,390	827,301	906,188	981,265
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	9,064,124	8,899,944	8,734,798	9,078,011	9,010,400
Short-Term Debt					17,714
Pretax Income	12,238	496,805	(301,811)	170,774	387,339
Interest Expense	35,892	40,161	44,810	48,724	54,222
Common Dividends Paid	23,551	211,045	14,774	12,630	20,893
Net Income (Excl. Preferred Stock Dividends)	143,885	303,841	(294,109)	80,244	180,548
Internal Cash	439,807	1,366,295	610,318	345,055	1,090,323
Cash Outflows for Construction	(306,004)	(577,815)	(438,892)	(560,536)	(526,245)
CWIP	5,174	439	15,675		22,500
Total Plant	8,965,666	8,817,889	8,332,894	8,118,896	7,598,102
Shares Outstanding	800	800	800	800	800
Number of Employees	18	18	20	23	23

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$264,624	\$80,147	(\$355,161)	(\$394,572)	(\$141,079)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	233,971	248,612	243,795	258,026	267,889	2
Changes in Deferred Income Taxes	(2,666)	(29,245)	(84,857)			3
Changes in Working Capital	40,599	21,566	39,226	(35,470)	207,132	4
Capitalized AFDC - Equity				(97,907)	(40,929)	5
Other	(129,680)	(58,606)	364,748	418,813	184,485	6
Total Non-Cash Items	142,224	182,327	562,912	543,462	618,577	7
Net Cash Provided From Operating Activities	<u>406,848</u>	<u>262,474</u>	<u>207,751</u>	<u>148,890</u>	<u>477,498</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(168,041)	(142,497)	(89,988)	(369,574)	(53,338)	9
Purchase of Other Investments	(273,299)	686,087	196,910	310,541	(234,306)	10
Sale of Other Investments	27,513	1,450	7,958	4,211	(328)	11
Other	(90,780)	(92,204)	(235,063)	(88,518)	(81,407)	12
Net Cash Provided From Investing Activities	<u>(504,607)</u>	<u>452,836</u>	<u>(120,183)</u>	<u>(143,340)</u>	<u>(369,379)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(91,841)	(85,641)	(79,856)	(74,497)	(69,453)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt		(382,566)	(64,475)	65,041	(50,000)	17
Dividends Paid	(24,000)	(18,000)				18
Other Financing			144,000			19
	<u>270,999</u>					
Net Cash Provided From Financing Activities	<u>155,158</u>	<u>(486,207)</u>	<u>(331)</u>	<u>(9,456)</u>	<u>(119,453)</u>	20
Net Increase (Decrease) in Cash & Equivalents	57,399	229,103	87,237	(3,906)	(11,334)	21
Cash & Equivalents at Beginning of Year	363,180	134,077	46,840	50,746	62,080	22
Cash & Equivalents at End of Year	\$420,579	\$363,180	\$134,077	\$46,840	\$50,746	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$2,027,455	\$1,853,174	\$1,783,168	\$1,754,636	\$1,795,183
2 Access Lines	1,809	1,838	1,870	1,946	1,879
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,007,181	\$967,413	\$924,513	\$847,537	\$797,673
4 Depreciation and Amortization	232,735	247,376	242,559	256,790	266,653
5 Other Operations Expense	518,226	485,560	466,551	492,625	461,645
6 Total Operation Expenses	1,758,142	1,700,349	1,633,623	1,596,952	1,525,971
7 Income Taxes - Operating Taxes	30,889	(21,507)	(12,428)	(18,608)	4,046
8 Other Taxes - Operating Taxes	87,929	88,744	81,099	80,199	87,943
9 Capital Costs	150,495	85,588	80,874	96,093	177,223
10 Total	\$2,027,455	\$1,853,174	\$1,783,168	\$1,754,636	\$1,795,183
PERCENT OF REVENUES					
11 Wages and Benefits	49.7	52.2	51.8	48.3	44.4
12 Depreciation and Amortization	11.5	13.3	13.6	14.6	14.9
13 Other Operations Expense	25.6	26.2	26.2	28.1	25.7
14 Income Taxes - Operating Taxes	1.5	(1.2)	(0.7)	(1.1)	0.2
15 Other Taxes - Operating Taxes	4.3	4.8	4.5	4.6	4.9
16 Capital Costs	7.4	4.6	4.5	5.5	9.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	556.76	526.34	494.39	435.53	424.52
19 Depreciation and Amortization	128.65	134.59	129.71	131.96	141.91
20 Other Operations Expense	286.47	264.18	249.49	253.15	245.69
21 Income Taxes - Operating Taxes	17.08	(11.70)	(6.65)	(9.56)	2.15
22 Other Taxes - Operating Taxes	48.61	48.28	43.37	41.21	46.80
23 Capital Costs	83.19	46.57	43.25	49.38	94.32
24 Total	1,120.76	1,008.26	953.57	901.66	955.39

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,244,329	\$1,207,257	\$1,308,440	\$1,344,613	\$1,313,771	1
Central Office Assets	1,407,644	1,351,462	1,270,459	1,196,597	1,112,223	2
Information Origination/Termination	63,822	64,087	64,366	64,629	64,843	3
Cable And Wire Facilities	1,857,592	1,841,904	1,814,323	1,802,908	1,592,542	4
Amortizable Assets						5
Total Plant In Service	4,573,387	4,464,710	4,457,588	4,408,747	4,083,379	6
Property Held For Future Use						7
Plant Under Construction		14,239				8
Tel. Acquisition	72,459	72,459	72,459	72,459	72,459	9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	4,645,846	4,551,408	4,530,047	4,481,206	4,155,838	13
Less Acc. Prov. For Depreciation & Amort.	2,935,573	2,748,929	2,621,238	2,411,867	2,195,072	14
Net Total Utility Plant	\$1,710,273	\$1,802,479	\$1,908,809	\$2,069,339	\$1,960,766	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	5.24	5.33	3.36	1.64	1.72	16
Total Capitalization	\$4,472,064	\$4,323,281	\$4,651,905	\$5,175,792	\$5,579,820	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	15.1%	17.9%	18.6%	18.4%	18.5%	18
Preferred Stock						19
Common Stock & Retained Earnings	82.7%	80.0%	71.3%	71.5%	73.3%	20
Short-Term Debt	2.2%	2.1%	10.1%	10.2%	8.2%	21
Pretax Coverage of Interest Expense	6.23	1.81	-2.88	-2.86	-0.17	22
Com. Stock Dividends as a % of Earnings	9.1%	22.5%				23
Return on Common Equity	7.4%	2.4%	-10.1%	-10.1%	-3.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	242.1%	184.2%	230.9%	40.3%	895.2%	25
CWIP as a % of Plant		0.3%				26

Current Assets	1,662,117	1,518,171	1,927,172	3,257,405	3,506,034
Current Liabilities	317,201	284,637	573,526	1,984,365	2,035,465
Total Capitalization	4,472,064	4,323,281	4,651,905	5,175,792	5,579,820
Long-Term Debt	675,074	773,572	865,408	951,033	1,030,903
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	3,698,848	3,458,224	3,318,641	3,698,197	4,092,769
Short-Term Debt	98,142	91,485	467,856	526,562	456,148
Pretax Income	369,290	148,281	(268,013)	(306,507)	(20,442)
Interest Expense	59,277	82,141	93,076	107,147	117,066
Common Dividends Paid	24,000	18,000			
Net Income (Excl. Preferred Stock Dividends)	264,624	80,147	(355,161)	(394,572)	(141,079)
Internal Cash	406,848	262,474	207,751	148,890	477,498
Cash Outflows for Construction	(168,041)	(142,497)	(89,988)	(369,574)	(53,338)
CWIP		14,239			
Total Plant	4,645,846	4,551,408	4,530,047	4,481,206	4,155,838
Shares Outstanding	1,200	1,200	1,200	1,200	1,200
Number of Employees	12	12	12	12	13

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	(\$482,207)	(\$132,078)	\$74,816	\$333,346	\$695,210	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	582,071	607,242	645,415	632,515	596,901	2
Changes in Deferred Income Taxes	(35,067)	(38,634)	(68,380)	(136,100)	(92,915)	3
Changes in Working Capital	70,932	55,707	1,104	(8,434)	(488,019)	4
Capitalized AFDC - Equity						5
Other	636,888	272,000	(311,620)	(262,583)	(195,416)	6
Total Non-Cash Items	1,254,824	896,315	266,519	225,398	(179,449)	7
Net Cash Provided From Operating Activities	<u>772,617</u>	<u>764,237</u>	<u>341,335</u>	<u>558,744</u>	<u>515,761</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(460,628)	(250,553)	(294,561)	(485,465)	(515,694)	9
Purchase of Other Investments	28,140	(358,810)	165,249	(739,567)	(294,518)	10
Sale of Other Investments	(3,437)	(6,354)	254,298	538,083		11
Other	188,648					12
Net Cash Provided From Investing Activities	<u>(247,277)</u>	<u>(615,717)</u>	<u>124,986</u>	<u>(686,949)</u>	<u>(810,212)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(98,165)	(130,652)	(120,461)	(111,255)	(102,727)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt			(200,000)	575,000		17
Dividends Paid	(227,500)					18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(325,665)</u>	<u>(130,652)</u>	<u>(320,461)</u>	<u>463,745</u>	<u>(102,727)</u>	20
Net Increase (Decrease) in Cash & Equivalents	199,675	17,868	145,860	335,540	(397,178)	21
Cash & Equivalents at Beginning of Year	815,032	797,164	651,304	315,764	712,942	22
Cash & Equivalents at End of Year	\$1,014,707	\$815,032	\$797,164	\$651,304	\$315,764	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$3,091,930	\$3,147,705	\$3,122,840	\$3,056,895	\$3,169,946
2 Access Lines	4,496	4,558	4,654	4,625	4,571

DOLLAR AMOUNTS

3 Wages and Benefits	\$1,172,051	\$1,233,076	\$1,130,387	\$1,142,896	\$1,006,576
4 Depreciation and Amortization	581,557	606,729	644,903	632,000	596,388
5 Other Operations Expense	794,170	865,830	879,853	798,409	914,933
6 Total Operation Expenses	2,547,778	2,705,635	2,655,143	2,573,305	2,517,897
7 Income Taxes - Operating Taxes	78,727	31,182	37,257	42,827	114,983
8 Other Taxes - Operating Taxes	149,127	144,375	142,803	139,698	121,163
9 Capital Costs	316,298	266,513	287,637	301,065	415,903
10 Total	\$3,091,930	\$3,147,705	\$3,122,840	\$3,056,895	\$3,169,946

PERCENT OF REVENUES

11 Wages and Benefits	37.9	39.2	36.2	37.4	31.8
12 Depreciation and Amortization	18.8	19.3	20.7	20.7	18.8
13 Other Operations Expense	25.7	27.5	28.2	26.1	28.9
14 Income Taxes - Operating Taxes	2.5	1.0	1.2	1.4	3.6
15 Other Taxes - Operating Taxes	4.8	4.6	4.6	4.6	3.8
16 Capital Costs	10.2	8.5	9.2	9.8	13.1
17 Total	100.0	100.0	100.0	100.0	100.0

DOLLARS PER ACCESS LINE

18 Wages and Benefits	260.69	270.53	242.89	247.11	220.21
19 Depreciation and Amortization	129.35	133.11	138.57	136.65	130.47
20 Other Operations Expense	176.64	189.96	189.05	172.63	200.16
21 Income Taxes - Operating Taxes	17.51	6.84	8.01	9.26	25.15
22 Other Taxes - Operating Taxes	33.17	31.68	30.68	30.20	26.51
23 Capital Costs	70.35	58.47	61.80	65.10	90.99
24 Total	687.71	690.59	671.00	660.95	693.49

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,444,276	\$1,337,669	\$1,295,310	\$1,330,991	\$1,264,143	1
Central Office Assets	4,001,251	3,799,297	3,706,880	3,669,841	3,532,948	2
Information Origination/Termination	145,154	145,154	145,154	168,694	168,694	3
Cable And Wire Facilities	4,968,770	4,862,519	4,752,097	4,626,493	4,465,710	4
Amortizable Assets	290	290	290	290	290	5
Total Plant In Service	10,559,741	10,144,929	9,899,731	9,796,309	9,431,785	6
Property Held For Future Use				50,161		7
Plant Under Construction	22,756		1,256			8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	10,582,497	10,144,929	9,900,987	9,846,470	9,431,785	13
Less Acc. Prov. For Depreciation & Amort.	7,531,078	6,968,894	6,379,498	5,962,780	5,379,127	14
Net Total Utility Plant	\$3,051,419	\$3,176,035	\$3,521,489	\$3,883,690	\$4,052,658	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.53	4.40	4.04	3.38	6.22	16
Total Capitalization	\$7,798,607	\$8,490,378	\$8,697,734	\$9,585,546	\$8,810,994	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	6.8%	7.4%	8.7%	9.2%	11.2%	18
Preferred Stock						19
Common Stock & Retained Earnings	88.4%	88.2%	87.0%	84.8%	88.8%	20
Short-Term Debt	4.8%	4.4%	4.3%	6.0%		21
Pretax Coverage of Interest Expense	-13.63	-1.97	4.46	8.40	11.04	22
Com. Stock Dividends as a % of Earnings	-47.2%					23
Return on Common Equity	-6.7%	-1.8%	1.0%	4.2%	9.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	167.7%	305.0%	115.9%	115.1%	100.0%	25
CWIP as a % of Plant	0.2%		0.0%			26

Current Assets	2,156,297	3,149,066	3,227,026	3,441,991	2,367,033
Current Liabilities	850,672	714,893	799,139	1,018,147	380,541
Total Capitalization	7,798,607	8,490,378	8,697,734	9,585,546	8,810,994
Long-Term Debt	529,776	627,941	758,593	879,054	990,309
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	6,893,831	7,487,437	7,564,141	8,131,492	7,820,685
Short-Term Debt	375,000	375,000	375,000	575,000	
Pretax Income	(404,687)	(77,914)	227,191	535,905	864,340
Interest Expense	29,697	39,497	50,904	63,780	78,288
Common Dividends Paid	227,500				
Net Income (Excl. Preferred Stock Dividends)	(482,207)	(132,078)	74,816	333,346	695,210
Internal Cash	772,617	764,237	341,335	558,744	515,761
Cash Outflows for Construction	(460,628)	(250,553)	(294,561)	(485,465)	(515,694)
CWIP	22,756		1,256		
Total Plant	10,582,497	10,144,929	9,900,987	9,846,470	9,431,785
Shares Outstanding	1,300	1,300	1,300	1,300	1,300
Number of Employees	23	19	19	18	18

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	(\$463,040)	(\$68,200)	\$34,434	\$425,837	\$381,032	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,361,368	1,331,706	1,261,223	1,199,411	1,121,589	2
Changes in Deferred Income Taxes	(123,288)	(54,853)	(85,649)	(231,487)	(158,200)	3
Changes in Working Capital	(1,756,075)	1,678,965	(6,368)	164,138	(111,998)	4
Capitalized AFDC - Equity						5
Other	154,681	206,751	106,517	92,758	11,077	6
Total Non-Cash Items	(363,314)	3,162,569	1,275,723	1,224,820	862,468	7
Net Cash Provided From Operating Activities	<u>(826,354)</u>	<u>3,094,369</u>	<u>1,310,157</u>	<u>1,650,657</u>	<u>1,243,500</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(567,762)	(638,723)	(946,003)	(802,570)	(868,763)	9
Purchase of Other Investments			(140,847)	(128,889)	(249,200)	10
Sale of Other Investments	218,414	(22,754)	2,669	20,288	56,772	11
Other						12
Net Cash Provided From Investing Activities	<u>(349,348)</u>	<u>(661,477)</u>	<u>(1,084,181)</u>	<u>(911,171)</u>	<u>(1,061,191)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(217,477)	(205,813)	(194,839)	(184,552)	(174,620)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(109,140)	(1,590,555)	(109,140)	(109,140)	(109,140)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(326,617)</u>	<u>(1,796,368)</u>	<u>(303,979)</u>	<u>(293,692)</u>	<u>(283,760)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(1,502,319)	636,524	(78,003)	445,794	(101,451)	21
Cash & Equivalents at Beginning of Year	3,496,124	2,859,600	2,937,603	2,491,809	2,593,260	22
Cash & Equivalents at End of Year	\$1,993,805	\$3,496,124	\$2,859,600	\$2,937,603	\$2,491,809	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$5,078,826	\$5,221,949	\$4,841,973	\$4,991,193	\$4,798,873
2 Access Lines	7,220	7,136	7,200	7,201	7,150
DOLLAR AMOUNTS					
3 Wages and Benefits	\$2,043,822	\$2,200,789	\$2,072,794	\$2,022,449	\$1,952,196
4 Depreciation and Amortization	1,360,665	1,331,003	1,260,520	1,198,708	1,120,886
5 Other Operations Expense	937,888	963,443	874,471	802,817	803,100
6 Total Operation Expenses	4,342,375	4,495,235	4,207,785	4,023,974	3,876,182
7 Income Taxes - Operating Taxes	91,889	14,325	(16,993)	(12,921)	39,494
8 Other Taxes - Operating Taxes	306,925	300,742	279,265	268,962	285,920
9 Capital Costs	337,637	411,647	371,916	711,178	597,277
10 Total	\$5,078,826	\$5,221,949	\$4,841,973	\$4,991,193	\$4,798,873
PERCENT OF REVENUES					
11 Wages and Benefits	40.2	42.1	42.8	40.5	40.7
12 Depreciation and Amortization	26.8	25.5	26.0	24.0	23.4
13 Other Operations Expense	18.5	18.4	18.1	16.1	16.7
14 Income Taxes - Operating Taxes	1.8	0.3	(0.4)	(0.3)	0.8
15 Other Taxes - Operating Taxes	6.0	5.8	5.8	5.4	6.0
16 Capital Costs	6.6	7.9	7.7	14.2	12.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	283.08	308.41	287.89	280.86	273.03
19 Depreciation and Amortization	188.46	186.52	175.07	166.46	156.77
20 Other Operations Expense	129.90	135.01	121.45	111.49	112.32
21 Income Taxes - Operating Taxes	12.73	2.01	(2.36)	(1.79)	5.52
22 Other Taxes - Operating Taxes	42.51	42.14	38.79	37.35	39.99
23 Capital Costs	46.76	57.69	51.66	98.76	83.54
24 Total	703.44	731.78	672.50	693.12	671.17

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,141,128	\$3,192,448	\$3,079,321	\$2,928,067	\$2,977,907	1
Central Office Assets	5,775,349	5,552,569	5,306,288	4,905,064	4,845,013	2
Information Origination/Termination	290,941	290,273	295,647	299,428	302,206	3
Cable And Wire Facilities	9,762,431	9,752,521	9,520,868	9,167,934	8,918,882	4
Amortizable Assets						5
Total Plant In Service	18,969,849	18,787,811	18,202,124	17,300,493	17,044,008	6
Property Held For Future Use						7
Plant Under Construction	83,875	61,655	81,894	155,302	54,606	8
Tel. Acquisition						9
Other Plant	(50)	(50)	(50)	(50)	(50)	10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	19,053,674	18,849,416	18,283,968	17,455,745	17,098,564	13
Less Acc. Prov. For Depreciation & Amort.	12,658,496	11,676,779	10,445,971	9,326,760	8,531,492	14
Net Total Utility Plant	\$6,395,178	\$7,172,637	\$7,837,997	\$8,128,985	\$8,567,072	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	8.93	2.19	9.44	7.82	8.21	16
Total Capitalization	\$12,307,826	\$12,627,560	\$14,742,713	\$15,548,998	\$15,478,998	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	20.2%	21.4%	19.7%	20.0%	21.2%	18
Preferred Stock						19
Common Stock & Retained Earnings	79.8%	78.6%	80.3%	80.0%	78.8%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	-2.90	0.69	1.11	2.75	3.02	22
Com. Stock Dividends as a % of Earnings	-23.6%	-2332.2%	317.0%	25.6%	28.6%	23
Return on Common Equity	-4.7%	-0.6%	0.3%	3.5%	3.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-145.5%	484.5%	138.5%	205.7%	143.1%	25
CWIP as a % of Plant	0.4%	0.3%	0.4%	0.9%	0.3%	26

Current Assets	3,052,425	4,528,693	3,946,341	4,154,868	3,740,555
Current Liabilities	341,671	2,066,087	417,870	531,199	455,789
Total Capitalization	12,307,826	12,627,560	14,742,713	15,548,998	15,478,998
Long-Term Debt	2,484,455	2,701,932	2,907,745	3,102,584	3,287,136
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	9,823,371	9,925,628	11,834,968	12,446,414	12,191,862
Short-Term Debt					
Pretax Income	(487,807)	124,014	211,601	553,709	636,960
Interest Expense	167,949	179,688	190,737	201,090	211,089
Common Dividends Paid	109,140	1,590,555	109,140	109,140	109,140
Net Income (Excl. Preferred Stock Dividends)	(463,040)	(68,200)	34,434	425,837	381,032
Internal Cash	(826,354)	3,094,369	1,310,157	1,650,657	1,243,500
Cash Outflows for Construction	(567,762)	(638,723)	(946,003)	(802,570)	(868,763)
CWIP	83,875	61,655	81,894	155,302	54,606
Total Plant	19,053,674	18,849,416	18,283,968	17,455,745	17,098,564
Shares Outstanding	462	642	642	642	642
Number of Employees	37	38	38	38	38

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	(\$543,733,366)	(\$692,122,925)	(\$311,645,073)	(\$333,995,945)	\$98,549,280	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	2,119,099,426	2,153,299,570	2,155,679,557	2,015,837,253	1,988,118,118	2
Changes in Deferred Income Taxes	156,397,797	163,958,548	42,267,069	(213,888,928)	(82,413,800)	3
Changes in Working Capital	(655,025,545)	243,380,903	(3,901,095,104)	251,874,397	85,092,217	4
Capitalized AFDC - Equity						5
Other	479,388,869	1,511,632,502	390,123,837	537,823,455	(146,517,801)	6
Total Non-Cash Items	2,099,860,547	4,072,271,524	(1,313,024,642)	2,591,646,178	1,844,278,734	7
Net Cash Provided From Operating Activities	1,556,127,181	3,380,148,599	(1,624,669,715)	2,257,650,232	1,942,828,014	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,214,548,886)	(1,208,882,902)	(1,767,992,754)	(2,407,469,463)	(2,350,142,918)	9
Purchase of Other Investments						10
Sale of Other Investments	(67,657,690)	211,875,661	189,250,848	117,379,387	10,647,300	11
Other		(899,393,883)	(134,066,362)	(31,283,459)	(884,208,600)	12
Net Cash Provided From Investing Activities	(1,282,206,576)	(1,896,401,125)	(1,712,808,268)	(2,321,373,534)	(3,223,704,218)	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(849,491,046)	(1,100,705,361)	1,089,371,546	(427,935,000)	(70,000,000)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	606,498,535	(71,690,113)	2,412,385,339	847,441,759	1,444,875,900	17
Dividends Paid		(180,000,000)	(134,000,000)	(195,000,000)	(149,300,000)	18
Other Financing	(30,920,615)	(131,345,852)	(33,590,541)	(186,569,932)	20,955,800	19
	29,668,628	(137,543,854)	22,940,478	172,685,177	4,618,000	
Net Cash Provided From Financing Activities	(244,244,497)	(1,621,285,180)	3,357,106,822	210,622,004	1,251,149,700	20
Net Increase (Decrease) in Cash & Equivalents	29,676,107	(137,537,706)	19,628,840	146,898,701	(29,726,504)	21
Cash & Equivalents at Beginning of Year	417,323,246	554,860,952	535,232,112	388,333,411	418,059,915	22
Cash & Equivalents at End of Year	\$446,999,353	\$417,323,246	\$554,860,952	\$535,232,112	\$388,333,411	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$6,725,463,904	\$6,922,943,037	\$7,308,865,938	\$7,454,056,102	\$7,858,214,435
2 Access Lines	9,577,469	10,252,109	11,310,822	11,310,822	11,887,948
DOLLAR AMOUNTS					
3 Wages and Benefits	\$3,375,199,059	\$4,177,039,311	\$3,447,644,857	\$3,267,374,000	\$2,322,861,917
4 Depreciation and Amortization	2,119,099,426	2,153,299,570	2,155,679,557	2,015,837,253	1,988,118,118
5 Other Operations Expense	1,666,467,043	1,682,492,927	1,660,731,863	2,036,382,216	2,817,778,590
6 Total Operation Expenses	7,160,765,528	8,012,831,809	7,264,056,277	7,319,593,469	7,128,758,625
7 Income Taxes - Operating Taxes	(416,700,998)	(678,000,128)	(218,494,865)	(238,542,912)	21,426,015
8 Other Taxes - Operating Taxes	571,226,059	669,934,466	575,184,402	540,248,500	612,776,348
9 Capital Costs	(589,826,686)	(1,081,823,110)	(311,879,875)	(167,242,955)	95,253,447
10 Total	\$6,725,463,904	\$6,922,943,037	\$7,308,865,938	\$7,454,056,102	\$7,858,214,435
PERCENT OF REVENUES					
11 Wages and Benefits	50.2	60.3	47.2	43.8	29.6
12 Depreciation and Amortization	31.5	31.1	29.5	27.0	25.3
13 Other Operations Expense	24.8	24.3	22.7	27.3	35.9
14 Income Taxes - Operating Taxes	(6.2)	(9.8)	(3.0)	(3.2)	0.3
15 Other Taxes - Operating Taxes	8.5	9.7	7.9	7.2	7.8
16 Capital Costs	(8.8)	(15.6)	(4.3)	(2.2)	1.2
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	352.41	407.43	304.81	288.87	195.40
19 Depreciation and Amortization	221.26	210.03	190.59	178.22	167.24
20 Other Operations Expense	174.00	164.11	146.83	180.04	237.03
21 Income Taxes - Operating Taxes	(43.51)	(66.13)	(19.32)	(21.09)	1.80
22 Other Taxes - Operating Taxes	59.64	65.35	50.85	47.76	51.55
23 Capital Costs	(61.58)	(105.52)	(27.57)	(14.79)	8.01
24 Total	702.22	675.27	646.18	659.02	661.02

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,

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,850,205,568	\$3,834,316,862	\$3,544,891,568	\$3,446,835,728	\$3,070,934,841	1
Central Office Assets	12,544,734,533	12,549,221,730	12,274,547,076	11,658,669,490	10,689,340,477	2
Information Origination/Termination	591,113,738	571,284,578	635,825,501	743,622,056	773,744,071	3
Cable And Wire Facilities	11,835,960,510	11,440,709,790	11,023,524,868	10,505,279,921	10,007,054,366	4
Amortizable Assets	771,984,152	803,069,602	772,442,572	841,389,486	787,453,720	5
Total Plant In Service	29,593,998,501	29,198,602,562	28,251,231,584	27,195,796,682	25,328,527,474	6
Property Held For Future Use	1,757,886	2,001,759	2,001,759	1,747,262	1,747,262	7
Plant Under Construction	324,258,675	169,832,171	368,075,826	412,480,455	518,484,359	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	32,656,308	32,364,339	142,422,218	109,103,099	4,626,214	11
Goodwill						12
Total Telecommunications Plant	29,952,671,370	29,402,800,831	28,763,731,388	27,719,127,498	25,853,385,309	13
Less Acc. Prov. For Depreciation & Amort.	18,458,681,637	17,018,380,386	16,134,687,615	14,676,573,533	13,157,772,327	14
Net Total Utility Plant	\$11,493,989,733	\$12,384,420,445	\$12,629,043,772	\$13,042,553,965	\$12,695,612,982	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.34	0.42	0.52	0.46	0.51	16
Total Capitalization	\$6,890,586,329	\$7,834,907,077	\$9,090,730,957	\$6,412,135,580	\$6,428,848,397	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	42.0%	48.4%	45.5%	49.8%	56.3%	18
Preferred Stock						19
Common Stock & Retained Earnings	16.5%	23.6%	27.3%	54.7%	61.4%	20
Short-Term Debt	41.4%	28.1%	27.2%	-4.5%	-17.7%	21
Pretax Coverage of Interest Expense	-2.83	-4.47	-1.16	-1.26	0.57	22
Com. Stock Dividends as a % of Earnings		-13.1%	-31.9%	-10.5%		23
Return on Common Equity	-36.4%	-63.3%	-19.9%	-16.8%	-5.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	128.1%	204.7%	-91.9%	93.8%	82.7%	25
CWIP as a % of Plant	1.1%	0.6%	1.3%	1.5%	2.0%	26

(1)

Current Assets	1,689,051,215	2,401,669,998	3,150,552,025	3,280,822,975	2,863,694,729
Current Liabilities	5,020,556,954	5,725,581,486	6,090,518,916	7,176,567,648	5,647,572,441
Total Capitalization	6,890,586,329	7,834,907,077	9,090,730,957	6,412,135,580	6,428,848,397
Long-Term Debt	2,896,511,832	3,789,734,370	4,135,076,018	3,195,962,366	3,619,114,062
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,139,171,632	1,846,943,253	2,486,063,336	3,506,936,711	3,947,539,590
Short-Term Debt	2,854,902,865	2,198,229,454	2,469,591,603	(290,763,496)	(1,137,805,256)
Pretax Income	(852,462,654)	(1,643,513,620)	(429,861,793)	(465,062,448)	242,156,891
Interest Expense	301,010,183	367,292,821	370,894,121	367,730,757	421,333,450
Common Dividends Paid		180,000,000	190,000,000	66,000,000	
Net Income (Excl. Preferred Stock Dividends)	(543,733,366)	(1,370,426,530)	(596,126,994)	(627,296,169)	(212,293,608)
Internal Cash	1,556,127,181	2,474,062,592	(1,624,669,715)	2,257,650,232	1,942,828,014
Cash Outflows for Construction	(1,214,548,886)	(1,208,882,902)	(1,767,992,754)	(2,407,469,463)	(2,350,142,918)
CWIP	324,258,675	169,832,171	368,075,826	412,480,455	518,484,359
Total Plant	29,952,671,370	29,402,800,831	28,763,731,388	27,719,127,498	25,853,385,309
Shares Outstanding	1	1	1	1	1
Number of Employees	26,434	26,575	28,133	35,558	37,601

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	(\$819,392)	\$361,562	\$3,463,702	\$247,621	\$1,042,429	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	528,752	511,108	523,000	533,957	518,515	2
Changes in Deferred Income Taxes	(32,847)	(54,762)	38,050	(61)	(48,896)	3
Changes in Working Capital	(103,182)	42,455	57,094	(55,222)	(110,138)	4
Capitalized AFDC - Equity						5
Other	868,321	(235,436)	(3,469,990)	(155,546)	(864,255)	6
Total Non-Cash Items	1,261,044	263,365	(2,851,846)	323,128	(504,774)	7
Net Cash Provided From Operating Activities	<u>441,652</u>	<u>624,927</u>	<u>611,856</u>	<u>570,749</u>	<u>537,655</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(248,180)	(401,407)	(410,011)	(537,392)	(483,958)	9
Purchase of Other Investments	(110,621)	(120,274)	(5,062)	(23,812)	(40,889)	10
Sale of Other Investments	786	1,950	(13,147)	9,834	4,063	11
Other						12
Net Cash Provided From Investing Activities	<u>(358,015)</u>	<u>(519,731)</u>	<u>(428,220)</u>	<u>(551,370)</u>	<u>(520,784)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(128,204)	(122,916)	(121,010)	(119,359)	(99,106)	14
Common Stock						15
Preferred Stock	(500)	(2,100)	(5,000)	(100)	(200)	16
Short-Term Debt		(3,696)	(3,158)	100,033	6,821	17
Dividends Paid	(5,145)	(5,163)	(5,304)	(5,586)	(5,592)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(133,849)</u>	<u>(133,875)</u>	<u>(134,472)</u>	<u>(25,012)</u>	<u>(98,077)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(50,212)	(28,679)	49,164	(5,633)	(81,206)	21
Cash & Equivalents at Beginning of Year	101,227	129,906	80,742	86,375	167,581	22
Cash & Equivalents at End of Year	\$51,015	\$101,227	\$129,906	\$80,742	\$86,375	23

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

	2004	2003	2002	2001	2000
1 Revenues	2,824,244	2,838,956	\$2,891,597	\$2,935,622	\$3,055,096
2 Access Lines	3,704	3,764	3,792	3,781	3,782
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,409,734	\$1,334,049	\$1,281,711	\$1,218,304	\$1,118,229
4 Depreciation and Amortization	527,565	509,923	521,813	532,770	517,328
5 Other Operations Expense	802,971	826,865	813,902	784,465	984,985
6 Total Operation Expenses	2,740,270	2,670,837	2,617,426	2,535,539	2,620,542
7 Income Taxes - Operating Taxes	(81,336)	(59,701)	(33,032)	22,133	3,734
8 Other Taxes - Operating Taxes	168,940	169,810	164,926	109,797	218,350
9 Capital Costs	(3,630)	58,010	142,277	268,153	212,470
10 Total	\$2,824,244	\$2,838,956	\$2,891,597	\$2,935,622	\$3,055,096
PERCENT OF REVENUES					
11 Wages and Benefits	49.9	47.0	44.3	41.5	36.6
12 Depreciation and Amortization	18.7	18.0	18.0	18.1	16.9
13 Other Operations Expense	28.4	29.1	28.1	26.7	32.2
14 Income Taxes - Operating Taxes	(2.9)	(2.1)	(1.1)	0.8	0.1
15 Other Taxes - Operating Taxes	6.0	6.0	5.7	3.7	7.1
16 Capital Costs	(0.1)	2.0	4.9	9.1	7.0
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	380.60	354.42	338.00	322.22	295.67
19 Depreciation and Amortization	142.43	135.47	137.61	140.91	136.79
20 Other Operations Expense	216.78	219.68	214.64	207.48	260.44
21 Income Taxes - Operating Taxes	(21.96)	(15.86)	(8.71)	5.85	0.99
22 Other Taxes - Operating Taxes	45.61	45.11	43.49	29.04	57.73
23 Capital Costs	(0.98)	15.41	37.52	70.92	56.18
24 Total	762.48	754.24	762.55	776.41	807.80

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,626,580	\$2,619,305	\$2,538,163	\$2,516,319	\$2,433,313	1
Central Office Assets	2,624,252	2,577,264	2,392,776	2,406,929	2,202,266	2
Information Origination/Termination	89,572	90,595	93,011	153,314	154,259	3
Cable And Wire Facilities	4,635,645	4,535,818	4,428,793	4,314,489	4,210,945	4
Amortizable Assets	45	45	45	45	45	5
Total Plant In Service	9,976,094	9,823,027	9,452,788	9,391,096	9,000,829	6
Property Held For Future Use						7
Plant Under Construction	58,585	32,195	43,631	53,253	85,190	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	10,034,679	9,855,222	9,496,419	9,444,349	9,086,019	13
Less Acc. Prov. For Depreciation & Amort.	5,834,652	5,369,557	4,900,806	4,746,396	4,383,590	14
Net Total Utility Plant	\$4,200,027	\$4,485,665	\$4,595,613	\$4,697,953	\$4,702,428	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	5.29	2.56	3.31	2.76	2.76	16
Total Capitalization	\$7,434,909	\$8,388,150	\$8,160,463	\$4,831,233	\$4,708,624	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	17.5%	17.0%	19.0%	34.6%	38.0%	18
Preferred Stock	1.1%	1.0%	1.1%	1.9%	2.0%	19
Common Stock & Retained Earnings	81.4%	82.0%	79.9%	63.3%	59.9%	20
Short-Term Debt			0.0%	0.1%	0.1%	21
Pretax Coverage of Interest Expense	-8.90	4.48	35.65	3.50	10.40	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	-12.8%	5.3%	72.2%	8.2%	10.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	178.0%	155.7%	149.2%	106.2%	111.1%	25
CWIP as a % of Plant	0.6%	0.3%	0.5%	0.6%	0.9%	26

Current Assets	505,046	579,500	599,554	636,076	724,091
Current Liabilities	95,432	226,179	181,169	230,848	262,042
Total Capitalization	7,434,909	8,388,150	8,160,463	4,831,233	4,708,624
Long-Term Debt	1,298,722	1,426,926	1,549,842	1,670,852	1,790,211
Preferred Stock	85,500	86,000	88,100	93,100	93,200
Common Stock and Retained Earnings (Excl. Preferred Stock)	6,050,687	6,875,224	6,518,825	3,060,427	2,818,392
Short-Term Debt			3,696	6,854	6,821
Pretax Income	(783,951)	418,547	3,512,544	361,803	1,143,399
Interest Expense	88,064	93,396	98,525	103,435	109,926
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(824,537)	356,399	3,458,398	242,035	1,036,837
Internal Cash	441,652	624,927	611,856	570,749	537,655
Cash Outflows for Construction	(248,180)	(401,407)	(410,011)	(537,392)	(483,958)
CWIP	58,585	32,195	43,631	53,253	85,190
Total Plant	10,034,679	9,855,222	9,496,419	9,444,349	9,086,019
Shares Outstanding	23	23	23	23	23
Number of Employees	26	27	28	29	29

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	(\$111,317)	(\$210,222)	(\$397,423)	(\$50,565)	(\$764,713)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	684,782	685,302	683,968	690,813	725,236	2
Changes in Deferred Income Taxes	(103,622)	1,147	(56,562)	(14,359)	(20,984)	3
Changes in Working Capital	(198,459)	(342,138)	(137,640)	176,235	(93,333)	4
Capitalized AFDC - Equity						5
Other	101,892	210,379	469,733	240,709	380,522	6
Total Non-Cash Items	484,593	554,690	959,499	1,093,398	991,441	7
Net Cash Provided From Operating Activities	<u>373,276</u>	<u>344,468</u>	<u>562,076</u>	<u>1,042,833</u>	<u>226,728</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(392,906)	(117,775)	(270,609)	(111,531)	(312,367)	9
Purchase of Other Investments	(74,722)	(3,725)	48,139	177,720	(571,914)	10
Sale of Other Investments	12,838	35,055	1,089	12,865	4,629	11
Other						12
Net Cash Provided From Investing Activities	<u>(454,790)</u>	<u>(86,445)</u>	<u>(221,381)</u>	<u>79,054</u>	<u>(879,652)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(166,672)	(157,537)	(147,195)	(139,260)	(131,185)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt			(175,000)	(636,085)	769,085	17
Dividends Paid	(8,382)	(8,382)	(8,382)	(8,460)	(8,460)	18
Other Financing			624	(135,824)		19
Net Cash Provided From Financing Activities	<u>(175,054)</u>	<u>(165,919)</u>	<u>(329,953)</u>	<u>(919,629)</u>	<u>629,440</u>	20
Net Increase (Decrease) in Cash & Equivalents	(256,568)	92,104	10,742	202,258	(23,484)	21
Cash & Equivalents at Beginning of Year	390,054	297,950	287,208	84,950	108,434	22
Cash & Equivalents at End of Year	\$133,486	\$390,054	\$297,950	\$287,208	\$84,950	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$3,452,384	\$3,663,283	\$3,595,353	\$3,465,488	\$3,556,909
2 Access Lines	2,549	2,551	2,551	2,552	2,697
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,489,460	\$1,390,434	\$1,409,275	\$1,474,835	\$1,494,390
4 Depreciation and Amortization	683,664	684,183	682,849	689,695	724,119
5 Other Operations Expense	1,095,426	946,492	1,125,883	986,223	1,163,292
6 Total Operation Expenses	3,268,549	3,021,109	3,218,007	3,150,753	3,381,801
7 Income Taxes - Operating Taxes	(127,029)	63,890	(25,094)	(63,499)	60,293
8 Other Taxes - Operating Taxes	168,344	180,068	175,876	174,705	189,259
9 Capital Costs	142,520	398,216	226,565	203,529	(74,444)
10 Total	\$3,452,384	\$3,663,283	\$3,595,353	\$3,465,488	\$3,556,909
PERCENT OF REVENUES					
11 Wages and Benefits	43.1	38.0	39.2	42.6	42.0
12 Depreciation and Amortization	19.8	18.7	19.0	19.9	20.4
13 Other Operations Expense	31.7	25.8	31.3	28.5	32.7
14 Income Taxes - Operating Taxes	(3.7)	1.7	(0.7)	(1.8)	1.7
15 Other Taxes - Operating Taxes	4.9	4.9	4.9	5.0	5.3
16 Capital Costs	4.1	10.9	6.3	5.9	(2.1)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	584.33	545.05	552.44	577.91	554.09
19 Depreciation and Amortization	268.21	268.20	267.68	270.26	268.49
20 Other Operations Expense	429.75	371.03	441.35	386.45	431.33
21 Income Taxes - Operating Taxes	(49.83)	25.05	(9.84)	(24.88)	22.36
22 Other Taxes - Operating Taxes	66.04	70.59	68.94	68.46	70.17
23 Capital Costs	55.91	156.10	88.81	79.75	(27.60)
24 Total	1,354.41	1,436.02	1,409.39	1,357.95	1,318.84

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,017,572	\$3,042,599	\$3,091,719	\$3,080,552	\$3,202,073	1
Central Office Assets	2,435,615	2,403,216	2,339,596	2,317,496	2,310,196	2
Information Origination/Termination	207,958	207,958	207,958	208,908	208,908	3
Cable And Wire Facilities	4,836,121	4,760,491	4,720,297	4,680,992	4,652,913	4
Amortizable Assets	150	150	150	150	150	5
Total Plant In Service	10,497,416	10,414,414	10,359,720	10,288,098	10,374,240	6
Property Held For Future Use						7
Plant Under Construction	219,126	25,329	90,521	90,495	143,114	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	10,716,542	10,439,743	10,450,241	10,378,593	10,517,354	13
Less Acc. Prov. For Depreciation & Amort.	7,152,277	6,568,791	5,979,824	5,502,229	5,052,334	14
Net Total Utility Plant	\$3,564,265	\$3,870,952	\$4,470,417	\$4,876,364	\$5,465,020	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.87	2.61	1.65	1.20	0.66	16
Total Capitalization	\$5,527,809	\$5,814,179	\$6,190,320	\$6,806,234	\$7,945,841	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	46.5%	47.3%	47.1%	45.1%	40.5%	18
Preferred Stock	1.8%	1.7%	1.6%	1.5%	1.3%	19
Common Stock & Retained Earnings	46.4%	46.2%	46.9%	47.0%	44.8%	20
Short-Term Debt	5.3%	4.8%	4.4%	6.5%	13.5%	21
Pretax Coverage of Interest Expense	-0.45	0.06	-1.38	0.02	-1.84	22
Com. Stock Dividends as a % of Earnings	-2.0%	-1.1%	-0.6%	-4.3%	-0.3%	23
Return on Common Equity	-4.5%	-7.7%	-13.2%	-1.7%	-18.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	95.0%	292.5%	207.7%	935.0%	72.6%	25
CWIP as a % of Plant	2.0%	0.2%	0.9%	0.9%	1.4%	26

Current Assets	1,305,782	1,474,708	1,194,532	909,593	974,442
Current Liabilities	455,351	564,708	722,696	757,883	1,472,559
Total Capitalization	5,527,809	5,814,179	6,190,320	6,806,234	7,945,841
Long-Term Debt	2,570,551	2,747,463	2,913,340	3,067,035	3,214,222
Preferred Stock	100,000	100,000	100,000	100,000	100,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,566,255	2,685,953	2,904,557	3,198,276	3,562,539
Short-Term Debt	291,003	280,763	272,423	440,923	1,069,081
Pretax Income	(83,316)	12,948	(274,984)	4,705	(446,159)
Interest Expense	183,774	222,910	198,876	224,995	242,932
Common Dividends Paid	2,382	2,382	2,382	2,460	2,460
Net Income (Excl. Preferred Stock Dividends)	(117,317)	(216,222)	(403,423)	(56,565)	(770,713)
Internal Cash	373,276	344,468	562,076	1,042,833	226,728
Cash Outflows for Construction	(392,906)	(117,775)	(270,609)	(111,531)	(312,367)
CWIP	219,126	25,329	90,521	90,495	143,114
Total Plant	10,716,542	10,439,743	10,450,241	10,378,593	10,517,354
Shares Outstanding	820	820	820	820	820
Number of Employees	17	19	18	21	24

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$850,382	\$2,285,040	\$4,025,661	\$182,795	\$271,646	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	2,303,195	2,030,496	1,469,431	3,048,733	2,465,358	2
Changes in Deferred Income Taxes	(26,872)	(89,696)	(641,117)	540,711	(1,071,098)	3
Changes in Working Capital	8,486,462	(2,764,757)	1,484,732	(607,489)	1,521,453	4
Capitalized AFDC - Equity				917,046		5
Other	651,901	(269,010)	(6,361,868)	(720,744)	(307,210)	6
Total Non-Cash Items	11,414,686	(1,092,967)	(4,048,822)	3,178,257	2,608,503	7
Net Cash Provided From Operating Activities	<u>12,265,068</u>	<u>1,192,073</u>	<u>(23,161)</u>	<u>3,361,052</u>	<u>2,880,149</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,014,113)	(1,110,888)	225,937	(1,088,811)	(2,849,868)	9
Purchase of Other Investments	(10,217,641)	1,585		3,859		10
Sale of Other Investments				(2,244,251)		11
Other					385,696	12
Net Cash Provided From Investing Activities	<u>(11,231,754)</u>	<u>(1,109,303)</u>	<u>225,937</u>	<u>(3,329,203)</u>	<u>(2,464,172)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	149,921	(76,478)	(210,284)	(35,248)	(553,528)	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>(1,021,079)</u>	<u>(76,478)</u>	<u>(210,284)</u>	<u>(35,248)</u>	<u>(553,528)</u>	20
Net Increase (Decrease) in Cash & Equivalents	12,235	6,292	(7,508)	(3,399)	(137,552)	21
Cash & Equivalents at Beginning of Year	(1,239)	(7,530)	(22)	3,378	140,929	22
Cash & Equivalents at End of Year	\$10,996	(\$1,239)	(\$7,530)	(\$22)	\$3,378	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$9,193,619	\$11,058,983	\$10,907,951	\$10,322,636	\$10,070,115
2 Access Lines	21,414	22,380	22,808	23,391	23,353
DOLLAR AMOUNTS					
3 Wages and Benefits	\$968,899	\$1,060,513	\$591,923	\$3,125,471	\$2,692,985
4 Depreciation and Amortization	2,425,828	2,683,046	2,632,840	3,037,969	2,465,358
5 Other Operations Expense	3,439,432	2,914,600	2,777,854	3,171,687	2,510,244
6 Total Operation Expenses	6,834,160	6,658,159	6,002,617	9,335,127	7,668,587
7 Income Taxes - Operating Taxes	505,558	1,244,337	95,094	187,569	496,079
8 Other Taxes - Operating Taxes	619,480	574,834	465,197	451,600	971,057
9 Capital Costs	1,234,422	2,581,653	4,345,043	348,340	934,393
10 Total	\$9,193,619	\$11,058,983	\$10,907,951	\$10,322,636	\$10,070,115
PERCENT OF REVENUES					
11 Wages and Benefits	10.5	9.6	5.4	30.3	26.7
12 Depreciation and Amortization	26.4	24.3	24.1	29.4	24.5
13 Other Operations Expense	37.4	26.4	25.5	30.7	24.9
14 Income Taxes - Operating Taxes	5.5	11.3	0.9	1.8	4.9
15 Other Taxes - Operating Taxes	6.7	5.2	4.3	4.4	9.6
16 Capital Costs	13.4	23.3	39.8	3.4	9.3
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	45.25	47.39	25.95	133.62	115.32
19 Depreciation and Amortization	113.28	119.89	115.43	129.88	105.57
20 Other Operations Expense	160.62	130.23	121.79	135.59	107.49
21 Income Taxes - Operating Taxes	23.61	55.60	4.17	8.02	21.24
22 Other Taxes - Operating Taxes	28.93	25.69	20.40	19.31	41.58
23 Capital Costs	57.65	115.36	190.51	14.89	40.01
24 Total	429.33	494.15	478.25	441.31	431.21

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,393,565	\$3,230,923	\$3,456,982	\$3,470,459	\$3,663,410	1
Central Office Assets	18,266,503	17,831,602	17,295,508	15,849,077	14,704,014	2
Information Origination/Termination	134,008	134,008	134,008	134,008	134,008	3
Cable And Wire Facilities	19,619,850	18,691,100	18,310,797	18,172,952	17,447,118	4
Amortizable Assets						5
Total Plant In Service	41,413,926	39,887,633	39,197,295	37,626,496	35,948,550	6
Property Held For Future Use						7
Plant Under Construction	411,034	923,215	502,664	2,035,061	2,482,486	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	41,824,960	40,810,848	39,699,959	39,661,557	38,431,036	13
Less Acc. Prov. For Depreciation & Amort.	24,616,602	22,313,407	20,282,911	18,813,480	16,961,006	14
Net Total Utility Plant	\$17,208,358	\$18,497,441	\$19,417,048	\$20,848,077	\$21,470,029	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.64	1.23	6.88	1.63	1.48	16
Total Capitalization	\$25,032,926	\$25,792,070	\$23,922,262	\$20,826,942	\$21,332,170	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	15.9%	17.7%	20.4%	26.9%	29.3%	18
Preferred Stock						19
Common Stock & Retained Earnings	82.2%	81.0%	77.8%	70.1%	67.5%	20
Short-Term Debt	1.9%	1.3%	1.7%	3.1%	3.2%	21
Pretax Coverage of Interest Expense	4.03	11.98	12.57	1.71	1.88	22
Com. Stock Dividends as a % of Earnings	137.7%					23
Return on Common Equity	4.1%	11.6%	24.2%	1.3%	1.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	1209.4%	107.3%	10.3%	308.7%	101.1%	25
CWIP as a % of Plant	1.0%	2.3%	1.3%	5.1%	6.5%	26

Current Assets	2,259,541	46,555,799	6,752,871	5,683,936	4,170,029
Current Liabilities	3,534,879	37,986,455	981,759	3,485,975	2,824,625
Total Capitalization	25,032,926	25,792,070	23,922,262	20,826,942	21,332,170
Long-Term Debt	3,984,132	4,562,318	4,890,812	5,599,123	6,251,902
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	20,580,639	20,901,258	18,616,218	14,590,557	14,407,758
Short-Term Debt	468,155	328,494	415,232	637,262	672,510
Pretax Income	1,804,166	3,850,829	4,389,498	678,188	874,893
Interest Expense	448,226	321,452	349,244	396,962	464,287
Common Dividends Paid	1,171,000				
Net Income (Excl. Preferred Stock Dividends)	850,382	2,285,040	4,025,661	182,795	271,646
Internal Cash	12,265,068	1,192,073	(23,161)	3,361,052	2,880,149
Cash Outflows for Construction	(1,014,113)	(1,110,888)	225,937	(1,088,811)	(2,849,868)
CWIP	411,034	923,215	502,664	2,035,061	2,482,486
Total Plant	41,824,960	40,810,848	39,699,959	39,661,557	38,431,036
Shares Outstanding	131,026	131,026	131,026	131,026	100
Number of Employees	14	14	18	12	20

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$336,626	(\$55,658)	(\$855,341)	\$878,478	\$344,790	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,117,899	1,103,812	1,098,468	1,104,470	1,199,357	2
Changes in Deferred Income Taxes	(110,498)	(12,046)	(618,851)	91,757	182,952	3
Changes in Working Capital	292,680	76,013	(336,400)	387,405	(2,314,327)	4
Capitalized AFDC - Equity	0	0				5
Other	(85,941)	(5,475)	1,581,477	(1,248,040)	(210,268)	6
Total Non-Cash Items	1,214,140	1,162,304	1,724,694	335,592	(1,142,286)	7
Net Cash Provided From Operating Activities	<u>1,550,766</u>	<u>1,106,646</u>	<u>869,353</u>	<u>1,214,070</u>	<u>(797,496)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(241,366)	(324,277)	(365,242)	(229,144)	(834,699)	9
Purchase of Other Investments	(717,243)	344,556	(858,192)	1,300,771	(785,254)	10
Sale of Other Investments	218,250	175,821	82,348	(40,545)	10,361	11
Other	0					12
Net Cash Provided From Investing Activities	<u>(740,359)</u>	<u>196,100</u>	<u>(1,141,086)</u>	<u>1,031,082</u>	<u>(1,609,592)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(528,520)	(501,483)	(392,058)	(273,657)	1,082,788	14
Common Stock	0	0				15
Preferred Stock	0	(100)		(4,500)		16
Short-Term Debt	0	(30,000)	(20,000)	(20,136)	(75,799)	17
Dividends Paid	(3,918)	(3,918)	(3,924)	(4,059)	(4,194)	18
Other Financing	0					19
Net Cash Provided From Financing Activities	<u>(532,438)</u>	<u>(535,501)</u>	<u>(415,982)</u>	<u>(302,352)</u>	<u>1,002,795</u>	20
Net Increase (Decrease) in Cash & Equivalents	277,969	767,245	(687,715)	1,942,800	(1,404,293)	21
Cash & Equivalents at Beginning of Year	3,713,241	2,945,996	3,633,710	1,690,910	3,095,203	22
Cash & Equivalents at End of Year	\$3,991,210	\$3,713,241	\$2,945,996	\$3,633,710	\$1,690,910	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$4,193,719	\$4,197,054	\$4,499,595	\$5,069,070	\$5,876,597
2 Access Lines	3,848	3,906	3,906	3,919	3,904
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,531,662	\$1,663,098	\$1,718,242	\$1,852,526	\$2,810,741
4 Depreciation and Amortization	1,118,052	1,103,414	1,098,071	1,104,074	1,198,959
5 Other Operations Expense	900,805	981,325	1,046,460	953,244	1,274,324
6 Total Operation Expenses	3,550,519	3,747,837	3,862,773	3,909,844	5,284,023
7 Income Taxes - Operating Taxes	919	(60,524)	(661,782)	127,963	(36,113)
8 Other Taxes - Operating Taxes	206,638	255,166	257,042	253,532	280,457
9 Capital Costs	435,643	254,575	1,041,562	777,731	348,230
10 Total	\$4,193,719	\$4,197,054	\$4,499,595	\$5,069,070	\$5,876,597
PERCENT OF REVENUES					
11 Wages and Benefits	36.5	39.6	38.2	36.5	47.8
12 Depreciation and Amortization	26.7	26.3	24.4	21.8	20.4
13 Other Operations Expense	21.5	23.4	23.3	18.8	21.7
14 Income Taxes - Operating Taxes	0.0	(1.4)	(14.7)	2.5	(0.6)
15 Other Taxes - Operating Taxes	4.9	6.1	5.7	5.0	4.8
16 Capital Costs	10.4	6.1	23.1	15.3	5.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	398.04	425.78	439.90	472.70	719.96
19 Depreciation and Amortization	290.55	282.49	281.12	281.72	307.11
20 Other Operations Expense	234.10	251.24	267.91	243.24	326.41
21 Income Taxes - Operating Taxes	0.24	(15.50)	(169.43)	32.65	(9.25)
22 Other Taxes - Operating Taxes	53.70	65.33	65.81	64.69	71.84
23 Capital Costs	113.21	65.18	266.66	198.45	89.20
24 Total	1,089.84	1,074.51	1,151.97	1,293.46	1,505.28

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,584,458	\$3,553,373	\$3,434,111	\$3,269,421	\$3,238,365	1
Central Office Assets	4,718,021	4,647,475	4,549,631	4,570,538	4,517,719	2
Information Origination/Termination	124,152	135,136	205,455	208,381	277,320	3
Cable And Wire Facilities	5,234,517	5,152,624	5,076,175	4,964,810	4,977,163	4
Amortizable Assets	41,125	41,125	41,125	41,125		5
Total Plant In Service	13,702,273	13,529,733	13,306,497	13,054,275	13,010,567	6
Property Held For Future Use						7
Plant Under Construction	56,988	26,679	40,017	16,523	24,195	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	13,759,261	13,556,412	13,346,514	13,070,798	13,034,762	13
Less Acc. Prov. For Depreciation & Amort.	7,042,478	5,982,526	5,045,023	4,064,082	3,196,176	14
Net Total Utility Plant	\$6,716,783	\$7,573,886	\$8,301,491	\$9,006,716	\$9,838,586	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	25.34	145.39	17.16	12.04	68.96	16
Total Capitalization	\$16,633,286	\$16,792,110	\$17,131,862	\$18,346,473	\$18,774,315	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	35.7%	38.6%	40.7%	40.2%	40.7%	18
Preferred Stock	0.2%	0.2%	0.2%	0.2%	0.2%	19
Common Stock & Retained Earnings	64.0%	61.2%	58.9%	59.4%	58.7%	20
Short-Term Debt	0.0%	0.0%	0.2%	0.3%	0.4%	21
Pretax Coverage of Interest Expense	2.02	0.58	-2.60	3.88	1.77	22
Com. Stock Dividends as a % of Earnings	0.5%	-3.1%	-0.2%	0.2%	0.5%	23
Return on Common Equity	3.2%	-0.6%	-8.2%	8.0%	2.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	642.5%	341.3%	238.0%	529.8%	-95.5%	25
CWIP as a % of Plant	0.4%	0.2%	0.3%	0.1%	0.2%	26

Current Assets	4,731,212	4,595,330	4,132,211	4,597,333	2,656,445
Current Liabilities	186,674	31,608	240,803	381,711	38,521
Total Capitalization	16,633,286	16,792,110	17,131,862	18,346,473	18,774,315
Long-Term Debt	5,945,478	6,473,998	6,975,481	7,367,539	7,641,196
Preferred Stock	35,350	35,350	35,450	35,450	39,950
Common Stock and Retained Earnings (Excl. Preferred Stock)	10,652,458	10,282,762	10,090,931	10,893,484	11,023,033
Short-Term Debt	0	0	30,000	50,000	70,136
Pretax Income	723,054	232,709	(1,070,315)	1,657,089	731,347
Interest Expense	358,771	403,855	411,158	427,473	413,815
Common Dividends Paid	1,797	1,797	1,797	1,797	1,797
Net Income (Excl. Preferred Stock Dividends)	334,505	(57,779)	(857,468)	876,216	342,393
Internal Cash	1,550,766	1,106,646	869,353	1,214,070	(797,496)
Cash Outflows for Construction	(241,366)	(324,277)	(365,242)	(229,144)	(834,699)
CWIP	56,988	26,679	40,017	16,523	24,195
Total Plant	13,759,261	13,556,412	13,346,514	13,070,798	13,034,762
Shares Outstanding	1,702	1,702	1,702	1,702	1,702
Number of Employees	22	24	24	24	56

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$308,582	(\$1,271,029)	\$1,352,781	\$487,123	\$441,202	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	539,659	528,463	633,693	667,935	693,580	2
Changes in Deferred Income Taxes	96,937	(9,538)	118,851	(69,393)	(285,204)	3
Changes in Working Capital	213,408	244,087	388,829	(124,981)	(220,359)	4
Capitalized AFDC - Equity						5
Other	80,446	1,471,850	(1,296,823)	(134,209)	170,647	6
Total Non-Cash Items	930,450	2,234,862	(155,450)	339,352	358,664	7
Net Cash Provided From Operating Activities	<u>1,239,032</u>	<u>963,833</u>	<u>1,197,331</u>	<u>826,475</u>	<u>799,866</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(517,316)	(1,873,419)	(1,178,398)	(1,422,471)	(802,150)	9
Purchase of Other Investments	(632,587)		50,000	70,000	120,000	10
Sale of Other Investments	493,581	(132,161)	287,404	800,000	152,471	11
Other		68,767	341	71,588	102,903	12
Net Cash Provided From Investing Activities	<u>(656,322)</u>	<u>(1,936,813)</u>	<u>(840,653)</u>	<u>(480,883)</u>	<u>(426,776)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(85,483)	657,791	157,812	(210,167)	(232,601)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	26,208	53,408	43,686	1,594	21,093	17
Dividends Paid	(70,611)	(70,467)	(70,091)	(65,213)	(67,751)	18
Other Financing	(119,692)	(97,772)	(90,195)	(1,970,632)		19
	54,146	59,668				
Net Cash Provided From Financing Activities	<u>(195,432)</u>	<u>602,628</u>	<u>41,212</u>	<u>(2,244,418)</u>	<u>(279,259)</u>	20
Net Increase (Decrease) in Cash & Equivalents	387,278	(370,352)	397,890	(1,898,826)	93,831	21
Cash & Equivalents at Beginning of Year	360,661	731,013	333,123	2,231,949	2,138,118	22
Cash & Equivalents at End of Year	\$747,939	\$360,661	\$731,013	\$333,123	\$2,231,949	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$3,624,424	\$3,572,479	\$3,692,687	\$3,569,422	\$3,614,313
2 Access Lines	4,885	5,111	5,272	5,367	5,349
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,144,824	\$1,198,766	\$1,267,273	\$1,242,015	\$1,286,050
4 Depreciation and Amortization	538,459	526,513	633,693	667,935	693,580
5 Other Operations Expense	1,248,129	1,351,152	1,321,865	1,063,288	1,119,914
6 Total Operation Expenses	2,931,412	3,076,431	3,222,831	2,973,238	3,099,544
7 Income Taxes - Operating Taxes	90,312	116,474	110,210	78,304	(60,613)
8 Other Taxes - Operating Taxes	216,490	193,950	175,109	166,441	169,088
9 Capital Costs	386,210	185,624	184,537	351,439	406,294
10 Total	\$3,624,424	\$3,572,479	\$3,692,687	\$3,569,422	\$3,614,313
PERCENT OF REVENUES					
11 Wages and Benefits	31.6	33.6	34.3	34.8	35.6
12 Depreciation and Amortization	14.9	14.7	17.2	18.7	19.2
13 Other Operations Expense	34.4	37.8	35.8	29.8	31.0
14 Income Taxes - Operating Taxes	2.5	3.3	3.0	2.2	(1.7)
15 Other Taxes - Operating Taxes	6.0	5.4	4.7	4.7	4.7
16 Capital Costs	10.7	5.2	5.0	9.8	11.2
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	234.35	234.55	240.38	231.42	240.43
19 Depreciation and Amortization	110.23	103.02	120.20	124.45	129.67
20 Other Operations Expense	255.50	264.36	250.73	198.12	209.37
21 Income Taxes - Operating Taxes	18.49	22.79	20.90	14.59	(11.33)
22 Other Taxes - Operating Taxes	44.32	37.95	33.21	31.01	31.61
23 Capital Costs	79.06	36.32	35.00	65.48	75.96
24 Total	741.95	698.98	700.43	665.07	675.70

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,984,518	\$2,020,782	\$1,952,765	\$1,939,953	\$1,851,561	1
Central Office Assets	5,863,406	5,962,920	5,410,626	5,437,026	4,829,254	2
Information Origination/Termination	74,324	63,774	50,125	46,844	48,438	3
Cable And Wire Facilities	5,605,579	5,150,371	4,394,999	3,722,077	3,331,531	4
Amortizable Assets						5
Total Plant In Service	13,527,827	13,197,848	11,808,515	11,145,900	10,060,784	6
Property Held For Future Use						7
Plant Under Construction	336	512,671	177,816	247,293	171,929	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	13,528,163	13,710,519	11,986,331	11,393,193	10,232,713	13
Less Acc. Prov. For Depreciation & Amort.	5,707,170	5,956,803	5,781,389	5,679,192	5,259,202	14
Net Total Utility Plant	\$7,820,993	\$7,753,715	\$6,204,942	\$5,714,001	\$4,973,511	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.22	1.68	2.23	1.98	4.74	16
Total Capitalization	\$10,054,039	\$9,767,042	\$8,825,646	\$8,669,429	\$8,621,400	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	14.9%	15.4%	6.6%	4.9%	8.9%	18
Preferred Stock						19
Common Stock & Retained Earnings	82.9%	81.8%	87.9%	90.0%	86.0%	20
Short-Term Debt	2.2%	2.9%	5.5%	5.1%	5.1%	21
Pretax Coverage of Interest Expense	6.26	-15.08	15.95	5.89	4.40	22
Com. Stock Dividends as a % of Earnings	22.9%	-5.5%	5.2%	13.4%	15.4%	23
Return on Common Equity	3.8%	-16.1%	17.4%	6.4%	6.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	239.5%	51.4%	101.6%	58.1%	99.7%	25
CWIP as a % of Plant	0.0%	3.7%	1.5%	2.2%	1.7%	26

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$85,834	\$37,297	(\$94,642)	\$59,433	\$281,714	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	70,887	75,684	111,847	110,724	110,083	2
Changes in Deferred Income Taxes	(2,523)	1,902	120,828	(72,353)	(139,592)	3
Changes in Working Capital	9,284	3,030	43,009	1,326	(36,949)	4
Capitalized AFDC - Equity	0	0				5
Other	8,069	(5,862)	(3,890)	(2,791)	(3,809)	6
Total Non-Cash Items	85,717	74,754	271,794	36,906	(70,267)	7
Net Cash Provided From Operating Activities	<u>171,551</u>	<u>112,051</u>	<u>177,152</u>	<u>96,339</u>	<u>211,447</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(54,699)	(77,574)	(10,575)	(33,668)	(7,241)	9
Purchase of Other Investments	0	0				10
Sale of Other Investments	(9,445)	0	(1,938)	194	195	11
Other	0	295	1,734	3,060	329	12
Net Cash Provided From Investing Activities	<u>(64,144)</u>	<u>(77,279)</u>	<u>(10,779)</u>	<u>(30,414)</u>	<u>(6,717)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(6,208)	(5,906)	(5,618)	(5,345)	(5,082)	14
Common Stock	0					15
Preferred Stock	0					16
Short-Term Debt	0					17
Dividends Paid	0					18
Other Financing	0					19
Net Cash Provided From Financing Activities	<u>(6,208)</u>	<u>(5,906)</u>	<u>(5,618)</u>	<u>(5,345)</u>	<u>(5,082)</u>	20
Net Increase (Decrease) in Cash & Equivalents	101,199	28,866	160,755	60,580	199,648	21
Cash & Equivalents at Beginning of Year	1,331,314	1,302,448	1,141,693	1,081,113	881,465	22
Cash & Equivalents at End of Year	\$1,432,513	\$1,331,314	\$1,302,448	\$1,141,693	\$1,081,113	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$492,711	\$478,488	\$441,650	\$451,639	\$579,247
2 Access Lines	704	713	715	725	716
DOLLAR AMOUNTS					
3 Wages and Benefits	\$0	\$0	\$0	\$24,969	\$18,821
4 Depreciation and Amortization	70,888	75,684	111,846	110,723	110,083
5 Other Operations Expense	258,147	241,876	247,114	220,913	230,440
6 Total Operation Expenses	329,035	317,560	358,960	356,605	359,344
7 Income Taxes - Operating Taxes	44,758	84,197	69,220	21,002	62,243
8 Other Taxes - Operating Taxes	33,072	32,949	35,340	33,269	42,551
9 Capital Costs	85,846	43,782	(21,871)	40,763	115,109
10 Total	\$492,711	\$478,488	\$441,650	\$451,639	\$579,247
PERCENT OF REVENUES					
11 Wages and Benefits	0.0	0.0	0.0	5.5	3.2
12 Depreciation and Amortization	14.4	15.8	25.3	24.5	19.0
13 Other Operations Expense	52.4	50.6	56.0	48.9	39.8
14 Income Taxes - Operating Taxes	9.1	17.6	15.7	4.7	10.7
15 Other Taxes - Operating Taxes	6.7	6.9	8.0	7.4	7.3
16 Capital Costs	17.4	9.2	(5.0)	9.0	19.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	0.00	0.00	0.00	34.44	26.29
19 Depreciation and Amortization	100.69	106.15	156.43	152.72	153.75
20 Other Operations Expense	366.69	339.24	345.61	304.71	321.84
21 Income Taxes - Operating Taxes	63.58	118.09	96.81	28.97	86.93
22 Other Taxes - Operating Taxes	46.98	46.21	49.43	45.89	59.43
23 Capital Costs	121.94	61.41	(30.59)	56.22	160.77
24 Total	699.87	671.09	617.69	622.95	809.00

Current Assets	1,540,065	1,443,167	1,408,941	1,307,789	1,233,023
Current Liabilities	86,541	66,189	53,045	66,501	47,782
Total Capitalization	1,982,121	1,902,495	1,871,103	1,971,367	1,917,283
Long-Term Debt	276,181	282,769	288,995	294,923	300,559
Preferred Stock	0	0	0	0	0
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,698,940	1,613,106	1,575,808	1,670,453	1,611,025
Short-Term Debt	7,000	6,620	6,300	5,991	5,699
Pretax Income	150,936	140,863	(48,371)	1,779,642	378,377
Interest Expense	14,516	14,870	15,106	15,379	15,643
Common Dividends Paid	0	0	0	0	0
Net Income (Excl. Preferred Stock Dividends)	85,834	37,297	(94,642)	1,728,397	281,714
Internal Cash	171,551	112,051	177,152	1,765,303	211,447
Cash Outflows for Construction	(54,699)	(77,574)	(10,575)	(33,668)	(7,241)
CWIP	116	479	278	0	0
Total Plant	1,536,448	1,517,750	1,582,804	1,597,098	1,586,160
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,

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$95,226	\$126,670	\$111,239	\$114,832	\$95,913	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	295,413	260,542	313,440	281,220	293,081	2
Changes in Deferred Income Taxes	24,333	50,706	35,732	(40)	(18,918)	3
Changes in Working Capital	(494,956)	526,010	(273,615)	171,599	(81,033)	4
Capitalized AFDC - Equity						5
Other	(5,535)	1,660	(29,150)	13,042	(17,055)	6
Total Non-Cash Items	(180,745)	838,918	46,407	465,821	176,075	7
Net Cash Provided From Operating Activities	<u>(85,519)</u>	<u>965,588</u>	<u>157,646</u>	<u>580,653</u>	<u>271,988</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(63,393)	(745,500)	(199,258)	(357,117)	(141,021)	9
Purchase of Other Investments						10
Sale of Other Investments						11
Other	(2,965)	(3,057)	(16,381)	(6,134)	(2,754)	12
Net Cash Provided From Investing Activities	<u>(66,358)</u>	<u>(748,557)</u>	<u>(215,639)</u>	<u>(363,251)</u>	<u>(143,775)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(19,534)	(18,993)	(18,900)	(25,942)	(25,435)	14
Common Stock				(21,000)		15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(42,000)	(8,400)	(8,400)	(33,600)	(34,200)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(61,534)</u>	<u>(27,393)</u>	<u>(27,300)</u>	<u>(80,542)</u>	<u>(59,635)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(213,411)	189,638	(85,293)	136,860	68,578	21
Cash & Equivalents at Beginning of Year	693,619	503,981	589,274	452,414	383,836	22
Cash & Equivalents at End of Year	\$480,208	\$693,619	\$503,981	\$589,274	\$452,414	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$1,831,738	\$1,771,123	\$1,774,413	\$1,667,582	\$1,704,611
2 Access Lines	1,336	1,387	1,456	1,467	1,481
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,005,572	\$956,681	\$948,846	\$951,027	\$950,989
4 Depreciation and Amortization	295,413	260,542	313,440	288,580	293,080
5 Other Operations Expense	345,727	287,263	303,540	237,061	272,197
6 Total Operation Expenses	1,646,712	1,504,486	1,565,826	1,476,668	1,516,266
7 Income Taxes - Operating Taxes	6,779	63,157	31,969	30,116	33,828
8 Other Taxes - Operating Taxes	88,631	82,068	76,152	73,827	78,181
9 Capital Costs	89,616	121,411	100,466	86,971	76,336
10 Total	\$1,831,738	\$1,771,123	\$1,774,413	\$1,667,582	\$1,704,611
PERCENT OF REVENUES					
11 Wages and Benefits	54.9	54.0	53.5	57.0	55.8
12 Depreciation and Amortization	16.1	14.7	17.7	17.3	17.2
13 Other Operations Expense	18.9	16.2	17.1	14.2	16.0
14 Income Taxes - Operating Taxes	0.4	3.6	1.8	1.8	2.0
15 Other Taxes - Operating Taxes	4.8	4.6	4.3	4.4	4.6
16 Capital Costs	4.9	6.9	5.7	5.2	4.5
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	752.67	689.75	651.68	648.28	642.13
19 Depreciation and Amortization	221.12	187.85	215.27	196.71	197.89
20 Other Operations Expense	258.78	207.11	208.48	161.60	183.79
21 Income Taxes - Operating Taxes	5.07	45.54	21.96	20.53	22.84
22 Other Taxes - Operating Taxes	66.34	59.17	52.30	50.33	52.79
23 Capital Costs	67.08	87.53	69.00	59.28	51.54
24 Total	1,371.06	1,276.95	1,218.69	1,136.73	1,150.99

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,022,416	\$971,589	\$837,336	\$837,379	\$831,680	1
Central Office Assets	1,837,219	1,756,276	1,401,694	1,169,884	1,124,381	2
Information Origination/Termination	1,015	1,053	1,026	1,071	1,077	3
Cable And Wire Facilities	1,592,081	1,578,523	1,387,623	1,261,576	1,165,150	4
Amortizable Assets						5
Total Plant In Service	4,452,730	4,307,440	3,627,679	3,269,910	3,122,288	6
Property Held For Future Use						7
Plant Under Construction	70,255	173,178	167,242	360,509	165,346	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	4,522,985	4,480,618	3,794,921	3,630,419	3,287,634	13
Less Acc. Prov. For Depreciation & Amort.	2,922,711	2,653,464	2,460,041	2,202,057	1,941,141	14
Net Total Utility Plant	\$1,600,274	\$1,827,154	\$1,334,880	\$1,428,362	\$1,346,493	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	7.66	1.82	7.80	3.20	4.77	16
Total Capitalization	\$1,941,525	\$1,907,294	\$1,807,922	\$1,731,027	\$1,703,595	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	3.9%	5.0%	6.3%	7.7%	9.3%	18
Preferred Stock						19
Common Stock & Retained Earnings	95.1%	94.0%	92.6%	90.8%	89.2%	20
Short-Term Debt	1.0%	1.0%	1.0%	1.5%	1.5%	21
Pretax Coverage of Interest Expense	23.44	38.52	25.68	21.61	17.36	22
Com. Stock Dividends as a % of Earnings	44.1%	6.6%	7.6%	29.3%	35.7%	23
Return on Common Equity	5.2%	7.3%	6.9%	7.4%	6.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-134.9%	129.5%	79.1%	162.6%	192.9%	25
CWIP as a % of Plant	1.6%	3.9%	4.4%	9.9%	5.0%	26

Current Assets	789,161	959,575	881,198	840,550	775,636
Current Liabilities	103,041	526,173	112,937	262,491	162,679
Total Capitalization	1,941,525	1,907,294	1,807,922	1,731,027	1,703,595
Long-Term Debt	75,473	95,007	114,001	132,902	158,844
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,846,518	1,793,294	1,675,024	1,572,185	1,519,313
Short-Term Debt	19,534	18,993	18,897	25,940	25,438
Pretax Income	105,547	193,803	147,748	150,678	136,307
Interest Expense	4,502	5,031	5,754	6,973	7,854
Common Dividends Paid	42,000	8,400	8,400	33,600	34,200
Net Income (Excl. Preferred Stock Dividends)	95,226	126,670	111,239	114,832	95,913
Internal Cash	(85,519)	965,588	157,646	580,653	271,988
Cash Outflows for Construction	(63,393)	(745,500)	(199,258)	(357,117)	(141,021)
CWIP	70,255	173,178	167,242	360,509	165,346
Total Plant	4,522,985	4,480,618	3,794,921	3,630,419	3,287,634
Shares Outstanding	1,920	1,920	1,920	1,920	1,920
Number of Employees	11	12	12	12	12

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$219,560	\$629,756	\$45,205	\$435,512	\$650,878	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	625,361	593,974	719,623	703,786	679,125	2
Changes in Deferred Income Taxes	48,312	52,580	4,917	(65,043)	(4,483)	3
Changes in Working Capital	212,190	(232,496)	364,563	(98,835)	(1,092,287)	4
Capitalized AFDC - Equity	0	0				5
Other	(72,473)	34,116	(33,171)	(7,924)	(27,344)	6
Total Non-Cash Items	813,390	448,174	1,055,932	531,984	(444,989)	7
Net Cash Provided From Operating Activities	<u>1,032,950</u>	<u>1,077,930</u>	<u>1,101,137</u>	<u>967,496</u>	<u>205,889</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(288,912)	(507,869)	(243,683)	(474,639)	(407,652)	9
Purchase of Other Investments	0	0				10
Sale of Other Investments	4,349	97,500	(390,000)			11
Other	0	(16,224)	(32,538)	(9,266)	(1,331)	12
Net Cash Provided From Investing Activities	<u>(284,563)</u>	<u>(426,593)</u>	<u>(666,221)</u>	<u>(483,905)</u>	<u>(408,983)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(339,813)	(389,568)	116,945	(259,231)	(245,891)	14
Common Stock	0					15
Preferred Stock	0					16
Short-Term Debt	0					17
Dividends Paid	0					18
Other Financing	(9,873)					19
Net Cash Provided From Financing Activities	<u>(349,686)</u>	<u>(389,568)</u>	<u>116,945</u>	<u>(259,231)</u>	<u>(245,891)</u>	20
Net Increase (Decrease) in Cash & Equivalents	398,701	261,769	551,861	224,361	(448,985)	21
Cash & Equivalents at Beginning of Year	9,171,477	8,909,708	8,357,846	8,133,486	8,582,471	22
Cash & Equivalents at End of Year	\$9,570,178	\$9,171,477	\$8,909,708	\$8,357,846	\$8,133,486	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$2,887,857	\$2,821,615	\$2,783,372	\$3,035,824	\$3,413,442
2 Access Lines	3,680	3,742	3,792	3,780	3,786

DOLLAR AMOUNTS

3 Wages and Benefits	\$406,433	\$430,844	\$318,574	\$269,280	\$223,277
4 Depreciation and Amortization	625,361	593,974	719,623	703,786	679,125
5 Other Operations Expense	1,341,531	1,477,084	1,425,708	1,425,775	1,539,588
6 Total Operation Expenses	2,373,325	2,501,902	2,463,905	2,398,841	2,441,990
7 Income Taxes - Operating Taxes	102,289	(1,613,681)	21,858	114,420	253,789
8 Other Taxes - Operating Taxes	186,183	182,248	221,018	178,961	189,362
9 Capital Costs	226,060	1,751,146	76,591	343,602	528,301
10 Total	\$2,887,857	\$2,821,615	\$2,783,372	\$3,035,824	\$3,413,442

PERCENT OF REVENUES

11 Wages and Benefits	14.1	15.3	11.4	8.9	6.5
12 Depreciation and Amortization	21.7	21.1	25.9	23.2	19.9
13 Other Operations Expense	46.5	52.3	51.2	47.0	45.1
14 Income Taxes - Operating Taxes	3.5	(57.2)	0.8	3.8	7.4
15 Other Taxes - Operating Taxes	6.4	6.5	7.9	5.9	5.5
16 Capital Costs	7.8	62.1	2.8	11.3	15.5
17 Total	100.0	100.0	100.0	100.0	100.0

DOLLARS PER ACCESS LINE

18 Wages and Benefits	110.44	115.14	84.01	71.24	58.97
19 Depreciation and Amortization	169.94	158.73	189.77	186.19	179.38
20 Other Operations Expense	364.55	394.73	375.98	377.19	406.65
21 Income Taxes - Operating Taxes	27.80	(431.23)	5.76	30.27	67.03
22 Other Taxes - Operating Taxes	50.59	48.70	58.29	47.34	50.02
23 Capital Costs	61.43	467.97	20.20	90.90	139.54
24 Total	784.74	754.04	734.01	803.13	901.60

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,094,269	\$1,087,168	\$1,091,487	\$1,593,537	\$1,554,180	1
Central Office Assets	3,377,536	3,373,402	3,337,158	3,311,493	3,260,035	2
Information Origination/Termination	11,358	14,230	21,525	53,500	48,312	3
Cable And Wire Facilities	5,539,303	5,450,630	5,237,965	5,115,847	4,914,983	4
Amortizable Assets	147,355	129,248	571,439			5
Total Plant In Service	10,169,821	10,054,678	10,259,574	10,074,377	9,777,510	6
Property Held For Future Use						7
Plant Under Construction	16,727	53,061	37,734	39,028	4,801	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	10,186,548	10,107,739	10,297,308	10,113,405	9,782,311	13
Less Acc. Prov. For Depreciation & Amort.	4,936,651	4,554,283	4,701,625	4,076,041	3,525,924	14
Net Total Utility Plant	\$5,249,897	\$5,553,456	\$5,595,683	\$6,037,364	\$6,256,387	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	13.31	13.34	14.03	14.56	13.41	16
Total Capitalization	\$14,460,481	\$14,590,607	\$14,330,812	\$14,168,661	\$13,992,380	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	14.6%	17.0%	20.0%	19.8%	22.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	82.9%	80.7%	77.7%	78.3%	76.2%	20
Short-Term Debt	2.5%	2.4%	2.2%	1.9%	1.9%	21
Pretax Coverage of Interest Expense	3.68	2.16	1.50	4.76	7.02	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	1.8%	5.5%	0.4%	4.0%	6.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	357.5%	212.2%	451.9%	203.8%	50.5%	25
CWIP as a % of Plant	0.2%	0.5%	0.4%	0.4%	0.0%	26

Current Assets	10,244,896	10,056,430	9,591,440	9,411,492	9,164,817
Current Liabilities	769,824	753,712	683,542	646,217	683,608
Total Capitalization	14,460,481	14,590,607	14,330,812	14,168,661	13,992,380
Long-Term Debt	2,110,032	2,476,120	2,871,221	2,798,349	3,071,503
Preferred Stock	0	0	0	0	0
Common Stock and Retained Earnings (Excl. Preferred Stock)	11,991,099	11,771,539	11,141,783	11,096,578	10,661,065
Short-Term Debt	359,350	342,948	317,808	273,734	259,812
Pretax Income	470,498	308,918	269,140	815,158	1,295,109
Interest Expense	127,754	142,962	179,316	171,215	184,491
Common Dividends Paid	0	0	0	0	0
Net Income (Excl. Preferred Stock Dividends)	219,560	629,756	45,205	435,512	650,878
Internal Cash	1,032,950	1,077,930	1,101,137	967,496	205,889
Cash Outflows for Construction	(288,912)	(507,869)	(243,683)	(474,639)	(407,652)
CWIP	16,727	53,061	37,734	39,028	4,801
Total Plant	10,186,548	10,107,739	10,297,308	10,113,405	9,782,311
Shares Outstanding	1,330	1,330	1,330	1,330	1,330
Number of Employees	7	7	6	6	6

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$33,768,552	\$28,195,318	\$69,595,956	\$51,610,818	\$32,795,310	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	71,962,380	70,120,884	72,050,832	54,895,295	52,352,400	2
Changes in Deferred Income Taxes	8,620,493	(35,793,876)	205,007,410	(61,944,141)	52,612,090	3
Changes in Working Capital	(363,712,750)	(60,546,797)	(511,074,210)	31,237,000	(7,994,795)	4
Capitalized AFDC - Equity	119,469	2,112,257	309,100	188,893	(412,946)	5
Other	(6,547,562)	(30,759,320)	(22,155,301)	(183,883,154)	(10,767,285)	6
Total Non-Cash Items	(289,557,970)	(54,866,852)	(255,862,169)	(159,506,106)	85,789,464	7
Net Cash Provided From Operating Activities	(255,789,418)	(26,671,534)	(186,266,213)	(107,895,288)	118,584,774	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(42,603,562)	(96,952,904)	(1,043,463,554)	(131,680,167)	(109,847,920)	9
Purchase of Other Investments	296,770,411	(739,306,919)	307,990,886	175,682,717	(6,513,984)	10
Sale of Other Investments	(111,377)	854,866,916	967,859,717	(3,082,225)	(1,555,028)	11
Other						12
Net Cash Provided From Investing Activities	254,055,472	18,607,093	232,387,049	40,920,325	(117,916,932)	13
Cash Flows from Financing Activities						
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					(23,000,000)	18
Other Financing				712,160	117,582	19
Net Cash Provided From Financing Activities			(40,000,000)	40,712,160	(22,882,418)	20
Net Increase (Decrease) in Cash & Equivalents	(1,733,946)	(8,064,441)	6,120,836	(26,262,803)	(22,214,576)	21
Cash & Equivalents at Beginning of Year	2,184,661	10,249,102	4,128,267	30,391,070	52,605,646	22
Cash & Equivalents at End of Year	\$450,715	\$2,184,661	\$10,249,102	\$4,128,267	\$30,391,070	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$342,188,028	\$340,204,135	\$355,078,179	\$372,753,377	\$363,257,630
2 Access Lines	501,422	530,480	547,891	566,805	582,340

DOLLAR AMOUNTS

3 Wages and Benefits	\$77,720,089	\$83,151,647	\$81,577,478	\$181,019,919	\$103,966,674
4 Depreciation and Amortization	71,698,324	31,983,144	63,244,522	59,364,119	56,117,952
5 Other Operations Expense	127,927,688	111,162,525	92,798,221	29,181,094	98,146,761
6 Total Operation Expenses	277,346,101	226,297,315	237,620,222	269,565,131	258,231,387
7 Income Taxes - Operating Taxes	19,932,910	16,022,644	10,391,997	59,866,663	59,866,663
8 Other Taxes - Operating Taxes	20,472,341	22,166,766	17,239,157	14,578,137	14,578,137
9 Capital Costs	24,436,677	75,717,410	89,826,804	28,743,446	30,581,444
10 Total	\$342,188,028	\$340,204,135	\$355,078,179	\$372,753,377	\$363,257,630

PERCENT OF REVENUES

11 Wages and Benefits	22.7	24.4	23.0	48.6	28.6
12 Depreciation and Amortization	21.0	9.4	17.8	15.9	15.4
13 Other Operations Expense	37.4	32.7	26.1	7.8	27.0
14 Income Taxes - Operating Taxes	5.8	4.7	2.9	16.1	16.5
15 Other Taxes - Operating Taxes	6.0	6.5	4.9	3.9	4.0
16 Capital Costs	7.1	22.3	25.3	7.7	8.4
17 Total	100.0	100.0	100.0	100.0	100.0

DOLLARS PER ACCESS LINE

18 Wages and Benefits	155.00	156.75	148.89	319.37	178.53
19 Depreciation and Amortization	142.99	60.29	115.43	104.73	96.37
20 Other Operations Expense	255.13	209.55	169.37	51.48	168.54
21 Income Taxes - Operating Taxes	39.75	30.20	18.97	105.62	102.80
22 Other Taxes - Operating Taxes	40.83	41.79	31.46	25.72	25.03
23 Capital Costs	48.73	142.73	163.95	50.71	52.51
24 Total	682.44	641.31	648.08	657.64	623.79

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$139,485,633	\$138,000,231	\$132,000,068	\$100,748,817	\$87,243,249	1
Central Office Assets	562,409,091	544,617,233	517,580,083	444,856,631	421,741,371	2
Information Origination/Termination	15,803,599	15,349,372	15,130,354	14,376,831	13,790,895	3
Cable And Wire Facilities	644,629,205	631,103,358	584,575,870	516,807,875	500,688,827	4
Amortizable Assets	12,638,909	12,187,367	12,845,319	7,921,245	4,907,264	5
Total Plant In Service	1,374,966,437	1,341,257,561	1,262,131,694	1,084,711,399	1,028,371,606	6
Property Held For Future Use						7
Plant Under Construction	12,850,397	14,243,663	69,755,506	196,419,021	126,728,814	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant		2,065,321	2,065,321	2,065,321	2,066,586	11
Goodwill						12
Total Telecommunications Plant	1,387,816,834	1,357,566,545	1,333,952,521	1,283,195,741	1,157,167,006	13
Less Acc. Prov. For Depreciation & Amort.	795,857,132	737,051,640	680,986,552	633,478,521	586,782,443	14
Net Total Utility Plant	\$591,959,702	\$620,514,904	\$652,965,969	\$649,717,220	\$570,384,563	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.89	0.18	9.06	0.51	1.40	16
Total Capitalization	\$624,371,387	\$590,602,836	\$612,704,051	\$547,888,379	\$548,017,992	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt					7.3%	18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	92.7%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	8.79	1.83	4.19	9.38	14.71	22
Com. Stock Dividends as a % of Earnings					70.1%	23
Return on Common Equity	5.6%	4.7%	12.0%	5.7%	6.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-600.4%	-27.5%	-17.9%	-109.0%	108.0%	25
CWIP as a % of Plant	0.9%	1.0%	5.2%	15.3%	11.0%	26

Current Assets	96,845,697	119,080,098	578,616,896	74,105,488	140,818,586
Current Liabilities	109,006,542	650,409,169	63,846,310	144,542,449	100,506,038
Total Capitalization	624,371,387	590,602,836	612,704,051	547,888,379	548,017,992
Long-Term Debt					40,000,000
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	624,371,387	590,602,836	612,704,051	547,888,379	508,017,992
Short-Term Debt					
Pretax Income	60,602,754	97,668,217	105,099,739	97,583,873	99,421,871
Interest Expense	6,897,943	53,450,211	25,111,787	10,405,847	6,759,898
Common Dividends Paid					23,000,000
Net Income (Excl. Preferred Stock Dividends)	33,768,552	28,195,318	69,595,956	29,839,336	32,795,310
Internal Cash	(255,789,418)	(26,671,534)	(186,266,213)	(143,206,721)	118,584,774
Cash Outflows for Construction	(42,603,562)	(96,952,904)	(1,043,463,554)	(131,386,915)	(109,847,920)
CWIP	12,850,397	14,243,663	69,755,506	196,419,021	126,728,814
Total Plant	1,387,816,834	1,357,566,544	1,333,952,521	1,283,195,741	1,157,167,006
Shares Outstanding					
Number of Employees	1,124	1,181	1,224	2,484	2,049

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$799,583	\$780,935	\$884,437	\$795,176	\$682,354	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	970,352	918,383	891,095	771,838	784,590	2
Changes in Deferred Income Taxes	26,224	153,580	(83,234)	34,298	127,068	3
Changes in Working Capital	(6,288)	(212,280)	(26,278)	48,784	(152,501)	4
Capitalized AFDC - Equity						5
Other						6
Total Non-Cash Items	990,288	859,683	781,583	854,920	759,157	7
Net Cash Provided From Operating Activities	<u>1,789,871</u>	<u>1,640,618</u>	<u>1,666,020</u>	<u>1,650,096</u>	<u>1,441,511</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,033,019)	(1,020,156)	(602,027)	(512,880)	(732,137)	9
Purchase of Other Investments						10
Sale of Other Investments	10,523	13,995		6,295	1,100	11
Other	(1,002)	(26,684)		(12,563)	(3,470)	12
Net Cash Provided From Investing Activities	<u>(1,023,498)</u>	<u>(1,032,845)</u>	<u>(602,027)</u>	<u>(519,148)</u>	<u>(734,507)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock	(780,000)	(840,000)	(840,000)	(840,000)	(1,200,000)	15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing	(58,496)	(49,336)	(23,642)	(181,950)	(228,829)	19
Net Cash Provided From Financing Activities	<u>(838,496)</u>	<u>(889,336)</u>	<u>(863,642)</u>	<u>(1,021,950)</u>	<u>(1,428,829)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(72,123)	(281,563)	200,351	108,998	(721,825)	21
Cash & Equivalents at Beginning of Year	443,716	725,279	524,928	415,930	1,137,755	22
Cash & Equivalents at End of Year	\$371,593	\$443,716	\$725,279	\$524,928	\$415,930	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$5,417,852	\$5,308,792	\$5,196,241	\$5,055,444	\$4,906,070
2 Access Lines	8,777	8,915	9,114	9,288	8,978
DOLLAR AMOUNTS					
3 Wages and Benefits	\$2,022,669	\$1,978,388	\$2,025,155	\$2,021,167	\$1,955,344
4 Depreciation and Amortization	970,352	918,383	891,095	771,838	784,590
5 Other Operations Expense	1,264,546	1,129,865	982,490	830,100	823,882
6 Total Operation Expenses	4,257,567	4,026,636	3,898,740	3,623,105	3,563,816
7 Income Taxes - Operating Taxes	229,681	373,867	395,493	492,493	503,969
8 Other Taxes - Operating Taxes	273,203	244,971	161,470	218,598	294,968
9 Capital Costs	657,401	663,318	740,538	721,248	543,317
10 Total	\$5,417,852	\$5,308,792	\$5,196,241	\$5,055,444	\$4,906,070
PERCENT OF REVENUES					
11 Wages and Benefits	37.3	37.3	39.0	40.0	39.9
12 Depreciation and Amortization	17.9	17.3	17.1	15.3	16.0
13 Other Operations Expense	23.3	21.3	18.9	16.4	16.8
14 Income Taxes - Operating Taxes	4.2	7.0	7.6	9.7	10.3
15 Other Taxes - Operating Taxes	5.0	4.6	3.1	4.3	6.0
16 Capital Costs	12.1	12.5	14.3	14.3	11.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	230.45	221.92	222.20	217.61	217.79
19 Depreciation and Amortization	110.56	103.02	97.77	83.10	87.39
20 Other Operations Expense	144.07	126.74	107.80	89.37	91.77
21 Income Taxes - Operating Taxes	26.17	41.94	43.39	53.02	56.13
22 Other Taxes - Operating Taxes	31.13	27.48	17.72	23.54	32.85
23 Capital Costs	74.90	74.40	81.25	77.65	60.52
24 Total	617.28	595.49	570.14	544.30	546.45

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,922,332	\$1,948,467	\$1,915,452	\$1,821,681	\$1,789,059	1
Central Office Assets	5,706,186	5,378,372	4,968,891	4,842,784	4,696,145	2
Information Origination/Termination	333,945	333,945	333,945	333,945	333,945	3
Cable And Wire Facilities	7,310,501	6,797,681	6,368,671	6,067,404	5,812,543	4
Amortizable Assets						5
Total Plant In Service	15,272,964	14,458,465	13,586,959	13,065,814	12,631,692	6
Property Held For Future Use						7
Plant Under Construction						8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	909,965	871,054	837,047	806,030	771,677	11
Goodwill						12
Total Telecommunications Plant	16,182,929	15,329,519	14,424,006	13,871,844	13,403,369	13
Less Acc. Prov. For Depreciation & Amort.	11,451,700	10,651,436	9,860,385	9,019,155	8,297,990	14
Net Total Utility Plant	\$4,731,229	\$4,678,083	\$4,563,621	\$4,852,689	\$5,105,379	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	6.99	12.79	5.23	4.29	5.33	16
Total Capitalization	\$4,792,462	\$4,772,879	\$4,831,944	\$4,787,507	\$4,832,331	17
Percent Of Capitalization (Incl. S-T- Debt)						
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	572.81	642.56	712.07	716.37	660.07	22
Com. Stock Dividends as a % of Earnings	97.6%	107.6%	95.0%	105.6%	175.9%	23
Return on Common Equity	16.7%	16.3%	18.4%	16.5%	13.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	173.3%	160.8%	276.7%	321.7%	196.9%	25
CWIP as a % of Plant						26

Current Assets	1,310,325	1,286,611	1,578,162	1,533,891	1,181,813
Current Liabilities	187,351	100,595	301,714	357,588	221,836
Total Capitalization	4,792,462	4,772,879	4,831,944	4,787,507	4,832,331
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	4,792,462	4,772,879	4,831,944	4,787,507	4,832,331
Short-Term Debt					
Pretax Income	1,031,064	1,156,602	1,281,730	1,289,469	1,188,123
Interest Expense	1,800	1,800	1,800	1,800	1,800
Common Dividends Paid	780,000	840,000	840,000	840,000	1,200,000
Net Income (Excl. Preferred Stock Dividends)	799,583	780,935	884,437	795,176	682,354
Internal Cash	1,789,871	1,640,618	1,666,020	1,650,096	1,441,511
Cash Outflows for Construction	(1,033,019)	(1,020,156)	(602,027)	(512,880)	(732,137)
CWIP					
Total Plant	16,182,929	15,329,519	14,424,006	13,871,844	13,403,369
Shares Outstanding	8,000	8,000	8,000	8,000	8,000
Number of Employees	26	26	25	25	24

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$10,135,439	\$9,834,194	\$8,051,025	\$6,199,623	\$5,525,344	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	3,933,380	3,062,621	3,947,490	3,431,067	3,155,228	2
Changes in Deferred Income Taxes	(289,744)	(170,716)	(569,170)	(323,841)	65,005	3
Changes in Working Capital	(2,525,762)	1,415,668	(1,588,834)	(2,070,986)	6,412,062	4
Capitalized AFDC - Equity	(15,400)	(82,125)	(99,281)	(164,734)	(138,608)	5
Other	(1,056,080)	(463,853)	119,585	213,320	(4,545,153)	6
Total Non-Cash Items	46,394	3,761,595	1,809,790	1,084,826	4,948,534	7
Net Cash Provided From Operating Activities	<u>10,181,833</u>	<u>13,595,789</u>	<u>9,860,815</u>	<u>7,284,449</u>	<u>10,473,878</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(801,684)	(916,916)	(3,030,982)	(3,989,229)	(5,812,236)	9
Purchase of Other Investments	0	0				10
Sale of Other Investments	0	0			467,163	11
Other	1,526,441	1,185,853	1,462,623	76,060	(3,429,321)	12
Net Cash Provided From Investing Activities	<u>724,757</u>	<u>268,937</u>	<u>(1,568,359)</u>	<u>(3,913,169)</u>	<u>(8,774,394)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(342,873)	(422,659)	(388,431)	(358,149)	(407,403)	14
Common Stock	0	(13,159,000)	(7,711,000)			15
Preferred Stock	0					16
Short-Term Debt	0					17
Dividends Paid	(10,897,314)			(2,893,000)	(1,991,000)	18
Other Financing	0					19
Net Cash Provided From Financing Activities	<u>(11,240,187)</u>	<u>(13,581,659)</u>	<u>(8,099,431)</u>	<u>(3,251,149)</u>	<u>(2,398,403)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(333,597)	283,067	193,025	120,131	(698,919)	21
Cash & Equivalents at Beginning of Year	752,017	468,949	275,925	155,794	854,713	22
Cash & Equivalents at End of Year	\$418,419	\$752,017	\$468,949	\$275,925	\$155,794	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$20,438,292	\$20,669,654	\$20,185,562	\$19,818,589	\$19,554,896
2 Access Lines	28,601	28,836	28,948	28,547	27,494
DOLLAR AMOUNTS					
3 Wages and Benefits	4,605,631	4,548,338	5,647,253	\$5,094,512	\$5,592,688
4 Depreciation and Amortization	4,104,610	4,050,578	3,945,279	3,428,856	3,153,017
5 Other Operations Expense	5,885,932	5,697,994	5,217,670	5,685,980	5,058,059
6 Total Operation Expenses	14,596,173	14,296,910	14,810,202	14,209,348	13,803,764
7 Income Taxes - Operating Taxes	1,532,555	1,698,216	1,409,178	1,444,866	2,508,283
8 Other Taxes - Operating Taxes	967,102	935,768	763,150	1,099,528	1,093,025
9 Capital Costs	3,342,462	3,738,759	3,203,032	3,064,847	2,149,824
10 Total	\$20,438,292	\$20,669,654	\$20,185,562	\$19,818,589	\$19,554,896
PERCENT OF REVENUES					
11 Wages and Benefits	22.5	22.0	28.0	25.7	28.6
12 Depreciation and Amortization	20.1	19.6	19.5	17.3	16.1
13 Other Operations Expense	28.8	27.6	25.8	28.7	25.9
14 Income Taxes - Operating Taxes	7.5	8.2	7.0	7.3	12.8
15 Other Taxes - Operating Taxes	4.7	4.5	3.8	5.5	5.6
16 Capital Costs	16.4	18.1	15.9	15.5	11.0
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	161.03	157.73	195.08	178.46	203.41
19 Depreciation and Amortization	143.51	140.47	136.29	120.11	114.68
20 Other Operations Expense	205.79	197.60	180.24	199.18	183.97
21 Income Taxes - Operating Taxes	53.58	58.89	48.68	50.61	91.23
22 Other Taxes - Operating Taxes	33.81	32.45	26.36	38.52	39.76
23 Capital Costs	116.87	129.66	110.65	107.36	78.19
24 Total	714.60	716.80	697.30	694.24	711.24

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$7,728,965	\$8,337,016	\$7,424,235	\$6,778,074	\$6,313,065	1
Central Office Assets	26,506,243	25,433,697	23,721,402	22,123,512	18,974,979	2
Information Origination/Termination	1,465	1,465	326,372	1,157,739	1,107,935	3
Cable And Wire Facilities	30,028,620	29,352,685	28,300,231	26,958,145	26,145,192	4
Amortizable Assets	0					5
Total Plant In Service	64,265,293	63,124,863	59,772,240	57,017,470	52,541,171	6
Property Held For Future Use	66,365	24,714	218,428	218,428	218,428	7
Plant Under Construction	525,744	890,742	3,052,753	4,345,576	5,370,184	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	351,026	351,026	348,882	348,882	14,094	11
Goodwill						12
Total Telecommunications Plant	65,208,428	64,391,345	63,392,303	61,930,356	58,143,877	13
Less Acc. Prov. For Depreciation & Amort.	40,041,412	36,110,244	33,047,625	30,770,662	27,709,291	14
Net Total Utility Plant	\$25,167,016	\$28,281,101	\$30,344,678	\$31,159,694	\$30,434,587	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.67	1.26	1.42	1.20	0.92	16
Total Capitalization	\$28,899,346	\$30,004,094	\$33,751,560	\$33,797,754	\$30,847,070	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	14.0%	14.8%	14.5%	15.7%	18.5%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	84.2%	83.7%	84.2%	83.1%	80.3%	20
Short-Term Debt	1.8%	1.6%	1.3%	1.1%	1.2%	21
Pretax Coverage of Interest Expense	35.07	30.04	23.38	17.22	14.54	22
Com. Stock Dividends as a % of Earnings	107.5%	133.8%	95.8%	46.7%	36.0%	23
Return on Common Equity	41.0%	36.7%	28.5%	23.5%	24.0%	24
Internal Cash Generated as a % of Cash Outflows for Construction	1270.1%	1482.8%	325.3%	182.6%	180.2%	25
CWIP as a % of Plant	0.8%	1.4%	4.8%	7.0%	9.2%	26

Current Assets	9,543,897	8,666,779	9,708,554	6,155,417	9,432,589
Current Liabilities	5,703,982	6,892,071	6,830,953	5,132,578	10,264,749
Total Capitalization	28,899,346	30,004,094	33,751,560	33,797,754	30,847,070
Long-Term Debt	4,048,266	4,433,658	4,897,195	5,319,754	5,708,903
Preferred Stock	0	0	0	0	0
Common Stock and Retained Earnings (Excl. Preferred Stock)	24,342,703	25,104,578	28,429,385	28,089,359	24,782,738
Short-Term Debt	508,377	465,858	424,980	388,641	355,429
Pretax Income	15,630,874	15,084,589	12,317,251	9,613,160	8,621,468
Interest Expense	445,717	502,102	526,839	558,383	592,933
Common Dividends Paid	10,897,314	13,159,000	7,711,000	2,893,000	1,991,000
Net Income (Excl. Preferred Stock Dividends)	10,135,439	9,834,194	8,051,025	6,199,623	5,525,344
Internal Cash	10,181,833	13,595,789	9,860,815	7,284,449	10,473,878
Cash Outflows for Construction	(801,684)	(916,916)	(3,030,982)	(3,989,229)	(5,812,236)
CWIP	525,744	890,742	3,052,753	4,345,576	5,370,184
Total Plant	65,208,428	64,391,345	63,392,303	61,930,356	58,143,877
Shares Outstanding	60,219	60,219	60,219	60,219	60,219
Number of Employees	76	79	77	89	82

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$137,885	\$248,320	\$139,956	\$170,653	\$269,569	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	690,901	607,086	564,004	1,002,188	931,498	2
Changes in Deferred Income Taxes	534,391	139,092	64,044	(43,912)	9,961	3
Changes in Working Capital	(375,961)	(26,913)	210,905	247,076	(456,665)	4
Capitalized AFDC - Equity	0	0			(8)	5
Other	(257,173)	204,289	(23,204)	1,476	747,032	6
Total Non-Cash Items	592,158	923,554	815,749	1,206,828	1,231,818	7
Net Cash Provided From Operating Activities	<u>730,043</u>	<u>1,171,874</u>	<u>955,705</u>	<u>1,377,481</u>	<u>1,501,387</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(884,811)	(1,149,296)	(1,138,796)	(999,593)	(819,318)	9
Purchase of Other Investments	0	0				10
Sale of Other Investments	(182,622)	4,499	(15,942)	38,277	(953)	11
Other	0					12
Net Cash Provided From Investing Activities	<u>(1,067,433)</u>	<u>(1,144,797)</u>	<u>(1,154,738)</u>	<u>(961,316)</u>	<u>(820,271)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(211,543)	(201,820)	(192,510)	(183,667)	(175,157)	14
Common Stock	0					15
Preferred Stock	0					16
Short-Term Debt	0				(349,000)	17
Dividends Paid	0					18
Other Financing	33,164					19
Net Cash Provided From Financing Activities	<u>(178,379)</u>	<u>(201,820)</u>	<u>(192,510)</u>	<u>(183,667)</u>	<u>(524,157)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(515,769)	(174,743)	(391,543)	232,498	156,959	21
Cash & Equivalents at Beginning of Year	566,077	740,820	1,132,363	899,865	742,906	22
Cash & Equivalents at End of Year	\$50,308	\$566,077	\$740,820	\$1,132,363	\$899,865	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$3,738,738	\$3,973,304	\$3,435,226	\$4,129,343	\$3,876,111
2 Access Lines	5,868	5,984	6,029	6,175	4,435

DOLLAR AMOUNTS

3 Wages and Benefits	590,026	632,203	583,127	\$637,199	\$670,526
4 Depreciation and Amortization	690,541	607,086	564,005	1,002,188	931,498
5 Other Operations Expense	1,885,011	1,991,886	1,692,272	1,807,211	1,442,510
6 Total Operation Expenses	3,165,578	3,231,175	2,839,404	3,446,598	3,044,535
7 Income Taxes - Operating Taxes	67,053	91,038	76,535	73,592	130,796
8 Other Taxes - Operating Taxes	199,717	199,756	196,417	198,870	210,456
9 Capital Costs	306,390	451,335	322,870	410,283	490,325
10 Total	\$3,738,738	\$3,973,304	\$3,435,226	\$4,129,343	\$3,876,111

PERCENT OF REVENUES

11 Wages and Benefits	15.8	15.9	17.0	15.4	17.3
12 Depreciation and Amortization	18.5	15.3	16.4	24.3	24.0
13 Other Operations Expense	50.4	50.1	49.3	43.8	37.2
14 Income Taxes - Operating Taxes	1.8	2.3	2.2	1.8	3.4
15 Other Taxes - Operating Taxes	5.3	5.0	5.7	4.8	5.4
16 Capital Costs	8.2	11.4	9.4	9.9	12.6
17 Total	100.0	100.0	100.0	100.0	100.0

DOLLARS PER ACCESS LINE

18 Wages and Benefits	100.55	105.65	96.72	103.19	151.19
19 Depreciation and Amortization	117.68	101.45	93.55	162.30	210.03
20 Other Operations Expense	321.24	332.87	280.69	292.67	325.26
21 Income Taxes - Operating Taxes	11.43	15.21	12.69	11.92	29.49
22 Other Taxes - Operating Taxes	34.03	33.38	32.58	32.21	47.45
23 Capital Costs	52.21	75.42	53.55	66.44	110.56
24 Total	637.14	663.99	569.78	668.72	873.98

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,445,883	\$1,396,993	\$1,353,452	\$1,832,163	\$1,974,998	1
Central Office Assets	6,724,077	6,256,210	5,750,865	5,478,070	5,094,879	2
Information Origination/Termination	27,041	31,633	33,714	126,762	120,721	3
Cable And Wire Facilities	8,615,244	8,237,960	7,877,190	7,470,525	7,156,804	4
Amortizable Assets	309,794	295,462	537,208			5
Total Plant In Service	17,122,039	16,218,258	15,552,428	14,907,520	14,347,402	6
Property Held For Future Use						7
Plant Under Construction	56,196	285,175	342,329	133,669	127,267	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	5,449	5,449	5,449	5,449	5,449	11
Goodwill						12
Total Telecommunications Plant	17,183,684	16,508,882	15,900,206	15,046,638	14,480,117	13
Less Acc. Prov. For Depreciation & Amort.	7,659,131	7,360,861	7,301,074	7,039,997	6,477,280	14
Net Total Utility Plant	\$9,524,553	\$9,148,021	\$8,599,132	\$8,006,641	\$8,002,837	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.46	1.56	1.77	2.78	3.01	16
Total Capitalization	\$7,708,905	\$7,749,399	\$7,672,899	\$7,755,453	\$7,768,469	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	40.0%	42.3%	45.4%	47.6%	50.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	57.1%	55.0%	51.9%	50.0%	47.7%	20
Short-Term Debt	2.9%	2.7%	2.6%	2.5%	2.4%	21
Pretax Coverage of Interest Expense	2.10	2.61	1.80	2.01	2.91	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	3.2%	6.0%	2.8%	4.5%	7.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	82.5%	102.0%	81.3%	137.8%	183.2%	25
CWIP as a % of Plant	0.3%	1.7%	2.2%	0.9%	0.9%	26

Current Assets	1,363,965	1,322,723	1,538,725	1,960,551	1,904,339
Current Liabilities	935,354	845,257	871,367	705,579	633,355
Total Capitalization	7,708,905	7,749,399	7,672,899	7,755,453	7,768,469
Long-Term Debt	3,086,024	3,274,746	3,486,359	3,688,204	3,880,751
Preferred Stock	0	0	0	0	0
Common Stock and Retained Earnings (Excl. Preferred Stock)	4,400,038	4,262,153	3,983,833	3,873,877	3,703,225
Short-Term Debt	222,843	212,500	202,707	193,372	184,493
Pretax Income	406,230	563,527	430,130	499,466	636,472
Interest Expense	193,552	216,273	238,709	248,003	218,990
Common Dividends Paid	0	0	0	0	0
Net Income (Excl. Preferred Stock Dividends)	137,885	248,320	109,956	170,653	269,569
Internal Cash	730,043	1,171,874	925,705	1,377,481	1,501,387
Cash Outflows for Construction	(884,811)	(1,149,296)	(1,138,796)	(999,593)	(819,318)
CWIP	56,196	285,175	342,329	133,669	127,267
Total Plant	17,183,684	16,508,882	15,900,206	15,046,638	14,480,117
Shares Outstanding	100	100	100	100	484
Number of Employees	12	12	13	16	17

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$278,546	(\$1,169,627)	\$1,257,197	\$436,850	\$627,011	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,125,064	1,052,491	1,198,817	1,134,405	985,715	2
Changes in Deferred Income Taxes	200,294	26,803	77,988	(27,226)	(340,739)	3
Changes in Working Capital	(66,035)	779,942	(103,032)	139,113	124,482	4
Capitalized AFDC - Equity				(55,913)	(38,440)	5
Other	52,033	1,634,440	(1,250,361)	208,940	263,824	6
Total Non-Cash Items	1,311,356	3,493,676	(76,588)	1,399,319	994,842	7
Net Cash Provided From Operating Activities	<u>1,589,902</u>	<u>2,324,049</u>	<u>1,180,609</u>	<u>1,836,169</u>	<u>1,621,853</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(861,252)	(2,248,785)	(1,655,472)	(2,116,817)	(1,317,962)	9
Purchase of Other Investments	(1,526,201)		377,656			10
Sale of Other Investments	1,851,315	(12,179)	(564,337)			11
Other						12
Net Cash Provided From Investing Activities	<u>(536,138)</u>	<u>(2,260,964)</u>	<u>(1,842,153)</u>	<u>(2,116,817)</u>	<u>(1,317,962)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(128,542)	485,684	935,715	(465,369)	(634,285)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	1,817	56,315	(734,325)	802,287	33,307	17
Dividends Paid	(69,029)	(68,841)	(68,514)	(53,915)	(52,769)	18
Other Financing	(173,959)	(136,073)	(135,348)	(2,269,573)	164,368	19
	96,649	399,124				
Net Cash Provided From Financing Activities	<u>(273,064)</u>	<u>736,209</u>	<u>(2,472)</u>	<u>(1,986,570)</u>	<u>(489,379)</u>	20
Net Increase (Decrease) in Cash & Equivalents	780,700	799,294	(664,016)	(2,267,218)	(185,488)	21
Cash & Equivalents at Beginning of Year	2,326,917	1,527,623	2,191,640	4,458,857	4,644,345	22
Cash & Equivalents at End of Year	\$3,107,618	\$2,326,917	\$1,527,623	\$2,191,640	\$4,458,857	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$5,577,151	\$5,500,518	\$5,163,158	\$5,061,635	\$5,108,000
2 Access Lines	7,065	7,243	7,390	7,475	7,445

DOLLAR AMOUNTS

3 Wages and Benefits	\$1,725,264	\$1,778,830	\$1,790,263	\$1,775,338	\$1,861,642
4 Depreciation and Amortization	1,122,664	1,049,508	1,198,817	1,134,405	985,715
5 Other Operations Expense	1,896,928	1,930,948	1,810,114	1,560,016	1,476,809
6 Total Operation Expenses	4,744,857	4,759,286	4,799,194	4,469,759	4,324,166
7 Income Taxes - Operating Taxes	89,807	85,919	(54,852)	6,783	79,384
8 Other Taxes - Operating Taxes	378,045	337,677	285,353	264,654	259,748
9 Capital Costs	364,442	317,636	133,463	320,439	444,702
10 Total	\$5,577,151	\$5,500,518	\$5,163,158	\$5,061,635	\$5,108,000

PERCENT OF REVENUES

11 Wages and Benefits	30.9	32.3	34.7	35.1	36.4
12 Depreciation and Amortization	20.1	19.1	23.2	22.4	19.3
13 Other Operations Expense	34.0	35.1	35.1	30.8	28.9
14 Income Taxes - Operating Taxes	1.6	1.6	(1.1)	0.1	1.6
15 Other Taxes - Operating Taxes	6.8	6.1	5.5	5.2	5.1
16 Capital Costs	6.5	5.8	2.6	6.3	8.7
17 Total	100.0	100.0	100.0	100.0	100.0

DOLLARS PER ACCESS LINE

18 Wages and Benefits	244.20	245.59	242.25	237.50	250.05
19 Depreciation and Amortization	158.91	144.90	162.22	151.76	132.40
20 Other Operations Expense	268.50	266.60	244.94	208.70	198.36
21 Income Taxes - Operating Taxes	12.71	11.86	(7.42)	0.91	10.66
22 Other Taxes - Operating Taxes	53.51	46.62	38.61	35.41	34.89
23 Capital Costs	51.58	43.85	18.06	42.87	59.73
24 Total	789.41	759.43	698.67	677.14	686.10

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,019,302	\$1,882,286	\$1,879,692	\$1,955,075	\$1,812,033	1
Central Office Assets	8,197,647	7,998,307	7,310,635	7,222,380	6,476,083	2
Information Origination/Termination	135,408	136,838	129,209	126,299	110,296	3
Cable And Wire Facilities	11,187,722	9,894,076	8,775,590	8,543,887	7,546,585	4
Amortizable Assets						5
Total Plant In Service	21,540,079	19,911,507	18,095,126	17,847,641	15,944,997	6
Property Held For Future Use						7
Plant Under Construction	162,866	1,091,178	699,783	239,869	450,919	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	21,702,945	21,002,685	18,794,909	18,087,510	16,395,916	13
Less Acc. Prov. For Depreciation & Amort.	10,502,531	9,717,699	8,869,357	8,618,614	7,972,431	14
Net Total Utility Plant	\$11,200,414	\$11,284,986	\$9,925,551	\$9,468,896	\$8,423,485	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.68	1.43	1.71	1.27	2.87	16
Total Capitalization	\$15,143,368	\$14,797,045	\$13,630,467	\$13,807,195	\$13,261,109	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	16.5%	16.9%	11.9%	4.7%	9.1%	18
Preferred Stock						19
Common Stock & Retained Earnings	81.0%	79.7%	81.9%	83.6%	84.2%	20
Short-Term Debt	2.5%	3.4%	6.2%	11.8%	6.7%	21
Pretax Coverage of Interest Expense	4.45	-8.67	7.74	4.11	5.22	22
Com. Stock Dividends as a % of Earnings	24.8%	-5.9%	5.4%	12.3%	8.4%	23
Return on Common Equity	2.3%	-10.2%	11.1%	3.8%	5.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	184.6%	103.3%	71.3%	86.7%	123.1%	25
CWIP as a % of Plant	0.8%	5.2%	3.7%	1.3%	2.8%	26

Current Assets	4,362,548	3,045,147	3,290,267	3,731,742	6,050,819
Current Liabilities	1,625,209	2,122,162	1,929,280	2,931,353	2,111,294
Total Capitalization	15,143,368	14,797,045	13,630,467	13,807,195	13,261,109
Long-Term Debt	2,500,000	2,500,000	1,628,572	642,857	1,207,143
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	12,259,640	11,786,592	11,162,013	11,540,131	11,162,046
Short-Term Debt	383,728	510,453	839,882	1,624,207	891,920
Pretax Income	571,426	(973,914)	1,247,832	708,082	1,095,304
Interest Expense	128,294	112,269	161,286	172,254	209,761
Common Dividends Paid	69,029	68,841	68,514	53,915	52,769
Net Income (Excl. Preferred Stock Dividends)	278,546	(1,169,627)	1,257,197	436,850	627,011
Internal Cash	1,589,902	2,324,049	1,180,609	1,836,169	1,621,853
Cash Outflows for Construction	(861,252)	(2,248,785)	(1,655,472)	(2,116,817)	(1,317,962)
CWIP	162,866	1,091,178	699,783	239,869	450,919
Total Plant	21,702,945	21,002,685	18,794,909	18,087,510	16,395,916
Shares Outstanding	480,000	480,000	480,000	480,000	480,000
Number of Employees	19	20	20	22	21

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$64,410	\$96,370	\$83,128	\$63,980	(\$55,007)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	500,160	506,454	492,193	546,663	513,603	2
Changes in Deferred Income Taxes	137,306	66,989	13,677	78,384	40,848	3
Changes in Working Capital	(17,436)	(127,130)	263,565	(262,351)	134,392	4
Capitalized AFDC - Equity	0	0			(2,733)	5
Other	50,657	32,137	(28,583)	1,579	12,093	6
Total Non-Cash Items	670,687	478,450	740,852	364,275	698,203	7
Net Cash Provided From Operating Activities	<u>735,097</u>	<u>574,820</u>	<u>823,980</u>	<u>428,255</u>	<u>643,196</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(521,967)	(325,865)	(228,978)	(285,070)	(549,473)	9
Purchase of Other Investments	0	0				10
Sale of Other Investments	(39,375)	0				11
Other	9,551	20,729				12
Net Cash Provided From Investing Activities	<u>(551,791)</u>	<u>(305,136)</u>	<u>(228,978)</u>	<u>(285,070)</u>	<u>(549,473)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	0					14
Common Stock	0					15
Preferred Stock	0					16
Short-Term Debt	(750,000)		(305,000)	(1,220,000)	(255,000)	17
Dividends Paid	0					18
Other Financing	18,689			1,000,000		19
Net Cash Provided From Financing Activities	<u>(731,311)</u>	<u>0</u>	<u>(305,000)</u>	<u>(220,000)</u>	<u>(255,000)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(548,005)	269,684	290,002	(76,816)	(161,277)	21
Cash & Equivalents at Beginning of Year	760,704	491,020	201,018	277,834	439,111	22
Cash & Equivalents at End of Year	\$212,699	\$760,704	\$491,020	\$201,018	\$277,834	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$2,355,609	\$2,372,687	\$2,274,991	\$2,429,833	\$2,377,325
2 Access Lines	2,929	2,864	2,869	2,882	2,875
DOLLAR AMOUNTS					
3 Wages and Benefits	\$455,405	\$500,832	\$517,990	\$410,548	\$346,306
4 Depreciation and Amortization	500,159	506,455	492,193	546,663	513,603
5 Other Operations Expense	1,079,911	966,329	857,551	946,556	1,063,153
6 Total Operation Expenses	2,035,475	1,973,616	1,867,734	1,903,767	1,923,062
7 Income Taxes - Operating Taxes	31,100	48,965	51,299	28,465	(39,374)
8 Other Taxes - Operating Taxes	121,867	127,964	121,466	117,456	119,723
9 Capital Costs	167,167	222,142	234,492	380,145	373,914
10 Total	\$2,355,609	\$2,372,687	\$2,274,991	\$2,429,833	\$2,377,325
PERCENT OF REVENUES					
11 Wages and Benefits	19.3	21.1	22.8	16.9	14.6
12 Depreciation and Amortization	21.2	21.3	21.6	22.5	21.6
13 Other Operations Expense	45.8	40.7	37.7	39.0	44.7
14 Income Taxes - Operating Taxes	1.3	2.1	2.3	1.2	(1.7)
15 Other Taxes - Operating Taxes	5.2	5.4	5.3	4.8	5.0
16 Capital Costs	7.1	9.4	10.3	15.6	15.7
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	155.48	174.87	180.55	142.45	120.45
19 Depreciation and Amortization	170.76	176.83	171.56	189.68	178.64
20 Other Operations Expense	368.70	337.41	298.90	328.44	369.79
21 Income Taxes - Operating Taxes	10.62	17.10	17.88	9.88	(13.70)
22 Other Taxes - Operating Taxes	41.61	44.68	42.34	40.76	41.64
23 Capital Costs	57.07	77.56	81.73	131.90	130.06
24 Total	804.24	828.45	792.96	843.11	826.90

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$977,676	\$998,401	\$993,944	\$1,372,717	\$1,353,995	1
Central Office Assets	2,548,540	2,463,496	2,422,539	2,397,692	2,312,920	2
Information Origination/Termination	11,180	15,099	15,062	15,948	14,730	3
Cable And Wire Facilities	4,082,484	3,898,812	3,747,823	3,622,147	3,526,186	4
Amortizable Assets	2,006,931	1,998,827	2,450,579	2,052,704	2,052,704	5
Total Plant In Service	9,626,811	9,374,635	9,629,947	9,461,208	9,260,535	6
Property Held For Future Use						7
Plant Under Construction	11,597	78,743	3,112	5,177	2,879	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	9,638,408	9,453,378	9,633,059	9,466,385	9,263,414	13
Less Acc. Prov. For Depreciation & Amort.	3,624,601	3,491,201	3,519,207	3,089,343	2,629,845	14
Net Total Utility Plant	\$6,013,807	\$5,962,177	\$6,113,853	\$6,377,042	\$6,633,569	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.32	0.42	0.32	0.27	0.19	16
Total Capitalization	\$5,534,829	\$6,201,730	\$6,105,360	\$6,327,232	\$6,483,252	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	0.3%	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	61.3%	53.7%	52.9%	49.8%	32.2%	20
Short-Term Debt	38.4%	46.3%	47.1%	50.2%	67.8%	21
Pretax Coverage of Interest Expense	1.89	2.11	1.88	1.30	0.81	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	1.9%	2.9%	2.6%	2.4%	-2.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	140.8%	176.4%	359.9%	150.2%	117.1%	25
CWIP as a % of Plant	0.1%	0.8%	0.0%	0.1%	0.0%	26

Current Assets	775,215	1,334,060	1,017,986	939,017	946,792
Current Liabilities	2,459,371	3,178,283	3,195,642	3,450,991	4,873,398
Total Capitalization	5,534,829	6,201,730	6,105,360	6,327,232	6,483,252
Long-Term Debt	18,689	0	0	0	0
Preferred Stock	0	0	0	0	0
Common Stock and Retained Earnings (Excl. Preferred Stock)	3,393,078	3,328,668	3,232,298	3,149,170	2,085,190
Short-Term Debt	2,123,062	2,873,062	2,873,062	3,178,062	4,398,062
Pretax Income	212,411	283,737	291,358	421,599	359,276
Interest Expense	112,146	134,615	155,040	325,501	445,746
Common Dividends Paid	0	0	0	0	0
Net Income (Excl. Preferred Stock Dividends)	64,410	96,370	83,128	63,980	(55,007)
Internal Cash	735,097	574,820	823,980	428,255	643,196
Cash Outflows for Construction	(521,967)	(325,865)	(228,978)	(285,070)	(549,473)
CWIP	11,597	78,743	3,112	5,177	2,879
Total Plant	9,638,408	9,453,378	9,633,059	9,466,385	9,263,414
Shares Outstanding	100	100	100	100	100
Number of Employees	8	8	9	9	9

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

	2004	2003	2002	2001	2000	
Cash Flows from Operating Activities						
Net Income	\$8,512,279	\$7,879,101	\$8,296,816	\$7,572,357	\$7,017,501	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	3,788,162	3,743,825	3,219,250	2,973,214	2,573,187	2
Changes in Deferred Income Taxes	(577,869)	3,626,460	2,498,738	295,747	310,711	3
Changes in Working Capital	1,566,929	(2,266,184)	(43,788)	(159,466)	(159,308)	4
Capitalized AFDC - Equity	(6,887)	(41,707)	(237,823)	(283,315)	(84,746)	5
Other	(12,462,451)	(9,598,990)	(9,005,340)	(5,687,744)	(4,471,508)	6
Total Non-Cash Items	(7,692,116)	(4,536,596)	(3,568,963)	(2,861,564)	(1,831,664)	7
Net Cash Provided From Operating Activities	<u>820,163</u>	<u>3,342,505</u>	<u>4,727,853</u>	<u>4,710,793</u>	<u>5,185,837</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(4,012,077)	(4,278,983)	(4,457,010)	(8,068,169)	(3,524,566)	9
Purchase of Other Investments						10
Sale of Other Investments	(712,500)					11
Other	15,377,800	9,384,480	4,893,540	4,988,942	588,890	12
Net Cash Provided From Investing Activities	<u>10,653,223</u>	<u>5,105,497</u>	<u>436,530</u>	<u>(3,079,227)</u>	<u>(2,935,676)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	4,620,342	3,149,073	20,612	20,612		14
Common Stock	13,651	51,535			(3,000,000)	15
Preferred Stock		(25,000)	1,300,000	1,300,000	82,858	16
Short-Term Debt		(5,000,000)	(3,090,913)	(3,090,913)		17
Dividends Paid	(5,318,524)	(3,780,536)	(3,305,991)		4,050,000	18
Other Financing	(439,243)	(496,164)			(2,831,623)	19
					(604,510)	
Net Cash Provided From Financing Activities	<u>(1,123,774)</u>	<u>(6,101,092)</u>	<u>(5,076,292)</u>	<u>(1,770,301)</u>	<u>(2,303,275)</u>	20
Net Increase (Decrease) in Cash & Equivalents	10,349,612	2,346,910	88,091	(138,735)	(53,114)	21
Cash & Equivalents at Beginning of Year	2,857,000	510,090	421,999	560,734	613,848	22
Cash & Equivalents at End of Year	\$13,206,612	\$2,857,000	\$510,090	\$421,999	\$560,734	23

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

	2004	2003	2002	2001	2000
1 Revenues	\$20,477,526	\$22,001,528	\$21,353,080	\$20,731,210	\$19,640,409
2 Access Lines	28,412	29,602	30,261	30,312	29,494
DOLLAR AMOUNTS					
3 Wages and Benefits	\$8,238,445	\$8,122,556	\$7,476,474	\$7,720,519	\$7,163,262
4 Depreciation and Amortization	3,775,562	3,727,957	3,213,967	2,967,931	2,565,443
5 Other Operations Expense	6,889,414	5,428,807	4,952,835	3,993,094	3,572,982
6 Total Operation Expenses	18,903,422	17,279,321	15,643,276	14,681,543	13,301,687
8 Income Taxes - Operating Taxes	53,851	1,077,639	1,305,127	1,432,508	1,436,795
9 Other Taxes - Operating Taxes	1,177,816	1,387,512	1,304,055	1,270,210	1,220,293
10 Capital Costs	342,438	2,257,056	3,100,622	3,346,949	3,681,634
11 Total	\$20,477,527	\$22,001,528	\$21,353,080	\$20,731,210	\$19,640,409
PERCENT OF REVENUES					
12 Wages and Benefits	40.2	36.9	35.0	37.2	36.5
13 Depreciation and Amortization	18.4	16.9	15.1	14.3	13.1
14 Other Operations Expense	33.6	24.7	23.2	19.3	18.2
16 Income Taxes - Operating Taxes	0.3	4.9	6.1	6.9	7.3
17 Other Taxes - Operating Taxes	5.8	6.3	6.1	6.1	6.2
18 Capital Costs	1.7	10.3	14.5	16.1	18.7
19 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
20 Wages and Benefits	289.96	274.39	247.07	254.70	242.87
21 Depreciation and Amortization	132.89	125.94	106.21	97.91	86.98
22 Other Operations Expense	242.48	183.39	163.67	131.73	121.14
24 Income Taxes - Operating Taxes	1.90	36.40	43.13	47.26	48.71
25 Other Taxes - Operating Taxes	41.45	46.87	43.09	41.90	41.37
26 Capital Costs	12.05	76.25	102.46	110.42	124.83
27 Total	720.74	743.24	705.63	683.93	665.91

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

	2004	2003	2002	2001	2000	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$7,925,391	\$7,517,487	\$7,714,256	\$7,166,334	\$6,174,971	1
Central Office Assets	28,945,035	25,524,629	24,384,243	22,946,674	20,521,854	2
Information Origination/Termination	1,753,558	1,748,998	1,717,310	1,710,106	1,513,331	3
Cable And Wire Facilities	24,985,381	23,746,836	21,670,712	19,372,995	17,222,692	4
Amortizable Assets						5
Total Plant In Service	63,609,366	58,537,951	55,486,520	51,196,110	45,432,848	6
Property Held For Future Use						7
Plant Under Construction	193,789	1,261,750	1,780,215	4,176,715	1,876,360	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	63,803,154	59,799,701	57,266,735	55,372,825	47,309,208	13
Less Acc. Prov. For Depreciation & Amort.	29,039,845	25,279,795	23,213,563	22,800,517	20,120,454	14
Net Total Utility Plant	\$34,763,309	\$34,519,907	\$34,053,172	\$32,572,307	\$27,188,754	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.47	2.19	0.61	0.65	0.74	16
Total Capitalization	\$52,422,498	\$45,488,340	\$44,366,508	\$41,145,989	\$35,343,933	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	19.6%	15.7%		9.7%	11.3%	18
Preferred Stock	1.0%	1.1%	1.1%	1.2%	1.4%	19
Common Stock & Retained Earnings	76.6%	83.2%	78.6%	73.9%	73.3%	20
Short-Term Debt	2.9%		20.3%	15.2%	14.0%	21
Pretax Coverage of Interest Expense	36.33	27.67	22.44	17.30	16.46	22
Com. Stock Dividends as a % of Earnings	62.4%	48.1%	38.6%	40.6%	40.1%	23
Return on Common Equity	21.8%	21.6%	25.3%	26.8%	29.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	20.4%	78.1%	106.1%	58.4%	147.1%	25
CWIP as a % of Plant	0.3%	2.1%	3.1%	7.5%	4.0%	26

Current Assets	25,597,321	14,670,641	9,327,832	6,364,504	6,275,221
Current Liabilities	10,353,084	6,687,183	15,364,899	9,746,657	8,452,102
Total Capitalization	52,422,498	45,488,340	44,366,508	41,145,989	35,343,933
Long-Term Debt	10,250,782	7,149,073		4,000,000	4,000,000
Preferred Stock	500,000	500,000	500,000	500,000	500,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	40,153,084	37,839,267	34,866,508	30,395,989	25,893,933
Short-Term Debt	1,518,632		9,000,000	6,250,000	4,950,000
Pretax Income	13,258,998	12,256,855	12,718,501	11,355,614	10,200,158
Interest Expense	364,932	442,956	566,862	656,434	619,871
Common Dividends Paid	5,293,524	3,780,536	3,190,637	3,065,913	2,806,623
Net Income (Excl. Preferred Stock Dividends)	8,487,279	7,854,101	8,271,816	7,547,357	6,992,501
Internal Cash	820,163	3,342,505	4,727,853	4,710,793	5,185,837
Cash Outflows for Construction	(4,012,077)	(4,278,983)	(4,457,010)	(8,068,169)	(3,524,566)
CWIP	193,789	1,261,750	1,780,215	4,176,715	1,876,360
Total Plant	63,803,154	59,799,701	57,266,735	55,372,825	47,309,208
Shares Outstanding	5,985,463	5,984,883	1,799,709	1,803,583	1,803,096
Number of Employees	122	116	119	132	131