

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	(\$705,124)	(\$730,665)	(\$652,894)	(\$263,345)	(\$411,047)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,495,447	1,579,631	1,666,033	1,829,710	2,298,853	2
Changes in Deferred Income Taxes	(181,360)	(264,312)	(71,265)	(154,292)	165,507	3
Changes in Working Capital	(301,407)	64,514	(318,317)	(661,206)	(1,146,964)	4
Capitalized AFDC - Equity	(19)	(173)	(89)	33	9	5
Other	394,369	555,465	260,322	290,054	462,180	6
Total Non-Cash Items	1,407,030	1,935,125	1,536,683	1,304,300	1,779,585	7
Net Cash Provided From Operating Activities	<u>701,906</u>	<u>1,204,460</u>	<u>883,790</u>	<u>1,040,955</u>	<u>1,368,539</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,428,812)	(1,411,570)	(1,399,597)	(1,446,474)	(1,317,547)	9
Purchase of Other Investments	(28,183)	(103,546)	(266,998)	(83,440)	389,675	10
Sale of Other Investments	(52,135)	77,496	(76,080)	193,852	(65,448)	11
Other	(9,871)	10,240	9,392	8,895	16,976	12
Net Cash Provided From Investing Activities	<u>(1,519,002)</u>	<u>(1,427,381)</u>	<u>(1,733,284)</u>	<u>(1,327,166)</u>	<u>(976,344)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)				(134)	(380)	
Long-Term Debt	(255,665)	(8,669)	(10,452)	(211,980)	(851,617)	14
Common Stock	(600)	(1,392)	(2,644)	(1,996)	(766)	15
Preferred Stock		(13)	77	(86)	(1)	16
Short-Term Debt	785,603	(1,563,543)	904,043	55,826	599,606	17
Dividends Paid	(167,809)	(214,682)	(26,467)	(106,165)	(94,714)	18
Other Financing	465,248	2,011,374	(11,206)	526,550	(31,372)	19
Net Cash Provided From Financing Activities	<u>(466,443)</u>	<u>(15,436)</u>	<u>(1,715)</u>	<u>38,474</u>	<u>29,819</u>	20
Net Increase (Decrease) in Cash & Equivalents	(456,763)	(15,282)	2,144	14,276	42,769	21
Cash & Equivalents at Beginning of Year	517,920	533,202	531,058	516,782	474,013	22
Cash & Equivalents at End of Year	\$61,157	\$517,920	\$533,202	\$531,058	\$516,782	23

Table 5 T

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

	2008	2007	2006	2005	2004
1 Revenues	\$6,250,093	\$6,298,242	\$6,721,298	\$7,139,842	\$7,632,191
2 Access Lines	6,801,941	7,698,365	8,638,065	9,694,056	10,812,113
DOLLAR AMOUNTS					
3 Wages and Benefits	\$3,037,533	\$3,501,177	\$3,564,384	\$3,548,841	\$3,538,024
4 Depreciation and Amortization	1,498,255	1,580,841	1,703,941	1,831,106	2,298,959
5 Other Operations Expense	2,221,770	2,001,026	1,962,714	1,908,327	1,985,123
6 Total Operation Expenses	6,757,558	7,083,044	7,231,039	7,288,274	7,822,107
7 Income Taxes - Operating Taxes	(471,288)	(453,677)	(373,935)	(196,012)	(345,884)
8 Other Taxes - Operating Taxes	517,954	531,019	577,345	557,259	622,347
9 Capital Costs	(554,130)	(862,145)	(713,151)	(509,680)	(466,379)
10 Total	\$6,250,093	\$6,298,242	\$6,721,298	\$7,139,842	\$7,632,191
PERCENT OF REVENUES					
11 Wages and Benefits	48.6	55.6	53.0	49.7	46.4
12 Depreciation and Amortization	24.0	25.1	25.4	25.6	30.1
13 Other Operations Expense	35.5	31.8	29.2	26.7	26.0
14 Income Taxes - Operating Taxes	(7.5)	(7.2)	(5.6)	(2.7)	(4.5)
15 Other Taxes - Operating Taxes	8.3	8.4	8.6	7.8	8.2
16 Capital Costs	(8.9)	(13.7)	(10.6)	(7.1)	(6.1)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	446.57	454.79	412.64	366.08	327.23
19 Depreciation and Amortization	220.27	205.35	197.26	188.89	212.63
20 Other Operations Expense	326.64	259.93	227.22	196.86	183.60
21 Income Taxes - Operating Taxes	(69.29)	(58.93)	(43.29)	(20.22)	(31.99)
22 Other Taxes - Operating Taxes	76.15	68.98	66.84	57.48	57.56
23 Capital Costs	(81.47)	(111.99)	(82.56)	(52.58)	(43.13)
24 Total	918.87	818.13	778.10	736.52	705.89

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,826,633.10	\$3,792,754.74	\$3,945,420.93	\$4,184,600.63	\$4,159,424.24	1
Central Office Assets	12,965,298	13,124,278	13,571,496	13,862,208	13,827,034	2
Information Origination/Termination	418,072	482,001	508,501	625,103	608,609	3
Cable And Wire Facilities	16,272,054	15,441,296	14,581,679	13,362,619	12,927,173	4
Amortizable Assets	339,161	404,297	553,043	792,504	823,127	5
Total Plant In Service	33,821,218	33,244,627	33,160,141	32,827,035	32,345,367	6
Property Held For Future Use	1,863	107	1,963	1,920	2,129	7
Plant Under Construction	212,476	282,575	414,826	359,717	210,247	8
	52	245	73			
Tel. Acquisition	142,477	142,620	142,620	142,620	142,698	9
	143					
Other Plant	(0)	275	423	423	427	10
	275					
Nonoperating Plant	18,045	20,260	28,925	34,179	35,913	11
Goodwill	1,710	1,710	5,112			12
Total Telecommunications Plant	34,198,259	33,692,420	33,754,085	33,365,894	32,736,782	13
Less Acc. Prov. For Depreciation & Amort.	22,712,098	22,113,415	21,927,813	20,390,940	18,796,108	14
Net Total Utility Plant	\$11,486,161	\$11,579,004	\$11,826,271	\$12,974,955	\$13,940,673	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.39	0.47	0.38	0.46	0.38	16
Total Capitalization (\$000)	\$8,241,223	\$8,600,176	\$9,078,717	\$8,469,620	\$8,342,482	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	32.5%	31.3%	32.4%	34.9%	35.6%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	32.8%	41.7%	27.5%	32.9%	30.0%	20
Short-Term Debt	34.7%	27.0%	40.0%	32.2%	34.4%	21
Pretax Coverage of Interest Expense	-2.82	-2.95	-2.12	-0.87	-2.01	22
Com. Stock Dividends as a % of Earnings	-23.8%	-6.1%	-3.0%	-21.0%	-24.4%	23
Return on Common Equity	-22.5%	-34.8%	-33.6%	-19.0%	-14.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	53.5%	89.8%	63.1%	72.0%	103.9%	25
CWIP as a % of Plant	0.6%	0.8%	1.7%	1.4%	1.5%	26

Notes:

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

Current Assets	1,750,851,743	1,957,961,483	2,072,854,046	2,176,552,854	2,012,758,158
Current Liabilities	4,521,797,752	4,125,551,880	5,390,590,531	4,782,057,794	5,263,173,428
Total Capitalization	8,241,223,402	8,600,176,463	9,078,716,598	8,469,620,384	8,342,481,988
Long-Term Debt	2,680,810,946	2,688,366,631	2,943,850,943	2,954,250,938	2,971,502,229
Preferred Stock	926,700	926,700	926,700	926,700	1,012,700
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,702,544,894	3,588,933,617	2,499,902,166	2,784,126,273	2,502,348,122
Short-Term Debt	2,856,940,862	2,321,949,515	3,634,036,789	2,730,316,474	2,867,618,937
Pretax Income	(858,317,664)	(1,117,726,167)	(847,486,260)	(314,242,344)	(631,622,917)
Interest Expense	304,823,109	378,941,994	399,100,895	360,573,682	314,072,741
Dividends Paid	168,937,761	65,085,033	26,514,289	105,747,507	100,116,505
Net Income (Excl. Preferred Stock Dividends)	(708,973,541)	(1,058,793,271)	(888,296,403)	(503,153,230)	(410,977,884)
Internal Cash	763,956,642	1,268,216,635	883,819,292	1,040,965,082	1,368,538,564
Cash Outflows for Construction	(1,428,570,895)	(1,411,570,136)	(1,399,597,093)	(1,446,474,317)	(1,317,546,711)
CWIP	212,527,486	282,820,393	545,906,910	437,168,044	490,553,176
Total Plant	34,198,294,520	34,316,182,250	32,824,491,588	32,344,200,784	32,482,887,386
Shares Outstanding	7,575,237	7,575,235	7,575,235	7,575,710	7,575,565
Number of Employees	22,365	24,503	26,605	27,937	28,916

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$155,475	\$180,850	\$165,910	\$161,588	\$132,686	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	161,981	175,373	139,961	178,022	179,753	2
Changes in Deferred Income Taxes	336	(20,275)	18,531	24,334	9,110	3
Changes in Working Capital	(13,911)	36,453	11,912	(81,731)	(491,939)	4
Capitalized AFDC - Equity	(19)	(173)	(89)	33	9	5
Other	(24,674)	1,733	434	(6,404)	(17,209)	6
Total Non-Cash Items	123,713	193,110	170,750	114,254	(320,275)	7
Net Cash Provided From Operating Activities	<u>279,189</u>	<u>373,960</u>	<u>336,660</u>	<u>275,842</u>	<u>(187,589)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(59,357)	(83,340)	(59,263)	(100,985)	(102,998)	10
Purchase of Other Investments	(29,567)	(77,185)	(260,202)	(90,235)	389,675	11
Sale of Other Investments	3,134	2,019	19,494	10,064	2,210	12
Other	(9,871)	10,240	9,392	8,895	16,976	13
Net Cash Provided From Investing Activities	<u>(95,660)</u>	<u>(148,267)</u>	<u>(290,580)</u>	<u>(172,261)</u>	<u>305,862</u>	
Cash Flows from Financing Activities						
Net Proceeds (Payments)				(134)	(380)	
Long-Term Debt	(5,665)	(8,669)	(9,413)	(14,169)	(2,126)	14
Common Stock	(607)	(1,392)	(2,644)	(1,996)	(766)	15
Preferred Stock		(13)	77	(86)	(1)	16
Short-Term Debt	259	(1,186)	(3,630)	(8,492)	(6,893)	17
Dividends Paid	(167,809)	(214,682)	(26,467)	(106,165)	(94,714)	18
Other Financing	(26)	405	(111)	3,288	(452)	19
			335	252	151	
Net Cash Provided From Financing Activities	<u>(173,848)</u>	<u>(225,537)</u>	<u>(41,851)</u>	<u>(127,502)</u>	<u>(105,181)</u>	20
Net Increase (Decrease) in Cash & Equivalents	9,681	156	4,228	(23,921)	13,093	21
Cash & Equivalents at Beginning of Year	50,246	50,090	45,861	69,783	56,690	22
Cash & Equivalents at End of Year	\$59,927	\$50,246	\$50,090	\$45,861	\$69,783	23

Table 5 WT

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

	2008	2007	2006	2005	2004
1 Revenues	\$796,787	\$851,977	\$876,280	\$904,748	\$906,727
2 Access Lines	809,163	897,260	1,052,303	1,152,835	1,234,644
DOLLAR AMOUNTS					
3 Wages and Benefits	\$132,803	\$145,232	\$146,614	\$164,776	\$162,825
4 Depreciation and Amortization	164,789	176,583	177,868	179,417	179,860
5 Other Operations Expense	247,301	248,403	274,179	266,232	318,656
6 Total Operation Expenses	544,893	570,217	598,662	610,425	661,341
7 Income Taxes - Operating Taxes	70,167	78,772	80,593	82,177	70,817
8 Other Taxes - Operating Taxes	51,411	49,892	52,976	50,914	51,121
9 Capital Costs	130,316	153,095	144,048	161,233	123,447
10 Total	\$796,787	\$851,977	\$876,280	\$904,748	\$906,727
PERCENT OF REVENUES					
11 Wages and Benefits	16.7	17.0	16.7	18.2	18.0
12 Depreciation and Amortization	20.7	20.7	20.3	19.8	19.8
13 Other Operations Expense	31.0	29.2	31.3	29.4	35.1
14 Income Taxes - Operating Taxes	8.8	9.2	9.2	9.1	7.8
15 Other Taxes - Operating Taxes	6.5	5.9	6.0	5.6	5.6
16 Capital Costs	16.4	18.0	16.4	17.8	13.6
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	164.12	161.86	139.33	142.93	131.88
19 Depreciation and Amortization	203.65	196.80	169.03	155.63	145.68
20 Other Operations Expense	305.63	276.85	260.55	230.94	258.10
21 Income Taxes - Operating Taxes	86.71	87.79	76.59	71.28	57.36
22 Other Taxes - Operating Taxes	63.54	55.61	50.34	44.16	41.41
23 Capital Costs	161.05	170.62	136.89	139.86	99.99
24 Total	984.71	949.53	832.73	784.80	734.40

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$333,532	\$337,411	\$331,280	\$547,997	\$309,219	1
Central Office Assets	1,420,809	1,391,412	1,367,813	1,441,414	1,282,300	2
Information Origination/Termination	41,411	40,960	40,578	152,846	17,495	3
Cable And Wire Facilities	1,665,196	1,626,864	1,593,952	987,411	1,091,212	4
Amortizable Assets	17,737	17,580	17,964	190,100	51,143	5
Total Plant In Service	3,478,685	3,414,227	3,351,587	3,319,768	2,751,369	6
Property Held For Future Use	106	107	107	63	371	7
Plant Under Construction	31,098	47,124	41,115	92,464	(114,012)	8
Tel. Acquisition	142,477	142,620	142,620	142,620	142,698	9
Other Plant	(0)	275	423	423	427	10
Nonoperating Plant	1,609	1,543	1,754	(3,440)	3,257	11
Goodwill	1,710	1,710	5,112			12
Total Telecommunications Plant	3,655,685	3,607,606	3,542,719	3,551,899	2,784,110	13
Less Acc. Prov. For Depreciation & Amort.						14
Net Total Utility Plant						15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.79	1.57	1.94	0.22	0.77	16
Total Capitalization (\$000)	\$1,537,827	\$1,569,326	\$1,608,058	\$1,358,801	\$2,368,365	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	2.0%	2.4%	2.7%	5.3%	41.0%	18
Preferred Stock	0.1%	0.1%	0.1%	0.1%	0.0%	19
Common Stock & Retained Earnings	97.5%	97.1%	96.8%	83.7%	86.2%	20
Short-Term Debt	0.5%	0.4%	0.4%	10.9%	-27.2%	21
Pretax Coverage of Interest Expense	26.20	26.05	24.55	1.69	-3.30	22
Com. Stock Dividends as a % of Earnings	111.4%	36.0%	16.0%	39.5%	-29.0%	23
Return on Common Equity	#REF!	11.7%	12.3%	16.0%	-35.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	577.2%	525.2%	568.1%	-2159.5%	775.7%	25
CWIP as a % of Plant	0.9%	1.1%	6.6%	8.4%	-4.1%	26

Notes:

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

Current Assets	283,420,338	277,283,963	280,509,309	142,379,850	1,899,905,244
Current Liabilities	158,121,669	176,668,608	144,698,396	641,264,710	2,471,798,669
Total Capitalization	1,537,827,439	1,569,325,620	1,608,058,075	1,358,800,723	2,368,364,657
Long-Term Debt	31,122,842	37,206,553	43,479,066	72,260,739	971,721,034
Preferred Stock	926,700	926,700	926,700	1,012,700	1,013,200
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,498,746,492	1,524,344,433	1,556,943,360	1,137,751,806	2,040,617,118
Short-Term Debt	7,031,405	6,847,933	6,708,949	147,775,478	(644,986,695)
Pretax Income	243,279,745	279,342,692	260,380,396	(59,165,222)	(519,509,961)
Interest Expense	9,287,073	10,722,688	10,605,796	(35,036,068)	157,520,805
Dividends Paid	168,937,761	65,085,033	26,514,289	100,116,505	207,162,449
Net Income (Excl. Preferred Stock Dividends)	151,625,513	180,826,931	165,280,396	253,773,649	(714,951,673)
Internal Cash	341,239,317	437,716,193	336,689,067	603,425,793	1,142,503,849
Cash Outflows for Construction	(59,115,275)	(83,340,377)	(59,263,492)	27,942,276	(147,281,653)
CWIP	31,149,821	47,369,446	172,195,953	223,300,322	(114,011,660)
Total Plant	3,656,190,559	4,231,614,112	2,613,198,605	2,668,892,191	2,784,110,238
Shares Outstanding	7,575,236	7,575,234	7,575,234	7,575,564	7,575,164
Number of Employees	1,817	1,941	2,144	3,223	2,689

Table 4 AT

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	(\$753,414)	(\$788,351)	(\$713,931)	(\$324,212)	(\$462,990)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,446,423	1,525,445	1,610,468	1,775,806	2,244,257	2
Changes in Deferred Income Taxes	(183,163)	(261,084)	(69,235)	(156,058)	158,723	3
Changes in Working Capital	(305,649)	66,880	(332,591)	(649,609)	(1,132,429)	4
Capitalized AFDC - Equity				119	119	5
Other	423,685	559,264	269,975	302,821	473,339	6
Total Non-Cash Items	1,381,297	1,890,504	1,478,616	1,273,080	1,744,010	7
Net Cash Provided From Operating Activities	<u>627,883</u>	<u>1,102,153</u>	<u>764,685</u>	<u>948,868</u>	<u>1,281,019</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,405,099)	(1,385,446)	(1,360,004)	(1,412,291)	(1,282,360)	9
Purchase of Other Investments	(23,517)	(90,030)	(204,585)	(50,649)	406,398	10
Sale of Other Investments	(55,269)	75,867	(95,574)	186,358	(67,769)	11
Other	(15,752)			(0)		12
Net Cash Provided From Investing Activities	<u>(1,499,639)</u>	<u>(1,399,610)</u>	<u>(1,660,163)</u>	<u>(1,276,582)</u>	<u>(943,731)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(250,000)		(1,039)	(197,812)	(849,491)	14
Common Stock	7					15
Preferred Stock						16
Short-Term Debt	785,344	(1,562,357)	907,673	64,318	606,499	17
Dividends Paid	(125,000)	(155,000)		(62,500)	(64,660)	18
Other Financing	465,273	2,010,968	(11,095)	523,262	(30,921)	19
Net Cash Provided From Financing Activities	<u>(466,443)</u>	<u>(15,436)</u>	<u>(2,049)</u>	<u>38,221</u>	<u>29,669</u>	20
Net Increase (Decrease) in Cash & Equivalents	(462,575)	(19,281)	(1,987)	37,776	28,384	21
Cash & Equivalents at Beginning of Year	464,346	483,628	485,615	447,839	419,455	22
Cash & Equivalents at End of Year	\$1,771	\$464,346	\$483,628	\$485,615	\$447,839	23

Table 5 AT

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

	2008	2007	2006	2,005	2004
1 Revenues	\$5,988,066	\$6,014,329	\$6,423,471	\$6,827,479	\$7,318,212
2 Access Lines	6,498,995	7,361,790	8,272,754	9,296,448	10,391,707
DOLLAR AMOUNTS					
3 Wages and Benefits	\$2,979,239	\$3,443,004	\$3,505,311	\$3,483,696	\$3,473,308
4 Depreciation and Amortization	1,446,423	1,525,445	1,595,485	1,776,499	2,242,903
5 Other Operations Expense	2,125,047	1,897,730	1,786,123	1,811,983	1,879,882
6 Total Operation Expenses	6,550,709	6,866,178	6,867,720	7,072,178	7,596,093
7 Income Taxes - Operating Taxes	(489,215)	(473,836)	(432,705)	(222,732)	(369,068)
8 Other Taxes - Operating Taxes	501,523	513,725	545,810	541,103	605,133
9 Capital Costs	(574,951)	(891,738)	(557,354)	(563,070)	(513,946)
10 Total	\$5,988,066	\$6,014,329	\$6,423,471	\$6,827,479	\$7,318,212
PERCENT OF REVENUES					
11 Wages and Benefits	49.8	57.2	54.6	51.0	47.5
12 Depreciation and Amortization	24.2	25.4	24.8	26.0	30.6
13 Other Operations Expense	35.5	31.6	27.8	26.5	25.7
14 Income Taxes - Operating Taxes	(8.2)	(7.9)	(6.7)	(3.3)	(5.0)
15 Other Taxes - Operating Taxes	8.4	8.5	8.5	7.9	8.3
16 Capital Costs	(9.6)	(14.8)	(8.7)	(8.2)	(7.0)
17 Total	100.0	100.0	100.3	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	458.42	467.69	423.72	374.73	334.24
19 Depreciation and Amortization	222.56	207.21	192.86	191.09	215.84
20 Other Operations Expense	326.98	257.78	215.90	194.91	180.90
21 Income Taxes - Operating Taxes	(75.28)	(64.36)	(52.30)	(23.96)	(35.52)
22 Other Taxes - Operating Taxes	77.17	69.78	65.98	58.21	58.23
23 Capital Costs	(88.47)	(121.13)	(67.37)	(60.57)	(49.46)
24 Total	921.38	816.97	778.78	734.42	704.24

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

	2008	2007	2006	2,005	2004	
TELECOMMUNICATIONS PLANT						
<u>Plant In Service</u>						
General Support Assets	\$3,695,127	\$3,661,426	\$3,816,356	\$3,837,092	\$4,056,625	1
Central Office Assets	12,536,524	12,701,434	13,156,035	13,352,128	13,466,314	2
Information Origination/Termination	410,528	474,591	501,019	508,012	617,616	3
Cable And Wire Facilities	15,772,965	14,953,737	14,106,162	13,473,802	12,911,326	4
Amortizable Assets	337,466	402,554	550,991	618,435	788,522	5
Total Plant In Service	32,752,612	32,193,742	32,130,563	31,789,468	31,840,403	6
Property Held For Future Use	1,757		1,857	1,857	1,758	7
Plant Under Construction	204,219	271,437	401,879	292,867	348,678	8
Tel. Acquisition	142,405	142,405	142,405	142,405	142,405	9
Other Plant						10
Nonoperating Plant	16,473	18,755	27,210	37,656	32,694	11
Goodwill						12
Total Telecommunications Plant	33,117,466	32,626,339	32,703,913	32,264,254	32,365,938	13
Less Acc. Prov. For Depreciation & Amort.	21,978,483	21,415,686	21,273,212	20,616,772	19,823,080	14
Net Total Utility Plant	\$11,138,984	\$11,210,654	\$11,430,701	\$11,647,481	\$12,542,858	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	#REF!	0.45	0.36	0.43	0.36	16
Total Capitalization (\$000)	\$7,693,832	\$8,039,102	\$8,510,746	\$7,918,896	\$7,787,578	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	#REF!	33.0%	34.1%	36.6%	37.2%	18
Preferred Stock	#REF!					19
Common Stock & Retained Earnings	#REF!	38.2%	23.3%	29.0%	26.1%	20
Short-Term Debt	#REF!	28.8%	42.6%	34.3%	36.7%	21
Pretax Coverage of Interest Expense	-2.31	-3.21	-2.39	-1.17	-2.33	22
Com. Stock Dividends as a % of Earnings	-13.2%	-0.4%		-11.1%	-14.0%	23
Return on Common Equity	#REF!	-44.2%	-44.3%	-26.0%	-19.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	42.9%	83.6%	56.2%	67.2%	99.9%	25
CWIP as a % of Plant	0.6%	0.8%	1.7%	1.3%	1.5%	26

Notes:

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

Current Assets	#REF!	1,824,577	1,944,357	2,036,629	1,845,352
Current Liabilities	#REF!	4,066,664	5,328,963	4,721,259	5,181,646
Total Capitalization	#REF!	8,039,102	8,510,746	7,918,896	7,787,578
Long-Term Debt	#REF!	2,651,160	2,900,372	2,899,241	2,896,512
Preferred Stock	#REF!				
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,929,507	3,072,840	1,983,046	2,299,811	2,036,163
Short-Term Debt	2,883,557	2,315,102	3,627,328	2,719,843	2,854,903
Pretax Income	(699,738)	(1,203,883)	(942,755)	(413,230)	(718,801)
Interest Expense	302,964	374,943	394,556	354,560	307,908
Dividends Paid	65,000	5,000		62,500	64,660
Net Income (Excl. Preferred Stock Dividends)	(494,241)	(1,116,456)	(948,704)	(564,031)	(462,990)
Internal Cash	555,818	1,158,737	764,685	948,865	1,281,019
Cash Outflows for Construction	(1,296,016)	(1,385,446)	(1,360,004)	(1,412,291)	(1,282,360)
CWIP	192,116	271,437	532,887	423,297	479,514
Total Plant	32,065,240	32,626,339	31,774,284	31,364,689	31,482,931
Shares Outstanding	57,363	0	0	0	0
Number of Employees	132,212,077	23,562	25,669	26,953	27,871

Table 4 BT

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$48,290	\$57,686	\$61,037	\$60,867	\$51,944	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	49,024	54,187	55,565	53,904	54,596	2
Changes in Deferred Income Taxes	1,802	(3,227)	(2,030)	1,767	6,785	3
Changes in Working Capital	4,242	(2,366)	14,274	(11,597)	(14,535)	4
Capitalized AFDC - Equity	(19)	(173)	(89)	(87)	(110)	5
Other	(29,316)	(3,799)	(9,653)	(12,767)	(11,159)	6
Total Non-Cash Items	25,733	44,621	58,067	31,220	35,576	7
Net Cash Provided From Operating Activities	<u>74,023</u>	<u>102,307</u>	<u>119,104</u>	<u>92,087</u>	<u>87,519</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(23,713)	(26,124)	(39,593)	(34,183)	(35,187)	9
Purchase of Other Investments	(4,666)	(13,515)	(62,413)	(32,791)	(16,723)	10
Sale of Other Investments	3,134	1,629	19,494	7,494	2,321	11
Other	5,881	10,240	9,392	8,896	16,976	12
Net Cash Provided From Investing Activities	<u>(19,363)</u>	<u>(27,771)</u>	<u>(73,121)</u>	<u>(50,584)</u>	<u>(32,614)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)				(134)	(380)	
Long-Term Debt	(5,665)	(8,669)	(9,413)	(14,169)	(2,126)	14
Common Stock	(607)	(1,392)	(2,644)	(1,996)	(766)	15
Preferred Stock	-	(13)	77	(86)	(1)	16
Short-Term Debt	259	(1,186)	(3,630)	(8,492)	(6,893)	17
Dividends Paid	(42,809)	(59,682)	(26,467)	(43,665)	(30,054)	18
Other Financing	(26)	405	(112)	3,288	(452)	19
	-	-	334	252	151	
Net Cash Provided From Financing Activities	<u>(48,848)</u>	<u>(70,537)</u>	<u>(41,854)</u>	<u>(65,002)</u>	<u>(40,521)</u>	20
Net Increase (Decrease) in Cash & Equivalents	5,812	4,000	4,130	(23,499)	14,385	21
Cash & Equivalents at Beginning of Year	53,574	49,574	45,444	68,943	54,558	22
Cash & Equivalents at End of Year	\$59,386	\$53,574	\$49,574	\$45,443	\$68,943	23

Table 5 BT

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

	2008	2007	2006	2005	2004
1 Revenues	\$262,027	\$283,913	\$297,827	\$312,363	\$313,979
2 Access Lines	302,946	336,575	365,311	397,608	420,406
DOLLAR AMOUNTS					
3 Wages and Benefits	58,294	58,173	59,073	65,145	64,716
4 Depreciation and Amortization	51,832	55,397	108,456	54,606	56,056
5 Other Operations Expense	96,723	103,296	176,591	96,345	105,241
6 Total Operation Expenses	206,849	216,865	363,318	216,096	226,014
7 Income Taxes - Operating Taxes	17,927	20,160	58,769	26,721	23,184
8 Other Taxes - Operating Taxes	16,431	17,294	31,535	16,156	17,215
9 Capital Costs	20,821	29,593	(155,796)	53,390	47,567
10 Total	\$262,027	\$283,913	\$297,827	\$312,363	\$313,979
PERCENT OF REVENUES					
11 Wages and Benefits	22.2	20.5	19.8	20.9	20.6
12 Depreciation and Amortization	19.8	19.5	36.4	17.5	17.9
13 Other Operations Expense	36.9	36.4	59.3	30.8	33.5
14 Income Taxes - Operating Taxes	6.8	7.1	19.7	8.6	7.4
15 Other Taxes - Operating Taxes	6.3	6.1	10.6	5.2	5.5
16 Capital Costs	7.9	10.4	(52.3)	17.1	15.1
17 Total	100.0	100.0	93.6	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	192	173	162	164	154
19 Depreciation and Amortization	171	165	297	137	133
20 Other Operations Expense	319	307	483	242	250
21 Income Taxes - Operating Taxes	59	60	161	67	55
22 Other Taxes - Operating Taxes	54	51	86	41	41
23 Capital Costs	69	88	(426)	134	113
24 Total Annual	865	844	763	786	747

Table 6 BT

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$131,506	\$131,329	\$129,065	\$126,568	\$127,976	1
Central Office Assets	428,774	422,844	415,461	404,596	395,894	2
Information Origination/Termination	7,544	7,410	7,482	5,695	7,487	3
Cable And Wire Facilities	499,089	487,559	475,517	462,863	451,293	4
Amortizable Assets	1,694	1,743	2,052	6,211	3,982	5
Total Plant In Service	1,068,607	1,050,885	1,029,578	1,005,933	986,632	6
Property Held For Future Use	106	107	107	107	162	7
Plant Under Construction	8,257	11,138	12,947	13,871	11,039	8
	52	245	73			
Tel. Acquisition	72	215	215	215	215	9
	143					
Other Plant	(0)	275	423	423	423	10
	275					
Nonoperating Plant	1,571	1,505	1,716	1,518	1,485	11
	36	36	36			
Goodwill	1,710	1,710	5,112			12
Total Telecommunications Plant	1,080,828	1,066,116	1,050,207	1,101,640	999,957	13
Less Acc. Prov. For Depreciation & Amort.	733,615	697,730	654,601	610,054	567,860	14
Net Total Utility Plant	\$347,213	\$368,386	\$395,606	\$491,587	\$432,097	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.06	2.27	2.09	2.30	2.05	16
Total Capitalization (\$000)	\$547,391	\$561,074	\$567,971	\$550,724	\$554,904	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	5.7%	6.6%	7.7%	10.0%	13.5%	18
Preferred Stock	0.2%	0.2%	0.2%	0.2%	0.2%	19
Common Stock & Retained Earnings	92.9%	92.0%	91.0%	87.9%	84.0%	20
Short-Term Debt	1.3%	1.2%	1.2%	1.9%	2.3%	21
Pretax Coverage of Interest Expense	37.18	21.55	20.96	16.46	14.14	22
Com. Stock Dividends as a % of Earnings	98.9%	104.2%	43.9%	71.0%	68.2%	23
Return on Common Equity	8.7%	11.2%	12.1%	12.8%	11.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	323.6%	419.1%	300.9%	269.4%	248.7%	25
CWIP as a % of Plant	0.8%	0.7%	1.2%	1.4%	1.1%	26

Current Assets	147,998	133,384	128,497	139,923	167,406
Current Liabilities	71,793	58,888	61,627	60,799	81,527
Total Capitalization	547,391	561,074	567,971	550,724	554,904
Long-Term Debt	31,123	37,207	43,479	55,009	74,990
Preferred Stock	927	927	927	927	1,013
Common Stock and Retained Earnings (Excl. Preferred Stock)	508,310	516,093	516,856	484,315	466,185
Short-Term Debt	7,031	6,848	6,709	10,473	12,716
Pretax Income	69,097	86,157	95,269	98,987	87,178
Interest Expense	1,858	3,999	4,545	6,014	6,165
Dividends Paid	43,938	60,085	26,514	43,248	35,457
Net Income (Excl. Preferred Stock Dividends)	44,440	57,663	60,408	60,878	52,013
Internal Cash	75,947	109,480	119,134	92,100	87,519
Cash Outflows for Construction	(23,471)	(26,124)	(39,593)	(34,183)	(35,187)
CWIP	8,308	11,383	13,020	13,871	11,039
Total Plant	1,080,828	1,689,843	1,050,207	979,512	999,957
Shares Outstanding	7,575	7,575	7,575	7,576	7,576
Number of Employees	929	941	936	984	1,045

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$6,487,089	\$18,512,892	\$6,339,521	\$6,711,334	\$7,104,581	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	8,815,437	10,218,267	9,887,642	9,681,082	9,553,704	2
Changes in Deferred Income Taxes	(1,168)	(1,431,958)	(2,225,131)	(1,744,640)	1,653,017	3
Changes in Working Capital	3,349,493	(2,823,779)	5,120,445	(423,574)	1,444,918	4
Capitalized AFDC - Equity	(18,680)	(57,469)	(72,179)	(74,907)	(87,835)	5
Other	117,829	(343,458)	2,562,481	481,562	(729,542)	6
Total Non-Cash Items	12,262,911	5,561,603	15,273,258	7,919,523	11,834,262	7
Net Cash Provided From Operating Activities	<u>18,750,000</u>	<u>24,074,495</u>	<u>21,612,779</u>	<u>14,630,857</u>	<u>18,938,843</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(3,738,335)	(2,286,769)	(8,999,542)	(6,954,855)	(5,543,805)	9
Purchase of Other Investments						10
Sale of Other Investments						11
Other						12
Net Cash Provided From Investing Activities	<u>(3,738,335)</u>	<u>(2,286,769)</u>	<u>(8,999,542)</u>	<u>(6,954,855)</u>	<u>(5,543,805)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments):						
Long-Term Debt			(8,456,800)	(2,272,400)	(2,272,400)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt			(2,272,400)			17
Dividends Paid	(5,800,000)	(6,677,462)	(5,652,000)	(5,896,999)	(6,189,002)	18
Other Financing			2,783,152			19
Net Cash Provided From Financing Activities	<u>(5,800,000)</u>	<u>(6,677,462)</u>	<u>(13,598,048)</u>	<u>(8,169,399)</u>	<u>(8,461,402)</u>	20
Net Increase (Decrease) in Cash & Equivalents	9,211,665	15,110,264	(984,811)	(493,397)	4,933,636	21
Cash & Equivalents at Beginning of Year	19,797,189	4,686,925	5,671,736	6,165,132	1,231,496	22
Cash & Equivalents at End of Year	\$29,008,854	\$19,797,189	\$4,686,925	\$5,671,735	\$6,165,132	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$44,103,040	\$48,629,961	\$51,701,494	\$55,178,848	\$57,008,896
2 Access Lines	65,676	72,003	75,256	88,168	95,002
DOLLAR AMOUNTS					
3 Wages and Benefits	\$5,736,857	\$5,776,676	\$6,086,005	6,165,830	\$6,238,562
4 Depreciation and Amortization	8,815,437	10,218,267	9,887,642	9,681,082	9,553,704
5 Other Operations Expense	17,078,861	17,629,298	19,102,024	17,475,740	16,738,654
6 Total Operation Expenses	31,631,155	33,624,241	35,075,671	33,322,652	32,530,920
7 Income Taxes - Operating Taxes	3,498,399	3,658,479	4,243,543	6,520,646	6,862,664
8 Other Taxes - Operating Taxes	3,299,330	4,540,725	4,538,931	3,158,682	4,574,631
9 Capital Costs	5,674,156	6,806,516	7,843,349	12,176,868	13,040,681
10 Total	\$44,103,040	\$48,629,961	\$51,701,494	\$55,178,848	\$57,008,896
PERCENT OF REVENUES					
11 Wages and Benefits	13.0	11.9	11.8	11.2	10.9
12 Depreciation and Amortization	20.0	21.0	19.1	17.5	16.8
13 Other Operations Expense	38.7	36.3	36.9	31.7	29.4
14 Income Taxes - Operating Taxes	7.9	7.5	8.2	11.8	12.0
15 Other Taxes - Operating Taxes	7.5	9.3	8.8	5.7	8.0
16 Capital Costs	12.9	14.0	15.2	22.1	22.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	87.35	80.23	80.87	69.93	65.67
19 Depreciation and Amortization	134.23	141.91	131.39	109.80	100.56
20 Other Operations Expense	260.05	244.84	253.83	198.21	176.19
21 Income Taxes - Operating Taxes	53.27	50.81	56.39	73.96	72.24
22 Other Taxes - Operating Taxes	50.24	63.06	60.31	35.83	48.15
23 Capital Costs	86.40	94.53	104.22	138.11	137.27
24 Total	671.52	675.39	687.01	625.84	600.08

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLAN						
Plant In Service						
General Support Assets	\$20,109,951	\$20,025,798	\$20,046,973	19,893,437	\$19,634,030	1
Central Office Assets	87,197,032	85,917,441	83,310,332	80,782,788	79,430,735	2
Information Origination/Termination	146,945	162,358	217,369	301,830	387,386	3
Cable And Wire Facilities	101,344,697	99,064,656	96,843,245	94,129,024	93,174,250	4
Amortizable Assets						5
Total Plant In Service	208,798,625	205,170,253	200,417,919	195,107,079	192,626,401	6
Property Held For Future Use						7
Plant Under Construction	1,641,718	2,345,465	3,239,337	3,893,929	2,396,939	8
Tel. Acquisition						9
Other Plant			148,560	148,560	148,560	10
Nonoperating Plant	37,008	37,008	37,008	37,008	37,008	11
Goodwill			3,402,423			12
Total Telecommunications Plant	210,477,351	207,552,726	207,245,247	199,186,576	195,208,908	13
Less Acc. Prov. For Depreciation & Amort.	145,782,209	137,844,672	129,620,859	120,746,036	114,021,473	14
Net Total Utility Plant	\$64,695,142	\$69,708,054	\$77,624,388	\$78,440,540	\$81,187,435	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	3.92	4.45	1.17	1.79	1.72	16
Total Capitalization	\$75,743,258	\$75,056,169	\$63,220,739	\$70,479,266	\$71,937,331	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	0.0%	0.0%	0.0%	12.0%	14.9%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	84.8%	81.9%	20
Short-Term Debt	0.0%	0.0%	0.0%	3.2%	3.2%	21
Pretax Coverage of Interest Expense	43989.93	102.53	13.64	10.31	9.31	22
Com. Stock Dividends as a % of Earnings	89.4%	36.1%	89.2%	87.9%	87.1%	23
Return on Common Equity	8.6%	26.8%	10.3%	11.3%	12.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	501.6%	1052.8%	240.2%	210.4%	341.6%	25
CWIP as a % of Plant	0.8%	1.1%	1.6%	2.0%	1.2%	26

Current Assets	33,795,924	25,090,767	10,900,814	11,597,574	12,201,363
Current Liabilities	8,611,207	5,640,897	9,319,769	6,474,158	7,089,628
Total Capitalization	75,743,258	75,056,169	63,220,739	70,479,266	71,937,331
Long-Term Debt				8,456,800	10,729,200
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	75,743,258	75,056,169	63,220,739	59,750,066	58,935,731
Short-Term Debt				2,272,400	2,272,400
Pretax Income	9,985,715	22,502,412	10,260,352	12,045,845	12,847,567
Interest Expense	227	219,468	752,103	1,167,807	1,380,584
Common Dividends Paid	5,800,000	6,677,462	5,652,000	5,896,999	6,189,002
Net Income (Excl. Preferred Stock Dividends)	6,487,089	18,512,892	6,339,521	6,711,334	7,104,581
Internal Cash	18,750,000	24,074,495	21,612,779	14,630,857	18,938,843
Cash Outflows for Construction	(3,738,335)	(2,286,769)	(8,999,542)	(6,954,855)	(5,543,805)
CWIP	1,641,718	2,345,465	3,239,337	3,893,929	2,396,939
Total Plant	210,477,351	207,552,726	207,245,247	199,186,576	195,208,908
Shares Outstanding	2,621	2,621	2,621	2,621	2,621
Number of Employees	79	82	77	80	96

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	(\$305,985)	(\$120,862)	\$86,295	(\$91,489)	\$227,186	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	940,505	897,049	913,896	924,596	865,424	2
Changes in Deferred Income Taxes	(25,101)	(207,786)	(198,168)	47,244	20,161	3
Changes in Working Capital	(113,922)	73,803	51,441	217,716	85,360	4
Capitalized AFDC - Equity						5
Other	(70,272)	(61,310)	125,625	(27,146)	(15,205)	6
Total Non-Cash Items	731,210	701,756	892,794	1,162,410	955,740	7
Net Cash Provided From Operating Activities	<u>425,225</u>	<u>580,894</u>	<u>979,089</u>	<u>1,070,921</u>	<u>1,182,926</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(480,115)	(644,296)	(608,504)	(740,163)	(765,858)	9
Purchase of Other Investments						10
Sale of Other Investments	5,682	19,042	26,082	7,581	5,530	11
Other	(3,307)	(12,584)	(9,398)	(14,624)	(6,697)	12
Net Cash Provided From Investing Activities	<u>(477,740)</u>	<u>(637,838)</u>	<u>(591,820)</u>	<u>(747,206)</u>	<u>(767,025)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(149,434)	(142,230)	(142,599)	(136,042)	(133,650)	14
Common Stock		(131,000)	(525,000)			15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(149,434)</u>	<u>(273,230)</u>	<u>(667,599)</u>	<u>(136,042)</u>	<u>(133,650)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(201,949)	(330,174)	(280,330)	187,673	282,251	21
Cash & Equivalents at Beginning of Year	1,031,414	1,361,588	1,641,918	1,454,245	1,171,994	22
Cash & Equivalents at End of Year	\$829,465	\$1,031,414	\$1,361,588	\$1,641,918	\$1,454,245	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$4,314,742	\$4,625,362	\$4,721,398	\$4,513,762	\$4,567,303
2 Access Lines	2,475	3,009	3,460	3,515	3,571
DOLLAR AMOUNTS					
3 Wages and Benefits	\$856,531	\$866,369	\$849,848	\$1,501,493	\$1,574,856
4 Depreciation and Amortization	940,595	897,049	913,896	924,596	864,309
5 Other Operations Expense	2,654,012	2,693,458	2,428,738	1,790,658	1,445,490
6 Total Operation Expenses	4,451,138	4,456,876	4,192,482	4,216,747	3,884,655
7 Income Taxes - Operating Taxes	(220,981)	(83,823)	32,190	(7,986)	13,137
8 Other Taxes - Operating Taxes	239,112	226,146	263,071	236,609	260,959
9 Capital Costs	(154,526)	26,164	233,654	68,392	408,552
10 Total	\$4,314,742	\$4,625,362	\$4,721,398	\$4,513,762	\$4,567,303
PERCENT OF REVENUES					
11 Wages and Benefits	19.9	18.7	18.0	33.3	34.5
12 Depreciation and Amortization	21.8	19.4	19.4	20.5	18.9
13 Other Operations Expense	61.5	58.2	51.4	39.7	31.6
14 Income Taxes - Operating Taxes	(5.1)	(1.8)	0.7	(0.2)	0.3
15 Other Taxes - Operating Taxes	5.5	4.9	5.6	5.2	5.7
16 Capital Costs	(3.6)	0.6	4.9	1.5	8.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	346.07	287.93	245.62	427.17	441.01
19 Depreciation and Amortization	380.04	298.12	264.13	263.04	242.04
20 Other Operations Expense	1,072.33	895.13	701.95	509.43	404.79
21 Income Taxes - Operating Taxes	(89.29)	(27.86)	9.30	(2.27)	3.68
22 Other Taxes - Operating Taxes	96.61	75.16	76.03	67.31	73.08
23 Capital Costs	(62.43)	8.70	67.53	19.46	114.41
24 Total	1,743.33	1,537.18	1,364.57	1,284.14	1,279.00

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,120,524	\$2,183,675	\$2,345,962	\$2,373,753	\$2,298,894	1
Central Office Assets	5,640,343	5,590,118	5,341,544	5,433,580	5,198,453	2
Information Origination/Termination	206,037	206,037	213,080	213,080	204,194	3
Cable And Wire Facilities	6,177,418	5,932,205	5,635,534	5,370,611	5,162,107	4
Amortizable Assets						5
Total Plant In Service	14,144,322	13,912,035	13,536,120	13,391,024	12,863,648	6
Property Held For Future Use						7
Plant Under Construction	12,455	19,483	22,449	1,431	234	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	14,156,777	13,931,518	13,558,569	13,392,455	12,863,882	13
Less Acc. Prov. For Depreciation & Amort.	8,993,217	8,305,193	7,673,029	7,184,844	6,479,884	14
Net Total Utility Plant	\$5,163,560	\$5,626,325	\$5,885,539	\$6,207,611	\$6,383,998	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.60	2.28	2.77	3.87	4.06	16
Total Capitalization	\$5,619,883	\$6,075,302	\$6,469,395	\$7,050,698	\$7,278,229	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	54.3%	52.8%	51.8%	49.7%	49.9%	18
Preferred Stock						19
Common Stock & Retained Earnings	42.9%	44.7%	45.9%	48.4%	48.1%	20
Short-Term Debt	2.8%	2.5%	2.2%	2.0%	2.0%	21
Pretax Coverage of Interest Expense	-2.19	-0.16	1.69	0.50	2.27	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	-11.9%	-4.2%	2.7%	-2.6%	6.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	88.6%	90.2%	160.9%	144.7%	154.5%	25
CWIP as a % of Plant	0.1%	0.1%	0.2%	0.0%	0.0%	26

Current Assets	1,698,595	1,910,052	2,205,324	2,515,894	2,467,555
Current Liabilities	653,535	839,135	797,304	650,770	607,284
Total Capitalization	5,619,883	6,075,302	6,469,395	7,050,698	7,278,229
Long-Term Debt	3,052,654	3,207,377	3,353,937	3,501,270	3,635,270
Preferred Stock			-		
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,412,538	2,718,523	2,970,386	3,409,090	3,500,579
Short-Term Debt	154,691	149,402	145,072	140,338	142,380
Pretax Income	(359,460)	(26,638)	302,204	93,115	436,503
Interest Expense	164,118	171,343	178,319	185,024	192,573
Common Dividends Paid			-		
Net Income (Excl. Preferred Stock Dividends)	(305,985)	(120,862)	86,295	(91,489)	227,186
Internal Cash	425,225	580,894	979,089	1,070,921	1,182,926
Cash Outflows for Construction	(480,115)	(644,296)	(608,506)	(740,163)	(765,858)
CWIP	12,455	19,483	22,449	1,431	234
Total Plant	14,156,777	13,931,518	13,558,569	13,392,455	12,863,882
Shares Outstanding	4,860	4,860	4,860	4,860	4,850
Number of Employees	22	25	24	24	24

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$277,089	\$397,336	\$629,936	\$272,177	\$1,326	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	378,248	1,054,274	965,242	939,874	899,318	2
Changes in Deferred Income Taxes	741,002	(215,612)	(303,879)	(220,104)	443,369	3
Changes in Working Capital	317,647	(1,465,643)	(3,226,479)	3,031,857	(228,998)	4
Capitalized AFDC - Equity						5
Other	101,067	(121,932)	1,280,008	322,288	(781,250)	6
Total Non-Cash Items	1,537,964	(748,913)	(1,285,108)	4,073,915	332,439	7
Net Cash Provided From Operating Activities	<u>1,815,053</u>	<u>(351,577)</u>	<u>(655,172)</u>	<u>4,346,092</u>	<u>333,765</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(738,048)	(450,147)	79,110	(807,298)	(516,046)	9
Purchase of Other Investments	195,000					10
Sale of Other Investments	(137,632)	(295,313)	415,775	2,548,956	219,156	11
Other	(10,000)					12
Net Cash Provided From Investing Activities	<u>(690,680)</u>	<u>(745,460)</u>	<u>494,885</u>	<u>1,741,658</u>	<u>(296,890)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(1,100,196)	(141,576)	(132,997)	(1,554,267)	(270,726)	14
Common Stock		1,140,000				15
Preferred Stock						16
Short-Term Debt		8,579	8,059	124,938		17
Dividends Paid	(5,000)		(423,000)	(4,782,537)	(154,521)	18
Other Financing			(626,434)			19
Net Cash Provided From Financing Activities	<u>(1,105,196)</u>	<u>1,007,003</u>	<u>(1,174,372)</u>	<u>(6,211,866)</u>	<u>(425,247)</u>	20
Net Increase (Decrease) in Cash & Equivalents	19,177	(90,034)	(1,334,659)	(124,116)	(388,372)	21
Cash & Equivalents at Beginning of Year	15,234	105,268	1,439,927	1,564,043	1,952,415	22
Cash & Equivalents at End of Year	\$34,411	\$15,234	\$105,268	\$1,439,927	\$1,564,043	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$3,378,445	\$4,210,689	\$4,096,157	\$4,357,399	\$4,322,302
2 Access Lines	4,434	5,135	6,196	6,391	6,562
DOLLAR AMOUNTS					
3 Wages and Benefits	\$696,310	\$795,437	\$848,137	\$1,276,226	\$1,564,424
4 Depreciation and Amortization	838,322	1,051,085	965,242	932,036	895,832
5 Other Operations Expense	1,630,372	1,744,258	1,655,918	2,107,706	1,041,736
6 Total Operation Expenses	3,165,004	3,590,779	3,469,297	4,315,968	3,501,992
7 Income Taxes - Operating Taxes	(549,563)	119,544	(315,799)	(168,993)	144,208
8 Other Taxes - Operating Taxes	239,717	204,183	551,392	171,893	230,822
9 Capital Costs	523,287	296,183	391,267	38,530	445,280
10 Total	\$3,378,445	\$4,210,689	\$4,096,157	\$4,357,399	\$4,322,302
PERCENT OF REVENUES					
11 Wages and Benefits	20.6	18.9	20.7	29.3	36.2
12 Depreciation and Amortization	24.8	25.0	23.6	21.4	20.7
13 Other Operations Expense	48.3	41.4	40.4	48.4	24.1
14 Income Taxes - Operating Taxes	(16.3)	2.8	(7.7)	(3.9)	3.3
15 Other Taxes - Operating Taxes	7.1	4.8	13.5	3.9	5.3
16 Capital Costs	15.5	7.0	9.6	0.9	10.3
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	157.04	154.90	136.88	199.69	238.41
19 Depreciation and Amortization	189.07	204.69	155.78	145.84	136.52
20 Other Operations Expense	367.70	339.68	267.26	329.79	158.75
21 Income Taxes - Operating Taxes	(123.94)	23.28	(50.97)	(26.44)	21.98
22 Other Taxes - Operating Taxes	54.06	39.76	88.99	26.90	35.18
23 Capital Costs	118.02	57.68	63.15	6.03	67.86
24 Total	761.94	820.00	661.10	681.80	658.69

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,787,168	\$3,292,820	\$3,140,963	\$2,926,850	\$2,931,448	1
Central Office Assets	5,254,389	5,057,746	4,999,279	4,669,332	4,649,353	2
Information Origination/Termination	313,034	313,034	309,682	309,682	309,682	3
Cable And Wire Facilities	7,002,661	6,853,240	6,646,488	6,540,160	6,506,322	4
Amortizable Assets	60,754	60,754	60,754	60,754	754	5
Total Plant In Service	16,418,006	15,577,593	15,157,165	14,506,778	14,397,559	6
Property Held For Future Use						7
Plant Under Construction	359,322	246,439	138,187	695,386	85,358	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	141,975	141,975	141,975	141,975	145,271	11
Goodwill						12
Total Telecommunications Plant	16,919,303	15,966,007	15,437,328	15,344,139	14,628,188	13
Less Acc. Prov. For Depreciation & Amort.	10,780,014	10,418,868	9,364,592	8,399,351	7,499,948	14
Net Total Utility Plant	\$6,139,289	\$5,547,139	\$6,072,735	\$6,944,788	\$7,128,240	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	-1.15	-1.04	1.82	0.73	7.49	16
Total Capitalization	\$9,195,258	\$7,725,667	\$6,321,327	\$6,239,330	\$12,179,020	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt		12.4%	17.4%	19.8%	22.9%	18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	85.8%	80.5%	78.2%	77.1%	20
Short-Term Debt		1.8%	2.1%	2.0%		21
Pretax Coverage of Interest Expense	-8.57	3.16	10.43	1.14	1.70	22
Com. Stock Dividends as a % of Earnings				1757.1%	11653.2%	23
Return on Common Equity	-4.3%	6.8%	12.4%	3.8%	0.0%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-232.2%	-78.1%	828.2%	538.4%	64.7%	25
CWIP as a % of Plant	2.1%	1.5%	0.9%	4.5%	0.6%	26

Current Assets	868,180	970,534	1,324,014	2,760,020	2,523,999
Current Liabilities	(758,205)	(934,276)	728,888	3,771,283	337,010
Total Capitalization	9,195,258	7,725,667	6,321,327	6,239,330	12,179,020
Long-Term Debt		958,620	1,100,196	1,233,193	2,787,460
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	9,195,258	6,625,471	5,088,135	4,881,199	9,391,560
Short-Term Debt		141,576	132,997	124,938	
Pretax Income	(217,936)	615,602	1,233,535	199,322	384,096
Interest Expense	25,444	194,702	118,268	174,668	226,282
Common Dividends Paid				4,782,536	154,521
Net Income (Excl. Preferred Stock Dividends)	(340,296)	399,481	629,936	272,177	1,326
Internal Cash	(1,713,592)	(351,577)	(655,172)	4,346,092	333,765
Cash Outflows for Construction	(738,048)	(450,147)	79,110	(807,298)	(516,046)
CWIP	359,322	246,439	138,187	695,386	85,358
Total Plant	16,919,303	15,966,007	15,437,328	15,344,139	14,628,188
Shares Outstanding	1,536	1,536	1,536	1,536	1,536
Number of Employees	15	15	18	19	30

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$27,448	(\$31,540)	\$27,603	\$58,477	\$174,247	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	154,886	157,022	154,594	153,439	151,468	2
Changes in Deferred Income Taxes	4,203	(12,488)	29,494	21,063	84,158	3
Changes in Working Capital	(39,334)	(101,332)	(142,022)	(395,978)	(102,726)	4
Capitalized AFDC - Equity						5
Other	9,643	43,303	(25,985)	89,377	165,757	6
Total Non-Cash Items	129,398	86,505	16,081	(132,099)	298,657	7
Net Cash Provided From Operating Activities	<u>156,846</u>	<u>54,965</u>	<u>43,684</u>	<u>(73,622)</u>	<u>472,904</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(201,615)	(54,625)	(49,358)	(55,301)	(173,868)	9
Purchase of Other Investments						10
Sale of Other Investments	48,122	(2,014)	3,692	11,644	33,837	11
Other						12
Net Cash Provided From Investing Activities	<u>(153,493)</u>	<u>(56,639)</u>	<u>(45,666)</u>	<u>(43,657)</u>	<u>(140,031)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt					(141,667)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt				250,000	20,000	17
Dividends Paid				(132,050)	(208,500)	18
Other Financing						19
Net Cash Provided From Financing Activities				<u>117,950</u>	<u>(330,167)</u>	20
Net Increase (Decrease) in Cash & Equivalents	3,353	(1,674)	(1,982)	671	2,706	21
Cash & Equivalents at Beginning of Year	1,044	2,718	4,700	4,029	1,323	22
Cash & Equivalents at End of Year	\$4,397	\$1,044	\$2,718	\$4,700	\$4,029	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$927,164	\$936,375	\$1,001,441	\$1,029,743	\$992,071
2 Access Lines	1,151	1,225	1,349	1,478	1,485
DOLLAR AMOUNTS					
3 Wages and Benefits	\$363,924	\$306,766	\$278,795	291,502	\$309,414
4 Depreciation and Amortization	154,886	157,022	154,594	153,439	150,366
5 Other Operations Expense	340,624	465,745	523,706	381,636	415,288
6 Total Operation Expenses	859,434	929,533	957,095	826,577	875,068
7 Income Taxes - Operating Taxes	19,900	(5,984)	(3,080)	47,240	28,238
8 Other Taxes - Operating Taxes	36,987	37,189	38,692	33,267	45,475
9 Capital Costs	10,843	(24,363)	8,734	122,659	43,290
10 Total	\$927,164	\$936,375	\$1,001,441	1,029,743	\$992,071
PERCENT OF REVENUES					
11 Wages and Benefits	39.3	32.8	27.8	28.3	31.2
12 Depreciation and Amortization	16.7	16.8	15.4	14.9	15.2
13 Other Operations Expense	36.7	49.7	52.3	37.1	41.9
14 Income Taxes - Operating Taxes	2.1	(0.6)	(0.3)	4.6	2.8
15 Other Taxes - Operating Taxes	4.0	4.0	3.9	3.2	4.6
16 Capital Costs	1.2	(2.6)	0.9	11.9	4.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	316.18	250.42	206.67	197.23	208.36
19 Depreciation and Amortization	134.57	128.18	114.60	103.82	101.26
20 Other Operations Expense	295.94	380.20	388.22	258.21	279.66
21 Income Taxes - Operating Taxes	17.29	(4.88)	(2.28)	31.96	19.02
22 Other Taxes - Operating Taxes	32.13	30.36	28.68	22.51	30.62
23 Capital Costs	9.42	(19.89)	6.47	82.99	29.15
24 Total	805.53	764.39	742.36	696.71	668.06

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$311,989	\$280,850	\$283,161	\$281,597	\$284,446	1
Central Office Assets	1,215,141	1,168,170	1,140,223	1,103,934	1,076,547	2
Information Origination/Termination	65,610	65,610	65,610	65,610	65,610	3
Cable And Wire Facilities	1,260,516	1,214,085	1,214,931	1,210,026	1,199,212	4
Amortizable Assets						5
Total Plant In Service	2,853,257	2,728,715	2,703,925	2,661,167	2,625,814	6
Property Held For Future Use						7
Plant Under Construction	28,948	14,665	212		847	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	2,882,205	2,743,380	2,704,137	2,661,167	2,626,661	13
Less Acc. Prov. For Depreciation & Amort.	1,659,158	1,518,940	1,379,314	1,227,415	1,083,126	14
Net Total Utility Plant	\$1,223,047	\$1,224,440	\$1,324,823	\$1,433,752	\$1,543,535	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	20.32	7.81	6.89	5.24	1.12	16
Total Capitalization	\$1,402,210	\$1,374,762	\$1,406,302	\$1,378,699	\$1,202,272	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	120.8%	20
Short-Term Debt					-20.8%	21
Pretax Coverage of Interest Expense	-1.08	2.53	-2.38	-46.73	-41.67	22
Com. Stock Dividends as a % of Earnings				225.8%	119.7%	23
Return on Common Equity	2.0%	-2.3%	2.0%	4.1%	11.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	77.8%	100.6%	88.5%	-133.1%	272.0%	25
CWIP as a % of Plant	1.0%	0.5%	0.0%		0.0%	26

Current Assets	468,645	459,971	363,921	207,375	223,766
Current Liabilities	23,059	58,913	52,795	39,598	200,045
Total Capitalization	1,402,210	1,374,762	1,406,302	1,378,699	1,202,272
Long-Term Debt	-	-	-		
Preferred Stock		-	-		
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,402,210	1,374,762	1,406,302	1,378,699	1,452,272
Short-Term Debt		-	-		(250,000)
Pretax Income	24,552	(62,067)	28,955	103,502	197,740
Interest Expense	(22,796)	(24,543)	(12,161)	(2,215)	(4,745)
Common Dividends Paid		-	-	132,050	208,500
Net Income (Excl. Preferred Stock Dividends)	27,448	(31,540)	27,603	58,477	174,247
Internal Cash	156,846	54,965	43,684	(73,622)	472,904
Cash Outflows for Construction	(201,615)	(54,625)	(49,358)	(55,301)	(173,868)
CWIP	28,948	14,665	212		847
Total Plant	2,882,205	2,743,380	2,704,137	2,661,167	2,626,661
Shares Outstanding	695	695	695	695	695
Number of Employees	8	8	7	5	5

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	(\$278,079)	\$91,123	\$510,885	\$863,191	\$396,342	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	588,401	658,568	766,403	704,329	613,697	2
Changes in Deferred Income Taxes	(13,202)	14,652	(109,951)	109,077	(56,172)	3
Changes in Working Capital	(225,837)	(159,683)	(206,301)	(1,154,557)	515,754	4
Capitalized AFDC - Equity						5
Other	64,138	(68,197)	(52,437)	(158,704)	218,316	6
Total Non-Cash Items	413,500	445,340	397,714	(499,855)	1,291,595	7
Net Cash Provided From Operating Activities	<u>135,421</u>	<u>536,463</u>	<u>908,599</u>	<u>363,336</u>	<u>1,687,937</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(287,058)	(298,657)	(483,067)	(539,405)	(1,034,929)	9
Purchase of Other Investments						10
Sale of Other Investments	15,326		1,361	16,454	2,534	11
Other						12
Net Cash Provided From Investing Activities	<u>(271,732)</u>	<u>(298,657)</u>	<u>(481,706)</u>	<u>(522,951)</u>	<u>(1,032,395)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)				(134,235)	(380,271)	
Long-Term Debt	(146,728)	(139,645)	(132,886)			14
Common Stock						15
Preferred Stock						16
Short-Term Debt				(9,024)	(9,024)	17
Dividends Paid	(9,024)	(9,024)	(9,024)	(59,888)	(59,888)	18
Other Financing	(59,888)	(59,888)	(59,888)			19
Net Cash Provided From Financing Activities	<u>(215,640)</u>	<u>(208,557)</u>	<u>(201,798)</u>	<u>(203,147)</u>	<u>(449,183)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(351,951)	29,249	225,095	(362,762)	206,359	21
Cash & Equivalents at Beginning of Year	373,204	343,955	118,860	481,622	275,263	22
Cash & Equivalents at End of Year	\$21,253	\$373,204	\$343,955	\$118,860	\$481,622	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$5,271,534	\$5,443,919	\$5,979,509	\$5,873,970	\$5,299,948
2 Access Lines	4,664	5,274	5,641	5,798	5,914
DOLLAR AMOUNTS					
3 Wages and Benefits	\$2,948,960	\$2,645,931	\$2,658,682	\$2,418,686	\$2,154,811
4 Depreciation and Amortization	586,952	657,119	764,954	702,850	612,248
5 Other Operations Expense	1,769,767	1,558,335	1,512,830	1,368,328	1,266,214
6 Total Operation Expenses	5,305,679	4,861,385	4,936,466	4,489,864	4,033,273
7 Income Taxes - Operating Taxes	(113,156)	120,133	257,377	401,710	312,782
8 Other Taxes - Operating Taxes	250,060	245,339	253,108	171,128	237,358
9 Capital Costs	(171,049)	217,062	532,558	811,268	716,535
10 Total	\$5,271,534	\$5,443,919	\$5,979,509	\$5,873,970	\$5,299,948
PERCENT OF REVENUES					
11 Wages and Benefits	55.9	48.6	44.5	41.2	40.7
12 Depreciation and Amortization	11.1	12.1	12.8	12.0	11.6
13 Other Operations Expense	33.6	28.6	25.3	23.3	23.9
14 Income Taxes - Operating Taxes	(2.1)	2.2	4.3	6.8	5.9
15 Other Taxes - Operating Taxes	4.7	4.5	4.2	2.9	4.5
16 Capital Costs	(3.2)	4.0	8.9	13.8	13.5
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	632.28	501.69	471.31	417.16	364.36
19 Depreciation and Amortization	125.85	124.60	135.61	121.22	103.53
20 Other Operations Expense	379.45	295.47	268.18	236.00	214.10
21 Income Taxes - Operating Taxes	(24.26)	22.78	45.63	69.28	52.89
22 Other Taxes - Operating Taxes	53.61	46.52	44.87	29.52	40.13
23 Capital Costs	(36.67)	41.16	94.41	139.92	121.16
24 Total	1,130.26	1,032.22	1,060.01	1,013.10	896.17

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,694,237	\$2,680,135	\$2,941,512	\$3,062,927	\$3,090,596	1
Central Office Assets	2,960,840	3,191,478	3,060,421	3,006,191	2,869,240	2
Information Origination/Termination	25,806	25,806	174,728	158,982	121,984	3
Cable And Wire Facilities	7,120,227	7,043,261	6,870,879	6,928,438	6,525,804	4
Amortizable Assets						5
Total Plant In Service	12,801,110	12,940,680	13,047,540	13,156,538	12,607,624	6
Property Held For Future Use						7
Plant Under Construction	196,889	173,977	203,209	52,783	331,533	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	12,997,999	13,114,657	13,250,749	13,209,321	12,939,157	13
Less Acc. Prov. For Depreciation & Amort.	7,619,496	7,415,128	7,262,420	6,881,075	6,417,400	14
Net Total Utility Plant	\$5,378,503	\$5,699,529	\$5,988,329	\$6,328,246	\$6,521,757	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.76	2.06	1.92	1.74	0.85	16
Total Capitalization	\$4,702,044	\$5,182,353	\$5,299,787	\$4,990,698	\$4,330,654	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	22.6%	23.5%	25.8%	30.2%	38.1%	18
Preferred Stock	3.0%	2.7%	2.6%	2.8%	3.2%	19
Common Stock & Retained Earnings	71.1%	71.0%	69.0%	64.4%	55.9%	20
Short-Term Debt	3.3%	2.8%	2.6%	2.7%	2.8%	21
Pretax Coverage of Interest Expense	-5.04	4.03	10.72	12.97	8.87	22
Com. Stock Dividends as a % of Earnings	-20.9%	72.9%	11.9%	7.0%	15.5%	23
Return on Common Equity	-8.2%	2.2%	14.6%	30.3%	17.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	47.2%	179.6%	188.1%	67.4%	163.1%	25
CWIP as a % of Plant	1.5%	1.3%	1.5%	0.4%	2.6%	26

Current Assets	2,462,113	2,283,789	2,169,899	1,318,908	1,381,237
Current Liabilities	1,398,276	1,106,501	1,128,903	757,873	1,624,824
Total Capitalization	4,702,044	5,182,353	5,299,787	4,990,698	4,330,654
Long-Term Debt	1,064,069	1,218,363	1,365,121	1,504,773	1,651,577
Preferred Stock	138,850	138,850	138,850	138,850	138,850
Common Stock and Retained Earnings (Excl. Preferred Stock)	3,344,812	3,678,393	3,656,182	3,214,209	2,419,930
Short-Term Debt	154,313	146,747	139,634	132,866	120,297
Pretax Income	(324,358)	291,464	848,361	1,375,613	802,793
Interest Expense	64,302	72,303	79,121	106,087	90,500
Common Dividends Paid	59,888	59,888	59,888	59,888	59,888
Net Income (Excl. Preferred Stock Dividends)	(287,103)	82,099	501,861	854,167	387,318
Internal Cash	135,420	536,463	908,599	363,336	1,687,937
Cash Outflows for Construction	(287,058)	(298,658)	(483,067)	(539,405)	(1,034,929)
CWIP	196,889	173,977	203,209	52,783	331,533
Total Plant	12,997,999	13,114,657	13,250,749	13,209,321	12,939,157
Shares Outstanding	74,860	74,860	74,860	74,860	74,860
Number of Employees	33	35	36	33	36

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$722,474	\$338,667	\$29,573	\$519,973	\$710,093	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	710,317	1,459,135	2,101,264	1,583,125	1,666,545	2
Changes in Deferred Income Taxes	176,540	(277,819)	(281,484)	(83,494)	(186,766)	3
Changes in Working Capital	1,472,650	332,632	(334,840)	(164,215)	(38,036)	4
Capitalized AFDC - Equity	0	0	0	0	0	5
Other	(1,042,901)	(19,941)	(112,033)	199,645	167,850	6
Total Non-Cash Items	1,316,606	1,494,007	1,372,907	1,535,062	1,609,593	7
Net Cash Provided From Operating Activities	<u>2,039,080</u>	<u>1,832,674</u>	<u>1,402,480</u>	<u>2,055,035</u>	<u>2,319,686</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(507,967)	238,951	(656,535)	(112,381)	(250,763)	9
Purchase of Other Investments			0	0		10
Sale of Other Investments	(1,574,279)		0	0		11
Other			0	0		12
Net Cash Provided From Investing Activities	<u>(2,082,246)</u>	<u>238,951</u>	<u>(656,535)</u>	<u>(112,381)</u>	<u>(250,763)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock	(257,500)	(2,017,000)	(720,000)			15
Preferred Stock						16
Short-Term Debt					(25,000)	17
Dividends Paid				(1,898,012)	(2,044,396)	18
Other Financing	299,000	(55,000)	(25,500)	(44,000)		19
Net Cash Provided From Financing Activities	<u>41,500</u>	<u>(2,072,000)</u>	<u>(745,500)</u>	<u>(1,942,012)</u>	<u>(2,069,396)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(1,666)	(375)	445	642	(473)	21
Cash & Equivalents at Beginning of Year	19,101	19,476	19,031	18,389	18,862	22
Cash & Equivalents at End of Year	\$17,435	\$19,101	\$19,476	\$19,031	\$18,389	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$6,513,761	\$7,568,047	\$7,617,022	\$8,340,183	\$8,440,986
2 Access Lines	8,820	10,014	10,177	11,049	11,495
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,596,909	\$1,808,323	\$2,119,246	2,016,048	\$2,201,059
4 Depreciation and Amortization	1,805,397	1,856,946	1,867,543	1,837,718	1,839,135
5 Other Operations Expense	3,096,925	3,325,253	3,303,946	3,127,582	2,695,495
6 Total Operation Expenses	6,499,231	6,990,522	7,290,735	6,981,348	6,735,689
7 Income Taxes - Operating Taxes	243,685	27,063	(19,081)	374,052	406,102
8 Other Taxes - Operating Taxes	458,928	473,935	434,972	500,358	516,439
9 Capital Costs	(688,083)	76,527	(89,604)	484,425	782,756
10 Total	\$6,513,761	\$7,568,047	\$7,617,022	\$8,340,183	\$8,440,986
PERCENT OF REVENUES					
11 Wages and Benefits	24.5	23.9	27.8	24.2	26.1
12 Depreciation and Amortization	27.7	24.5	24.5	22.0	21.8
13 Other Operations Expense	47.5	43.9	43.4	37.5	31.9
14 Income Taxes - Operating Taxes	3.7	0.4	(0.3)	4.5	4.8
15 Other Taxes - Operating Taxes	7.0	6.3	5.7	6.0	6.1
16 Capital Costs	(10.6)	1.0	(1.2)	5.8	9.3
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	181.06	180.58	208.24	182.46	191.48
19 Depreciation and Amortization	204.69	185.43	183.51	166.32	159.99
20 Other Operations Expense	351.13	332.06	324.65	283.06	234.49
21 Income Taxes - Operating Taxes	27.63	2.70	(1.87)	33.85	35.33
22 Other Taxes - Operating Taxes	52.03	47.33	42.74	45.29	44.93
23 Capital Costs	(78.01)	7.64	(8.80)	43.84	68.10
24 Total	738.52	755.75	748.45	754.84	734.32

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$4,809,166	\$4,606,645	\$4,626,128	\$4,565,888	\$4,509,125	1
Central Office Assets	13,131,704	13,075,149	13,405,894	12,869,318	12,968,010	2
Information Origination/Termination	7,400	7,400	7,400	7,400	7,400	3
Cable And Wire Facilities	12,137,439	12,032,145	11,971,700	11,839,730	11,717,886	4
Amortizable Assets			0	0	0	5
Total Plant In Service	30,085,709	29,721,339	30,011,122	29,282,336	29,202,421	6
Property Held For Future Use						7
Plant Under Construction	7,595	57,018	6,186	78,441	45,976	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	30,093,303	29,778,357	30,017,308	29,360,777	29,248,397	13
Less Acc. Prov. For Depreciation & Amort.	21,054,799	20,553,791	19,094,657	16,993,393	15,410,268	14
Net Total Utility Plant	\$9,038,504	\$9,224,566	\$10,922,651	\$12,367,384	\$13,838,129	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.04	1.35	1.43	1.25	1.13	16
Total Capitalization	\$8,020,877	\$9,135,900	\$10,869,233	\$11,585,160	\$13,007,199	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	97.2%	97.1%	97.1%	97.1%	20
Short-Term Debt	0.0%	2.8%	2.9%	2.9%	2.9%	21
Pretax Coverage of Interest Expense	-27.86	22.76	0.71	42.66	45.64	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	-9.7%	3.6%	0.3%	4.4%	5.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	401.4%	-767.0%	213.6%	1828.6%	925.1%	25
CWIP as a % of Plant	0.0%	0.2%	0.0%	0.3%	0.2%	26

Current Assets	3,141,486	2,383,738	3,057,342	2,476,756	2,622,439
Current Liabilities	3,007,165	1,770,007	2,138,786	1,983,067	2,330,625
Total Capitalization	8,020,877	9,135,900	10,869,233	11,585,160	13,007,199
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	8,020,877	8,878,400	10,556,733	11,247,160	12,625,199
Short-Term Debt	0	257,500	312,500	338,000	382,000
Pretax Income	(266,552)	387,271	13,678	909,006	1,133,664
Interest Expense	9,566	17,018	19,316	21,308	24,838
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(505,959)	349,812	29,573	519,973	710,093
Internal Cash	2,039,080	1,832,674	1,402,480	2,055,035	2,319,686
Cash Outflows for Construction	(507,967)	238,951	(656,531)	(112,381)	(250,763)
CWIP	7,595	57,018	6,186	78,441	45,976
Total Plant	30,093,303	29,778,357	30,017,308	29,360,777	29,248,397
Shares Outstanding	100	100	100	100	100
Number of Employees	59	50	50	46	45

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$369,196	(\$350,315)	(\$267,312)	(\$66,270)	(\$589,805)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	692,481	656,086	670,396	635,631	625,767	2
Changes in Deferred Income Taxes	129,412	42,434	(397,125)	(32,862)	(116,241)	3
Changes in Working Capital	(300,212)	(485,380)	180,413	(90,342)	(537,582)	4
Capitalized AFDC - Equity	0	0				5
Other	(586,605)	246,499	162,373	279,414	1,066,579	6
Total Non-Cash Items	(64,924)	459,639	616,057	791,841	1,038,523	7
Net Cash Provided From Operating Activities	<u>304,272</u>	<u>109,324</u>	<u>348,745</u>	<u>725,571</u>	<u>448,718</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(324,082)	(1,042,385)	(458,107)	(416,889)	(357,715)	9
Purchase of Other Investments	0	0	(964,133)	20,200	(4,757)	10
Sale of Other Investments	48,907	959,690	1,539,736			11
Other	20,056	17,334	53,275	28,756	20,462	12
Net Cash Provided From Investing Activities	<u>(255,119)</u>	<u>(65,361)</u>	<u>170,771</u>	<u>(367,933)</u>	<u>(342,010)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(200,540)	(190,830)	(202,376)	(224,833)	(211,521)	14
Common Stock	0					15
Preferred Stock	0					16
Short-Term Debt	180,000	196,416	(364,561)	(72,128)	80,456	17
Dividends Paid	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)	18
Other Financing					(16,773)	19
Net Cash Provided From Financing Activities	<u>(27,040)</u>	<u>(914)</u>	<u>(573,437)</u>	<u>(303,461)</u>	<u>(154,338)</u>	20
Net Increase (Decrease) in Cash & Equivalents	22,113	43,049	(53,921)	54,177	(47,630)	21
Cash & Equivalents at Beginning of Year	65,002	21,953	75,874	21,697	69,327	22
Cash & Equivalents at End of Year	\$87,115	\$65,002	\$21,953	\$75,874	\$21,697	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$2,948,851	\$2,951,726	\$2,980,153	\$3,049,600	\$2,990,711
2 Access Lines	3,117	3,412	3,623	3,751	3,935
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,111,772	\$1,070,490	\$1,118,929	1,067,133	\$1,099,036
4 Depreciation and Amortization	651777	654,875	669,185	634,420	624,557
5 Other Operations Expense	961380	788,440	927,713	793,961	774,751
6 Total Operation Expenses	2724929	2,513,805	2,715,827	2,495,514	2,498,344
7 Income Taxes - Operating Taxes	31177	64,255	(323,402)	78,888	108,108
8 Other Taxes - Operating Taxes	155134	160,113	203,986	168,348	189,163
9 Capital Costs	37,611	213,553	383,742	306,850	195,096
10 Total	\$2,948,851	\$2,951,726	\$2,980,153	\$3,049,600	\$2,990,711
PERCENT OF REVENUES					
11 Wages and Benefits	37.7	36.3	37.5	35.0	36.7
12 Depreciation and Amortization	22.1	22.2	22.5	20.8	20.9
13 Other Operations Expense	32.6	26.7	31.1	26.0	25.9
14 Income Taxes - Operating Taxes	1.1	2.2	(10.9)	2.6	3.6
15 Other Taxes - Operating Taxes	5.3	5.4	6.8	5.5	6.3
16 Capital Costs	1.3	7.2	12.9	10.1	6.5
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	356.68	313.74	308.84	284.49	279.30
19 Depreciation and Amortization	209.10	191.93	184.70	169.13	158.72
20 Other Operations Expense	308.43	231.08	256.06	211.67	196.89
21 Income Taxes - Operating Taxes	10.00	18.83	(89.26)	21.03	27.47
22 Other Taxes - Operating Taxes	49.77	46.93	56.30	44.88	48.07
23 Capital Costs	12.07	62.59	105.92	81.80	49.58
24 Total	946.05	865.10	822.57	813.01	760.03

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,012,483	\$2,921,643	\$2,888,513	\$2,848,611	\$2,813,998	1
Central Office Assets	5,592,834	5,366,218	4,633,536	4,409,413	4,366,449	2
Information Origination/Termination	35,127	34,976	34,976	37,695	41,515	3
Cable And Wire Facilities	5,865,118	5,815,594	5,742,129	5,629,583	5,523,820	4
Amortizable Assets	140,687	140,687	140,687	140,687	140,687	5
Total Plant In Service	14,646,249	14,279,118	13,439,841	13,065,989	12,886,469	6
Property Held For Future Use						7
Plant Under Construction				145,249	7,725	8
	51,781	245,036	72,605			9
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant				35,834	35,834	11
	35,834	35,834	35,834			12
Goodwill						12
Total Telecommunications Plant	14,733,864	14,559,988	13,548,280	13,247,072	12,930,028	13
Less Acc. Prov. For Depreciation & Amort.	9,336,635	8,740,535	8,102,282	7,542,775	6,987,606	14
Net Total Utility Plant	\$5,397,229	\$5,819,453	\$5,445,998	\$5,704,297	\$5,942,422	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	3.87	3.21	2.64	2.98	2.73	16
Total Capitalization	\$7,593,350	\$7,285,528	\$7,632,832	\$8,620,323	\$8,981,246	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	6.0%	8.5%	10.8%	11.7%	16.0%	18
Preferred Stock	1.7%	1.8%	1.7%	1.5%	1.4%	19
Common Stock & Retained Earnings	84.4%	83.5%	84.3%	79.5%	77.1%	20
Short-Term Debt	7.8%	6.2%	3.2%	7.2%	5.5%	21
Pretax Coverage of Interest Expense	6.48	-1.85	-0.29	1.38	-3.34	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	5.8%	-5.7%	-4.3%	-1.1%	-8.0%	24
Internal Cash Generated as a % of Cash Outflows for Construction	93.9%	10.5%	76.1%	174.0%	125.4%	25
CWIP as a % of Plant	0.4%	1.7%	0.5%	1.1%	0.1%	26

Current Assets	3,595,418	3,648,820	3,511,473	3,078,426	3,261,181
Current Liabilities	928,929	1,136,807	1,328,251	1,031,883	1,196,021
Total Capitalization	7,593,350	7,285,528	7,632,832	8,620,323	8,981,246
Long-Term Debt	456,362	621,098	821,643	1,012,445	1,439,678
Preferred Stock	130,000	130,000	130,000	130,000	130,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	6,412,252	6,083,890	6,436,780	6,857,333	6,921,295
Short-Term Debt	594,736	450,540	244,409	620,545	490,273
Pretax Income	463,162	(178,648)	(29,428)	100,283	(369,239)
Interest Expense	71,478	96,324	100,318	72,811	110,533
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	362,696	(356,815)	(273,812)	(72,770)	(596,305)
Internal Cash	304,272	109,324	348,745	725,571	448,718
Cash Outflows for Construction	(324,082)	(1,042,385)	(458,107)	(416,889)	(357,715)
CWIP	51,781	245,036	72,605	145,249	7,725
Total Plant	14,733,864	14,559,988	13,548,280	13,247,072	12,930,028
Shares Outstanding	140	140	140	140	140
Number of Employees	17	17	18	20	21

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$157,791	(\$72,742)	\$374,377	\$281,415	(\$27,323)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	467,715	558,193	572,944	597,683	578,728	2
Changes in Deferred Income Taxes	(132,428)	(25,572)	(391,749)	(5,708)	(123,084)	3
Changes in Working Capital	(126,017)	(844,021)	266,764	78,576	67,323	4
Capitalized AFDC - Equity						5
Other	(191,874)	245,711	958,238	(203,619)	184,778	6
Total Non-Cash Items	17,396	(65,689)	1,406,197	466,931	707,744	7
Net Cash Provided From Operating Activities	<u>175,187</u>	<u>(138,430)</u>	<u>1,780,574</u>	<u>748,346</u>	<u>680,421</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(277,255)	(594,418)	(125,519)	(424,449)	(591,975)	9
Purchase of Other Investments	(9,259)	(255,971)	(741,395)			10
Sale of Other Investments		74,990	116,223	6,510	(8,904)	11
Other	31,927	48,678	646,690	(478,799)	28,195	12
Net Cash Provided From Investing Activities	<u>(254,588)</u>	<u>(726,721)</u>	<u>(104,001)</u>	<u>(896,738)</u>	<u>(572,684)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(27,124)	604,904	(176,327)	(214,741)	(203,172)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	124,262		(914,412)	514,412	250,000	17
Dividends Paid	(101,000)	(105,000)	(203,700)	(231,000)	(86,100)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(3,862)</u>	<u>499,904</u>	<u>(1,294,439)</u>	<u>68,671</u>	<u>(39,272)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(83,263)	(365,247)	382,134	(79,720)	68,465	21
Cash & Equivalents at Beginning of Year	266,635	631,882	249,748	329,467	261,003	22
Cash & Equivalents at End of Year	\$183,372	\$266,635	\$631,882	\$249,747	\$329,467	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$2,342,709	\$2,535,700	\$2,777,297	\$3,143,839	\$3,280,430
2 Access Lines	1,624	1,815	1,894	1,927	1,959
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,027,277	\$1,255,495	\$1,173,287	\$1,434,958	\$1,458,761
4 Depreciation and Amortization	462,908	553,354	571,704	596,443	577,487
5 Other Operations Expense	696,409	770,597	718,838	707,191	828,337
6 Total Operation Expenses	2,186,595	2,579,446	2,463,830	2,738,591	2,864,585
7 Income Taxes - Operating Taxes	(50,939)	(130,655)	(13,920)	(4,567)	(22,129)
8 Other Taxes - Operating Taxes	121,120	145,915	135,104	136,616	119,018
9 Capital Costs	85,933	(59,007)	192,283	273,199	318,956
10 Total	\$2,342,709	\$2,535,700	\$2,777,297	\$3,143,839	\$3,280,430
PERCENT OF REVENUES					
11 Wages and Benefits	43.8	49.5	42.2	45.6	44.5
12 Depreciation and Amortization	19.8	21.8	20.6	19.0	17.6
13 Other Operations Expense	29.7	30.4	25.9	22.5	25.3
14 Income Taxes - Operating Taxes	(2.2)	(5.2)	(0.5)	(0.1)	(0.7)
15 Other Taxes - Operating Taxes	5.2	5.8	4.9	4.3	3.6
16 Capital Costs	3.7	(2.3)	6.9	8.7	9.7
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	632.56	691.73	619.48	744.66	744.65
19 Depreciation and Amortization	285.04	304.88	301.85	309.52	294.79
20 Other Operations Expense	428.82	424.57	379.53	366.99	422.84
21 Income Taxes - Operating Taxes	(31.37)	(71.99)	(7.35)	(2.37)	(11.30)
22 Other Taxes - Operating Taxes	74.58	80.39	71.33	70.90	60.75
23 Capital Costs	52.91	(32.51)	101.52	141.77	162.82
24 Total	1,442.56	1,397.08	1,466.37	1,631.47	1,674.54

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,083,261	\$2,277,981	\$2,189,459	2,154,525	\$2,099,236	1
Central Office Assets	2,079,458	3,049,328	2,954,272	2,803,663	2,784,185	2
Information Origination/Termination	107,830	107,830	127,497	119,257	119,257	3
Cable And Wire Facilities	4,282,594	5,045,666	4,919,315	4,860,608	4,816,451	4
Amortizable Assets	214	214	214	214	214	5
Total Plant In Service	8,553,358	10,481,019	10,190,757	9,938,267	9,819,344	6
Property Held For Future Use						7
Plant Under Construction	73,299	47,339	85,672	486,427	193,792	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	8,626,657	10,528,358	10,276,429	10,424,693	10,013,135	13
Less Acc. Prov. For Depreciation & Amort.	4,534,233	6,397,427	6,046,415	5,697,428	5,130,570	14
Net Total Utility Plant	\$4,092,423	\$4,130,930	\$4,230,014	\$4,727,265	\$4,882,565	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	29.20	11.96	2.14	1.03	2.11	16
Total Capitalization	\$8,547,372	\$8,271,675	\$7,748,535	\$8,668,372	\$8,343,646	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	37.7%	39.3%	34.1%	32.5%	36.4%	18
Preferred Stock	0.3%	0.3%	0.3%	0.3%	0.3%	19
Common Stock & Retained Earnings	60.6%	60.4%	65.6%	56.6%	58.5%	20
Short-Term Debt	1.5%			10.5%	4.8%	21
Pretax Coverage of Interest Expense	1.48	0.25	2.82	1.92	0.83	22
Com. Stock Dividends as a % of Earnings	2.5%	-144.3%	54.4%	82.1%	-315.1%	23
Return on Common Equity	3.1%	-1.4%	7.5%	5.7%	-0.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	63.2%	-23.3%	1418.6%	176.3%	114.9%	25
CWIP as a % of Plant	0.8%	0.4%	0.8%	4.7%	1.9%	26

Current Assets	1,680,482	1,776,665	1,997,888	1,501,243	1,358,486
Current Liabilities	57,544	148,505	934,494	1,451,781	642,834
Total Capitalization	8,547,372	8,271,675	7,748,535	8,668,372	8,343,646
Long-Term Debt	3,222,938	3,250,063	2,645,159	2,821,486	3,036,226
Preferred Stock	23,000	23,000	23,000	23,000	23,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	5,176,792	4,998,612	5,080,376	4,909,475	4,884,419
Short-Term Debt	124,642			914,412	400,000
Pretax Income	355,674	67,502	867,834	577,419	220,965
Interest Expense	239,674	274,604	307,667	300,571	265,725
Common Dividends Paid	4,000	105,000	203,700	231,000	86,100
Net Income (Excl. Preferred Stock Dividends)	157,791	(72,742)	374,377	281,415	(27,323)
Internal Cash	175,187	(138,430)	1,780,574	748,346	680,421
Cash Outflows for Construction	(277,255)	(594,418)	(125,519)	(424,449)	(591,975)
CWIP	73,299	47,339	85,672	486,427	193,792
Total Plant	8,626,657	10,528,358	10,276,429	10,424,693	10,013,135
Shares Outstanding	420	420	420	420	420
Number of Employees	28	26	21	26	29

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	57,363,014	\$64,981,424	\$58,204,540	\$60,864,205	\$46,974,344	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	44,313,834	52,523,570	51,662,661	52,155,491	53,195,374	2
Changes in Deferred Income Taxes	1,285,005	450,010	(384,911)	3,812,513	(6,295,632)	3
Changes in Working Capital	4,473,421	(797,555)	(279,918)	(14,530,975)	(113,690,695)	4
Capitalized AFDC - Equity						5
Other	(590,289)	741,644	4,706,388	(614,148)	498,028	6
Total Non-Cash Items	49,481,971	52,917,669	55,704,220	40,822,881	(66,292,925)	7
Net Cash Provided From Operating Activities	<u>106,844,986</u>	<u>117,899,093</u>	<u>113,908,760</u>	<u>101,687,086</u>	<u>(19,318,581)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(20,223,711)	(19,435,658)	(20,067,144)	(24,198,514)	(25,207,265)	9
Purchase of Other Investments	(25,939,103)	(23,586,542)	(94,084,929)	(15,471,814)	109,627,704	10
Sale of Other Investments						11
Other						12
Net Cash Provided From Investing Activities	<u>(46,162,814)</u>	<u>(43,022,200)</u>	<u>(114,152,073)</u>	<u>(39,670,328)</u>	<u>84,420,439</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	(60,000,000)	(75,000,000)		(62,500,000)	(64,660,000)	18
Other Financing			1,200			19
Net Cash Provided From Financing Activities	<u>(60,000,000)</u>	<u>(75,000,000)</u>	<u>1,200</u>	<u>(62,500,000)</u>	<u>(64,660,000)</u>	20
Net Increase (Decrease) in Cash & Equivalents	682,171	(123,107)	(242,113)	(483,242)	441,858	21
Cash & Equivalents at Beginning of Year	(459,460)	(336,353)	(94,241)	389,001	(52,857)	22
Cash & Equivalents at End of Year	\$222,711	(\$459,460)	(\$336,353)	(\$94,241)	\$389,001	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$233,076,020	\$246,878,241	\$254,646,983	\$256,500,760	\$250,559,916
2 Access Lines	231,033	251,498	271,853	299,197	312,816
DOLLAR AMOUNTS					
3 Wages and Benefits	\$19,199,146	\$18,870,351	19,198,243	\$21,115,816	\$20,389,097
4 Depreciation and Amortization	44,313,834	52,523,570	51,662,661	52,155,491	52,105,584
5 Other Operations Expense	60,872,589	58,430,931	67,731,499	70,986,538	85,486,804
6 Total Operation Expenses	124,385,569	129,824,852	138,592,403	144,257,846	157,981,485
7 Income Taxes - Operating Taxes	24,166,659	29,310,512	38,981,550	34,627,719	27,700,466
8 Other Taxes - Operating Taxes	14,296,918	12,402,373	13,620,315	13,308,760	13,434,243
9 Capital Costs	70,226,875	75,340,503	63,452,715	64,306,435	51,443,723
10 Total	\$233,076,020	\$246,878,241	\$254,646,983	\$256,500,760	\$250,559,916
PERCENT OF REVENUES					
11 Wages and Benefits	8.2	7.6	7.5	8.2	8.1
12 Depreciation and Amortization	19.0	21.3	20.3	20.3	20.8
13 Other Operations Expense	26.1	23.7	26.6	27.7	34.1
14 Income Taxes - Operating Taxes	10.4	11.9	15.3	13.5	11.1
15 Other Taxes - Operating Taxes	6.1	5.0	5.3	5.2	5.4
16 Capital Costs	30.1	30.5	24.9	25.1	20.5
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	83.10	75.03	70.62	70.57	65.18
19 Depreciation and Amortization	191.81	208.84	190.04	174.32	166.57
20 Other Operations Expense	263.48	232.33	249.15	237.26	273.28
21 Income Taxes - Operating Taxes	104.60	116.54	143.39	115.74	88.55
22 Other Taxes - Operating Taxes	61.88	49.31	50.10	44.48	42.95
23 Capital Costs	303.97	299.57	233.41	214.93	164.45
24 Total	1,008.84	981.63	936.71	857.30	800.98

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,

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$68,366,992	\$69,235,530	\$67,892,395	\$64,839,218	\$66,933,459	1
Central Office Assets	394,893,340	384,734,782	378,382,289	367,945,869	359,170,552	2
Information Origination/Termination	15,972,113	15,631,827	15,185,077	14,975,619	10,699,038	3
Cable And Wire Facilities	474,467,502	462,769,985	452,872,616	443,826,593	430,736,406	4
Amortizable Assets	3,981,012	3,899,746	3,899,746	3,899,746	3,898,823	5
Total Plant In Service	957,680,959	936,271,870	918,232,123	895,487,045	871,438,278	6
Property Held For Future Use						7
Plant Under Construction	12,103,166	15,226,358	11,396,832	11,975,690	11,568,534	8
Tel. Acquisition	142,404,998	142,404,998	142,404,998	142,404,998	142,404,998	9
Other Plant						10
Nonoperating Plant	37,599	38,251	38,251	37,599	37,599	11
Goodwill						12
Total Telecommunications Plant	1,112,226,722	1,093,941,477	1,072,072,204	1,049,905,332	1,025,449,409	13
Less Acc. Prov. For Depreciation & Amort.	772,302,676	729,927,311	674,970,125	620,953,844	568,540,944	14
Net Total Utility Plant	\$339,924,046	\$364,014,166	\$397,102,079	\$428,951,488	\$456,908,465	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.54	1.66	1.64	1.48	1.14	16
Total Capitalization	\$316,535,650	\$319,172,636	\$329,191,212	\$270,986,667	\$272,620,275	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	21
Pretax Coverage of Interest Expense	394930.81	9476.06	29098.90	5910643.14	956770.92	22
Com. Stock Dividends as a % of Earnings	104.6%	-115.4%	0.0%	102.7%	137.6%	23
Return on Common Equity	18.0%	20.0%	17.7%	22.4%	16.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	653.6%	714.2%	567.6%	420.2%	-76.6%	25
CWIP as a % of Plant	1.1%	1.4%	100.0%	94.7%	100.0%	26

Notes:

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

Current Assets	51,807,377	55,167,216	56,280,965	67,384,818	59,454,990
Current Liabilities	33,647,809	33,166,044	34,409,242	45,394,365	52,082,886
Total Capitalization	316,535,650	319,172,636	329,191,212	270,986,667	272,620,275
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	316,535,650	319,172,636	329,191,212	270,986,667	272,620,275
Short-Term Debt					
Pretax Income	88,859,433	98,988,630	90,561,900	93,092,630	73,059,027
Interest Expense	225	10,446	3,112	16	76
Common Dividends Paid	60,000,000	(75,000,000)		62,500,000	64,660,000
Net Income (Excl. Preferred Stock Dividends)	57,363,013	64,981,424	58,204,540	60,864,205	46,974,344
Internal Cash	132,190,921	138,805,788	113,908,760	101,684,899	(19,318,581)
Cash Outflows for Construction	(20,223,711)	(19,435,658)	(20,067,142)	(24,198,514)	(25,207,265)
CWIP	12,103,166	15,226,358	142,404,998	142,404,998	142,404,998
Total Plant	1,112,226,722	1,093,941,477	142,443,249	150,340,085	142,442,597
Shares Outstanding					
Number of Employees	280	277	304	316	313

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	(\$290,800)	(\$334,790)	(\$387,371)	(\$1,562,999)	(\$1,354,802)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	293,429	250,138	(247,590)	233,303	237,726	2
Changes in Deferred Income Taxes	(13,551)	436		(29,682)	149,265	3
Changes in Working Capital	20,447	(73,249)	138,977	55,411	(375,041)	4
Capitalized AFDC - Equity		(46,507)				5
Other	198,390	228,378	483,777	2,157,849	1,220,717	6
Total Non-Cash Items	498,715	359,196	375,164	2,416,881	1,232,667	7
Net Cash Provided From Operating Activities	<u>207,915</u>	<u>24,406</u>	<u>(12,207)</u>	<u>853,882</u>	<u>(122,135)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(95,118)	(134,997)	(62,023)	(225,846)	(293,411)	9
Purchase of Other Investments	(38,189)	33,844	(203,412)	(3,875)	(9,300)	10
Sale of Other Investments	18,635	23,492	73,475			11
Other						12
Net Cash Provided From Investing Activities	<u>(114,672)</u>	<u>(77,661)</u>	<u>(191,960)</u>	<u>(229,721)</u>	<u>(302,711)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(152,975)	(145,516)	(90,386)	(46,459)	74,956	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(18,303)	(32,069)	(25,410)	(50,407)	137,858	17
Dividends Paid						18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(171,278)</u>	<u>(177,585)</u>	<u>(115,796)</u>	<u>(96,866)</u>	<u>212,814</u>	20
Net Increase (Decrease) in Cash & Equivalents	(78,035)	(230,840)	(319,963)	527,295	(212,032)	21
Cash & Equivalents at Beginning of Year	221,030	451,870	771,833	244,539	456,571	22
Cash & Equivalents at End of Year	\$142,995	\$221,030	\$451,870	\$771,834	\$244,539	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$1,749,536	\$1,803,883	\$1,852,826	\$2,028,407	\$1,940,584
2 Access Lines	883	1,043	1,094	1,102	1,128
DOLLAR AMOUNTS					
3 Wages and Benefits	\$838,595	\$848,457	940,305	949,870	\$1,023,904
4 Depreciation and Amortization	292,991	250,138	243,880	232,869	237,290
5 Other Operations Expense	445,367	556,026	568,810	588,963	597,116
6 Total Operation Expenses	1,576,954	1,654,621	1,752,994	1,771,702	1,858,311
7 Income Taxes - Operating Taxes	(5,528)	(39,807)	(73,595)	(21,351)	(91,649)
8 Other Taxes - Operating Taxes	94,215	103,477	111,019	106,629	119,890
9 Capital Costs	83,895	85,591	\$62,408	\$171,427	54,033
10 Total	\$1,749,536	\$1,803,883	\$1,852,826	\$2,028,407	\$1,940,584
PERCENT OF REVENUES					
11 Wages and Benefits	47.9	47.0	50.7	46.8	52.8
12 Depreciation and Amortization	16.7	13.9	13.2	11.5	12.2
13 Other Operations Expense	25.5	30.8	30.7	29.0	30.8
14 Income Taxes - Operating Taxes	(0.3)	(2.2)	(4.0)	(1.1)	(4.7)
15 Other Taxes - Operating Taxes	5.4	5.7	6.0	5.3	6.2
16 Capital Costs	4.8	4.7	3.4	8.5	2.8
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	949.71	813.48	859.51	861.95	907.72
19 Depreciation and Amortization	331.81	239.83	222.92	211.31	210.36
20 Other Operations Expense	504.38	533.10	519.94	534.45	529.36
21 Income Taxes - Operating Taxes	(6.26)	(38.17)	(67.27)	(19.37)	(81.25)
22 Other Taxes - Operating Taxes	106.70	99.21	101.48	96.76	106.29
23 Capital Costs	95.01	82.06	57.05	155.56	47.90
24 Total	1,981.35	1,729.51	1,693.63	1,840.66	1,720.38

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,565,826	\$1,749,284	\$1,783,842	\$1,769,633	\$1,793,458	1
Central Office Assets	2,023,498	1,955,647	1,955,647	1,832,121	1,728,997	2
Information Origination/Termination	51,634	51,634	51,634	51,634	51,634	3
Cable And Wire Facilities	3,133,465	3,133,465	2,987,897	2,899,071	2,669,463	4
Amortizable Assets						5
Total Plant In Service	6,774,423	6,890,030	6,779,020	6,552,459	6,243,551	6
Property Held For Future Use						7
Plant Under Construction	150,869	200,617	216,743	972,537	1,143,370	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	6,925,292	7,090,647	6,995,763	7,524,996	7,386,921	13
Less Acc. Prov. For Depreciation & Amort.	3,919,591	3,811,220	3,592,390	3,395,869	3,257,353	14
Net Total Utility Plant	\$3,005,701	\$3,279,427	\$3,403,373	\$4,129,127	\$4,129,568	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	3.33	4.13	3.13	7.01	8.45	16
Total Capitalization	\$3,689,124	\$4,171,943	\$4,645,057	\$5,148,225	\$6,698,158	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	91.8%	84.9%	79.3%	73.3%	57.1%	18
Preferred Stock						19
Common Stock & Retained Earnings	7.9%	14.4%	19.3%	25.0%	40.9%	20
Short-Term Debt	0.3%	0.7%	1.3%	1.7%	2.1%	21
Pretax Coverage of Interest Expense	-0.62	-0.97	-1.37	-6.75	-5.99	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	-65.2%	-44.7%	-43.2%	-77.7%	-39.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	218.6%	18.1%	-19.7%	378.1%	-41.6%	25
CWIP as a % of Plant	2.2%	2.8%	3.1%	12.9%	15.5%	26

Current Assets	652,043	649,601	929,901	1,358,515	612,360
Current Liabilities	195,578	157,430	296,924	193,863	72,481
Total Capitalization	3,689,124	4,171,943	4,645,057	5,148,225	6,698,158
Long-Term Debt	3,387,032	3,540,007	3,685,523	3,775,909	3,822,368
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	290,423	601,964	897,493	1,284,865	2,737,932
Short-Term Debt	11,669	29,972	62,041	87,451	137,858
Pretax Income	(114,800)	(185,151)	(273,221)	(1,382,245)	(1,242,425)
Interest Expense	183,761	190,370	200,010	204,666	207,321
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(290,800)	(334,790)	(387,371)	(1,562,999)	(1,354,802)
Internal Cash	207,915	24,406	(12,207)	853,882	(122,135)
Cash Outflows for Construction	(95,118)	(134,997)	(62,023)	(225,846)	(293,411)
CWIP	150,869	200,617	216,743	972,537	1,143,370
Total Plant	6,925,292	7,090,646	6,995,763	7,524,996	7,386,921
Shares Outstanding	243	243	243	243	243
Number of Employees	12	12	12	13	13

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$528,662	\$212,043	\$791,746	\$278,609	(\$1,705,706)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	823,928	741,306	681,327	691,273	660,170	2
Changes in Deferred Income Taxes	82,806	(69,326)	1,080,064	(88,618)	35,113	3
Changes in Working Capital	990,339	(441,161)	512,915	262,160	33,226	4
Capitalized AFDC - Equity						5
Other	(102,497)	17,781	(1,813,602)	(165,584)	2,052,144	6
Total Non-Cash Items	1,794,576	248,600	460,704	699,231	2,780,653	7
Net Cash Provided From Operating Activities	<u>2,323,238</u>	<u>460,643</u>	<u>1,252,450</u>	<u>977,840</u>	<u>1,074,947</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,718,856)	(1,193,500)	(1,499,850)	(218,003)	(204,383)	9
Purchase of Other Investments	(12,578)	(36,100)	(32,601)	40,843		10
Sale of Other Investments	403,724	4,106	2,564,470	6,015	145,655	11
Other				134,678		12
Net Cash Provided From Investing Activities	<u>(1,327,710)</u>	<u>(1,225,494)</u>	<u>1,032,019</u>	<u>(36,467)</u>	<u>(58,728)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(162,848)	(151,201)	(140,249)	(130,250)	(120,861)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt					(20,919)	17
Dividends Paid	(138,600)	(138,600)	(138,600)	(138,600)	(138,600)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(301,448)</u>	<u>(289,801)</u>	<u>(278,849)</u>	<u>(268,850)</u>	<u>(280,380)</u>	20
Net Increase (Decrease) in Cash & Equivalents	694,080	(1,054,652)	2,005,620	672,523	735,839	21
Cash & Equivalents at Beginning of Year	3,259,823	4,314,475	2,308,855	1,636,332	900,492	22
Cash & Equivalents at End of Year	\$3,953,902	\$3,259,823	\$4,314,475	\$2,308,855	\$1,636,332	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$3,771,111	\$3,669,661	\$3,819,491	\$4,016,427	\$4,267,995
2 Access Lines	4,205	4,171	4,478	5,334	5,516
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,366,365	\$1,316,360	\$1,510,790	\$1,549,555	\$1,285,187
4 Depreciation and Amortization	732,581	741,306	681,327	690,534	659,555
5 Other Operations Expense	1,307,155	1,207,139	1,068,528	1,309,514	1,575,298
6 Total Operation Expenses	3,406,101	3,264,804	3,260,646	3,549,603	3,520,040
7 Income Taxes - Operating Taxes	59,246	43,557	77,776	58,260	145,721
8 Other Taxes - Operating Taxes	190,287	206,769	213,259	215,294	219,612
9 Capital Costs	115,476	154,531	267,810	193,270	382,622
10 Total	\$3,771,111	\$3,669,661	\$3,819,491	\$4,016,427	\$4,267,995
PERCENT OF REVENUES					
11 Wages and Benefits	36.2	35.9	39.6	38.6	30.1
12 Depreciation and Amortization	19.4	20.2	17.8	17.2	15.5
13 Other Operations Expense	34.7	32.9	28.0	32.6	36.9
14 Income Taxes - Operating Taxes	1.6	1.2	2.0	1.5	3.4
15 Other Taxes - Operating Taxes	5.0	5.6	5.6	5.4	5.1
16 Capital Costs	3.1	4.2	7.0	4.8	9.0
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	324.94	315.60	337.38	290.51	232.99
19 Depreciation and Amortization	174.22	177.73	152.15	129.46	119.57
20 Other Operations Expense	310.86	289.41	238.62	245.50	285.59
21 Income Taxes - Operating Taxes	14.09	10.44	17.37	10.92	26.42
22 Other Taxes - Operating Taxes	45.25	49.57	47.62	40.36	39.81
23 Capital Costs	27.46	37.05	59.81	36.23	69.37
24 Total	896.82	879.80	852.95	752.99	773.75

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,338,565	\$2,323,787	\$2,168,287	2,094,499	\$2,056,103	1
Central Office Assets	4,394,127	4,542,998	3,763,376	3,643,625	3,656,902	2
Information Origination/Termination	45,413	46,376	46,840	52,729	175,727	3
Cable And Wire Facilities	8,419,104	7,167,620	6,174,744	5,962,622	5,887,809	4
Amortizable Assets						5
Total Plant In Service	15,197,209	14,080,781	12,153,247	11,753,475	11,776,541	6
Property Held For Future Use						7
Plant Under Construction	176,798	88,743	1,000,265	54,053	56,351	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	15,374,007	14,169,524	13,153,512	11,807,528	11,832,892	13
Less Acc. Prov. For Depreciation & Amort.	8,423,174	8,067,525	7,501,545	7,008,004	6,545,698	14
Net Total Utility Plant	\$6,950,833	\$6,101,999	\$5,651,967	\$4,799,524	\$5,287,194	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	4.46	14.12	6.29	5.56	6.66	16
Total Capitalization	\$10,720,398	\$9,393,923	\$9,471,681	\$8,958,784	\$8,949,023	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	7.1%	9.0%	10.5%	12.7%	14.1%	18
Preferred Stock						19
Common Stock & Retained Earnings	92.9%	91.0%	89.5%	87.3%	85.9%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	16.53	5.05	11.84	4.91	-15.36	22
Com. Stock Dividends as a % of Earnings	26.2%	65.4%	17.5%	49.7%	-8.1%	23
Return on Common Equity	6.0%	2.5%	9.7%	3.6%	-19.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	135.2%	38.6%	83.5%	448.5%	525.9%	25
CWIP as a % of Plant	1.1%	0.6%	7.6%	0.5%	0.5%	26

Current Assets	5,545,248	4,826,009	6,069,410	4,534,557	3,877,581
Current Liabilities	1,244,168	341,808	964,818	816,138	581,984
Total Capitalization	9,621,135	9,393,923	9,471,681	8,958,784	8,949,023
Long-Term Debt	679,981	842,829	994,030	1,134,279	1,264,526
Preferred Stock	-	-	-	-	-
Common Stock and Retained Earnings (Excl. Preferred Stock)	8,941,155	8,551,094	8,477,651	7,824,506	7,684,497
Short-Term Debt	-	-	-	-	-
Pretax Income	633,423	375,038	1,295,968	448,565	(1,560,903)
Interest Expense	38,312	74,322	109,475	91,343	101,629
Common Dividends Paid	138,600	138,600	138,600	138,600	138,600
Net Income (Excl. Preferred Stock Dividends)	528,662	212,043	791,746	278,609	(1,705,706)
Internal Cash	2,323,237	460,644	1,252,448	977,840	1,074,947
Cash Outflows for Construction	(1,718,856)	(1,193,500)	(1,499,850)	(218,003)	(204,383)
CWIP	176,798	88,743	1,000,265	54,053	56,351
Total Plant	15,374,007	14,169,524	13,153,512	11,807,528	11,832,892
Shares Outstanding	39600	39600	39600	39,600	39,600
Number of Employees	22	23	23	27	27

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$203,590	\$238,982	\$116,757	\$459,268	\$679,666	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,247,144	1,388,219	1,270,174	1,185,691	1,113,659	2
Changes in Deferred Income Taxes	(47,916)	(157,044)	(27,701)	(129,144)	385,250	3
Changes in Working Capital	(67,670)	258,210	145,178	(155,917)	(266,595)	4
Capitalized AFDC - Equity						5
Other	81,434	(183,445)	(77,052)	(110,062)	(208,283)	6
Total Non-Cash Items	1,212,992	1,305,940	1,310,599	790,568	1,024,031	7
Net Cash Provided From Operating Activities	<u>1,416,582</u>	<u>1,544,922</u>	<u>1,427,356</u>	<u>1,249,836</u>	<u>1,703,697</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(849,155)	(1,029,637)	(1,401,420)	(852,244)	(950,524)	9
Purchase of Other Investments						10
Sale of Other Investments	16,956	(92,457)	(138,916)	(73,790)	5,272	11
Other						12
Net Cash Provided From Investing Activities	<u>(832,199)</u>	<u>(1,122,094)</u>	<u>(1,540,336)</u>	<u>(926,034)</u>	<u>(945,252)</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	(286,000)			(9,148,000)		18
Other Financing	32,296	503,389	22,284	3,722	(23,032)	19
Net Cash Provided From Financing Activities	<u>(253,704)</u>	<u>503,389</u>	<u>22,284</u>	<u>(9,144,278)</u>	<u>(23,032)</u>	20
Net Increase (Decrease) in Cash & Equivalents	330,679	926,217	(90,696)	(8,820,476)	735,413	21
Cash & Equivalents at Beginning of Year	1,064,181	137,964	228,660	9,049,136	8,313,723	22
Cash & Equivalents at End of Year	\$1,394,860	\$1,064,181	\$137,964	\$228,660	\$9,049,136	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$6,112,484	\$6,251,493	\$6,247,301	\$6,278,852	\$6,429,878
2 Access Lines	7,779	8,336	8,959	9,221	9,646
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,118,090	\$1,227,721	\$1,311,325	1,265,521	\$1,174,135
4 Depreciation and Amortization	1,247,144	1,388,220	1,270,174	1,185,691	1,113,659
5 Other Operations Expense	3,262,300	3,240,411	3,276,264	3,217,372	2,964,239
6 Total Operation Expenses	5,627,534	5,856,352	5,857,763	5,668,584	5,252,033
7 Income Taxes - Operating Taxes	39,276	(13,007)	58,262	122,436	354,785
8 Other Taxes - Operating Taxes	260,476	185,664	226,678	230,638	235,705
9 Capital Costs	185,198	222,484	104,598	257,194	587,355
10 Total	\$6,112,484	\$6,251,493	\$6,247,301	\$6,278,852	\$6,429,878
PERCENT OF REVENUES					
11 Wages and Benefits	18.3	19.6	21.0	20.2	18.3
12 Depreciation and Amortization	20.4	22.2	20.3	18.9	17.3
13 Other Operations Expense	53.4	51.8	52.4	51.2	46.1
14 Income Taxes - Operating Taxes	0.6	(0.2)	0.9	1.9	5.5
15 Other Taxes - Operating Taxes	4.3	3.0	3.6	3.7	3.7
16 Capital Costs	3.0	3.6	1.7	4.1	9.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	143.73	147.28	146.37	137.24	121.72
19 Depreciation and Amortization	160.32	166.53	141.78	128.59	115.45
20 Other Operations Expense	419.37	388.72	365.70	348.92	307.30
21 Income Taxes - Operating Taxes	5.05	(1.56)	6.50	13.28	36.78
22 Other Taxes - Operating Taxes	33.48	22.27	25.30	25.01	24.44
23 Capital Costs	23.81	26.69	11.68	27.89	60.89
24 Total	785.77	749.94	697.32	680.93	666.58

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,897,849	\$1,872,802	\$1,963,380	\$1,877,395	\$1,905,076	1
Central Office Assets	10,348,358	9,980,665	9,410,450	8,621,907	8,261,666	2
Information Origination/Termination	7,446	11,346	17,834	16,020	15,297	3
Cable And Wire Facilities	11,073,434	10,779,798	10,637,758	10,234,590	10,136,439	4
Amortizable Assets	283,099	301,744	458,048	543,120	663,080	5
Total Plant In Service	23,610,186	22,946,355	22,487,470	21,293,032	20,981,558	6
Property Held For Future Use						7
Plant Under Construction	204,148	336,897	123,332	312,202	127,803	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	23,814,334	23,283,252	22,610,802	21,605,234	21,109,361	13
Less Acc. Prov. For Depreciation & Amort.	15,726,378	14,780,352	13,841,774	13,106,371	12,350,840	14
Net Total Utility Plant	\$8,087,956	\$8,502,900	\$8,769,028	\$8,498,863	\$8,758,521	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.57	2.17	1.65	2.05	8.78	16
Total Capitalization	\$7,490,353	\$7,540,466	\$6,789,913	\$6,727,269	\$15,412,279	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.2%	0.1%	0.2%	0.1%	0.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	99.5%	99.8%	99.8%	99.9%	100.0%	20
Short-Term Debt	0.2%	0.1%	0.0%	0.0%	0.0%	21
Pretax Coverage of Interest Expense	130.47	221.41	419.58	193.19	638.92	22
Com. Stock Dividends as a % of Earnings	140.5%	0.0%	0.0%	1991.9%	0.0%	23
Return on Common Equity	2.7%	3.3%	1.7%	4.2%	4.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	166.8%	150.0%	101.9%	146.7%	179.2%	25
CWIP as a % of Plant	0.9%	1.4%	0.5%	1.4%	0.6%	26

Current Assets	2,588,763	2,615,756	1,790,954	2,018,766	10,871,902
Current Liabilities	1,006,183	1,204,611	1,084,014	985,784	1,238,551
Total Capitalization	7,490,353	7,540,466	6,789,913	6,727,269	15,412,279
Long-Term Debt	17,772	4,201	11,860	5,757	2,035
Preferred Stock	-				
Common Stock and Retained Earnings (Excl. Preferred Stock)	7,455,106	7,528,606	6,778,053	6,721,512	15,410,244
Short-Term Debt	17,475	7,659			
Pretax Income	255,717	236,463	182,097	653,546	1,066,350
Interest Expense	1,960	1,068	434	3,383	1,669
Common Dividends Paid	286,000			9,148,000	
Net Income (Excl. Preferred Stock Dividends)	203,590	238,982	116,757	459,268	679,666
Internal Cash	1,416,582	1,544,922	1,427,356	1,249,836	1,703,697
Cash Outflows for Construction	(849,155)	(1,029,637)	(1,401,423)	(852,244)	(950,524)
CWIP	204,148	336,897	123,332	312,202	127,803
Total Plant	23,814,334	23,283,252	22,610,802	21,605,234	21,109,361
Shares Outstanding	1,000	1,000	1,000	1,000	1,000
Number of Employees	17	19	21	21	22

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$460,618	(\$657,318)	\$482,944	(\$382,875)	\$35,969	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	775,534	1,297,341	1,255,244	1,240,446	1,323,375	2
Changes in Deferred Income Taxes	661,437	(188,202)	(731,868)	(163,246)	39,033	3
Changes in Working Capital	111,297	(363,247)	(98,683)	696,631	49,448	4
Capitalized AFDC - Equity						5
Other	(2,250,493)	1,525	1,924,181	105,870	(181,319)	6
Total Non-Cash Items	(702,225)	747,417	2,348,874	1,879,701	1,230,537	7
Net Cash Provided From Operating Activities	<u>(241,607)</u>	<u>90,099</u>	<u>2,831,818</u>	<u>1,496,826</u>	<u>1,266,506</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(512,632)	(361,532)	(650,003)	(681,981)	(942,725)	9
Purchase of Other Investments	280,000	1,450,000	(295,000)	871,094	(68,998)	10
Sale of Other Investments	64,418	44,046	118,145	65,631	92,888	11
Other						12
Net Cash Provided From Investing Activities	<u>(168,214)</u>	<u>1,132,514</u>	<u>(826,858)</u>	<u>254,744</u>	<u>(918,835)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	1,959	(1,597,043)	(182,384)	(178,425)	(61,887)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt		(1,327,027)	269,300	(1,079,300)	(199,250)	17
Dividends Paid					(246,393)	18
Other Financing		(4,842)	4,843	(675,292)		19
Net Cash Provided From Financing Activities	<u>1,959</u>	<u>(2,928,912)</u>	<u>91,759</u>	<u>(1,933,017)</u>	<u>(507,530)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(407,862)	(1,706,299)	2,096,719	(181,447)	(159,859)	21
Cash & Equivalents at Beginning of Year	560,971	2,267,270	170,551	351,998	511,857	22
Cash & Equivalents at End of Year	\$153,109	\$560,971	\$2,267,270	\$170,551	\$351,998	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$5,829,455	\$6,528,822	\$6,700,129	\$7,208,683	\$7,690,516
2 Access Lines	8,744	9,114	9,144	9,831	10,308
DOLLAR AMOUNTS					
3 Wages and Benefits	\$2,827,581	\$2,475,240	\$2,411,728	2,454,475	\$2,429,977
4 Depreciation and Amortization	775,534	1,293,672	1,254,787	1,239,989	1,322,917
5 Other Operations Expense	3,245,331	3,336,195	3,372,279	3,700,062	3,516,889
6 Total Operation Expenses	6,848,446	7,105,107	7,038,794	7,394,526	7,269,783
7 Income Taxes - Operating Taxes	(514,839)	(386,859)	(342,073)	(319,011)	(28,154)
8 Other Taxes - Operating Taxes	345,166	351,714	363,389	377,041	374,055
9 Capital Costs	(849,318)	(541,140)	(359,981)	(243,873)	74,832
10 Total	\$5,829,455	\$6,528,822	\$6,700,129	\$7,208,683	\$7,690,516
PERCENT OF REVENUES					
11 Wages and Benefits	48.5	37.9	36.0	34.0	31.6
12 Depreciation and Amortization	13.3	19.8	18.7	17.2	17.2
13 Other Operations Expense	55.7	51.1	50.3	51.3	45.7
14 Income Taxes - Operating Taxes	(8.8)	(5.9)	(5.1)	(4.4)	(0.4)
15 Other Taxes - Operating Taxes	5.9	5.4	5.4	5.2	4.9
16 Capital Costs	(14.6)	(8.3)	(5.4)	(3.4)	1.0
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	323.37	271.59	263.75	249.67	235.74
19 Depreciation and Amortization	88.69	141.94	137.23	126.13	128.34
20 Other Operations Expense	371.15	366.05	368.80	376.37	341.18
21 Income Taxes - Operating Taxes	(58.88)	(42.45)	(37.41)	(32.45)	(2.73)
22 Other Taxes - Operating Taxes	39.47	38.59	39.74	38.35	36.29
23 Capital Costs	(97.13)	(59.37)	(39.37)	(24.81)	7.26
24 Total	666.68	716.35	732.74	733.26	746.07

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$4,697,680	\$4,616,323	\$4,609,288	4,512,519	\$4,686,114	1
Central Office Assets	7,268,845	7,208,677	7,116,609	6,708,646	6,419,922	2
Information Origination/Termination	438,557	438,557	438,557	438,557	438,556	3
Cable And Wire Facilities	5,608,279	5,553,068	5,507,112	5,469,829	5,430,533	4
Amortizable Assets	103,127	103,127	130,699	130,699	130,699	5
Total Plant In Service	18,116,488	17,919,752	17,802,265	17,260,250	17,105,824	6
Property Held For Future Use						7
Plant Under Construction	49,698	20,497		3,351	27,690	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	18,166,186	17,940,249	17,802,265	17,263,601	17,133,514	13
Less Acc. Prov. For Depreciation & Amort.	14,147,299	13,594,045	12,479,874	11,217,985	10,464,260	14
Net Total Utility Plant	\$4,018,887	\$4,346,204	\$5,322,391	\$6,045,616	\$6,669,254	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.81	1.04	1.46	0.72	0.89	16
Total Capitalization	\$7,627,481	\$6,884,904	\$9,021,135	\$8,741,724	\$10,397,616	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	1.5%	1.8%	17.1%	19.9%	18.5%	18
Preferred Stock						19
Common Stock & Retained Earnings	70.6%	71.6%	62.0%	58.4%	59.2%	20
Short-Term Debt	27.9%	26.7%	20.9%	21.7%	22.3%	21
Pretax Coverage of Interest Expense	-40.25	-3.40	-1.74	-2.42	1.75	22
Com. Stock Dividends as a % of Earnings				-202.1%	155.2%	23
Return on Common Equity	-13.9%	-12.2%	-1.8%	-5.9%	2.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-521.9%	24.9%	244.3%	219.5%	134.3%	25
CWIP as a % of Plant	0.3%	0.1%		0.0%	0.2%	26

Current Assets	2,370,346	2,668,016	4,252,405	2,348,987	2,804,947
Current Liabilities	2,942,514	2,554,635	2,903,592	3,283,864	3,169,341
Total Capitalization	7,627,481	6,884,904	9,021,135	8,741,724	10,397,616
Long-Term Debt	115,345	120,972	1,545,384	1,739,456	1,918,763
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	5,387,117	4,926,499	5,588,660	5,101,165	6,159,332
Short-Term Debt	2,125,019	1,837,433	1,887,091	1,901,103	2,319,521
Pretax Income	(1,199,366)	(794,159)	(491,260)	(462,145)	305,114
Interest Expense	29,800	233,810	281,928	191,269	174,501
Common Dividends Paid				675,584	246,393
Net Income (Excl. Preferred Stock Dividends)	(714,327)	(640,580)	(95,646)	(334,261)	158,767
Internal Cash	(2,675,367)	90,099	1,588,146	1,496,826	1,266,506
Cash Outflows for Construction	(512,632)	(361,532)	(650,003)	(681,981)	(942,725)
CWIP	49,698	20,497		3,351	27,690
Total Plant	18,166,186	17,940,249	17,802,265	17,263,601	17,133,514
Shares Outstanding	11,733	11,733	11,733	11,733	11,733
Number of Employees	61	57	56	56	61

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$491,716	\$66,032	\$371,862	\$255,149	\$239,623	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	568,644	602,994	629,313	653,043	646,917	2
Changes in Deferred Income Taxes	275,776	(32,760)	(205,742)	(33,415)	38,181	3
Changes in Working Capital	(110,428)	88,668	35,829	16,563	(48,842)	4
Capitalized AFDC - Equity						5
Other	(650,916)	53,972	591,541	(20,273)	346,572	6
Total Non-Cash Items	83,076	712,874	1,050,941	615,918	982,828	7
Net Cash Provided From Operating Activities	<u>574,792</u>	<u>778,906</u>	<u>1,422,803</u>	<u>871,067</u>	<u>1,222,451</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(308,597)	(289,644)	(740,822)	(92,859)	(597,869)	9
Purchase of Other Investments						10
Sale of Other Investments	(36,021)	5,304	28,106	7,247	(66,729)	11
Other						12
Net Cash Provided From Investing Activities	<u>(344,618)</u>	<u>(284,340)</u>	<u>(712,716)</u>	<u>(85,612)</u>	<u>(664,598)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt				(1,594,496)	(100,827)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(257,000)			(3,294,000)		18
Other Financing*	24,996	(4,312)	21,397			19
Net Cash Provided From Financing Activities	<u>(232,004)</u>	<u>(4,312)</u>	<u>21,397</u>	<u>(4,888,496)</u>	<u>(100,827)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(1,830)	490,254	731,484	(4,103,041)	457,026	21
Cash & Equivalents at Beginning of Year	1,572,980	1,082,726	351,242	4,454,283	3,997,257	22
Cash & Equivalents at End of Year	\$1,571,150	\$1,572,980	\$1,082,726	\$351,242	\$4,454,283	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$2,315,357	\$2,317,216	\$2,377,589	\$2,585,835	\$2,562,322
2 Access Lines	2,139	2,450	2,720	2,784	2,844
DOLLAR AMOUNTS					
3 Wages and Benefits	\$377,178	\$347,429	330,191	408,753	\$403,244
4 Depreciation and Amortization	568,645	602,925	629,313	653,043	646,919
5 Other Operations Expense	1,053,418	1,079,837	943,328	984,665	934,921
6 Total Operation Expenses	1,999,241	2,030,191	1,902,832	2,046,461	1,985,084
7 Income Taxes - Operating Taxes	24,398	(6,343)	136,004	85,236	118,546
8 Other Taxes - Operating Taxes	194,684	169,421	112,726	190,509	145,974
9 Capital Costs	97,034	123,947	226,027	263,629	312,718
10 Total	\$2,315,357	\$2,317,216	\$2,377,589	\$2,585,835	\$2,562,322
PERCENT OF REVENUES					
11 Wages and Benefits	16.3	15.0	13.9	15.8	15.7
12 Depreciation and Amortization	24.6	26.0	26.5	25.3	25.2
13 Other Operations Expense	45.5	46.6	39.7	38.1	36.5
14 Income Taxes - Operating Taxes	1.1	(0.3)	5.7	3.3	4.6
15 Other Taxes - Operating Taxes	8.4	7.3	4.7	7.4	5.7
16 Capital Costs	4.2	5.3	9.5	10.2	12.2
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	176.33	141.81	121.39	146.82	141.79
19 Depreciation and Amortization	265.85	246.09	231.37	234.57	227.47
20 Other Operations Expense	492.48	440.75	346.81	353.69	328.73
21 Income Taxes - Operating Taxes	11.41	(2.59)	50.00	30.62	41.68
22 Other Taxes - Operating Taxes	91.02	69.15	41.44	68.43	51.33
23 Capital Costs	45.36	50.59	83.10	94.69	109.96
24 Total	1,082.45	945.80	874.11	928.82	900.96

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$910,986	\$906,197	\$939,369	\$912,523	\$977,556	1
Central Office Assets	2,758,905	3,188,000	3,061,789	2,903,690	3,027,942	2
Information Origination/Termination	3,040	9,017	14,572	15,526	15,787	3
Cable And Wire Facilities	6,760,975	6,669,112	6,600,329	6,402,369	6,350,422	4
Amortizable Assets	101,930	86,253	106,424	79,234	86,494	5
Total Plant In Service	10,535,836	10,858,579	10,722,483	10,313,342	10,458,201	6
Property Held For Future Use						7
Plant Under Construction	34,416	67,343	226,972	691	43,390	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	10,570,252	10,925,922	10,949,455	10,314,033	10,501,591	13
Less Acc. Prov. For Depreciation & Amort.	7,473,450	7,605,163	7,310,042	6,811,778	6,474,050	14
Net Total Utility Plant	\$3,096,802	\$3,320,759	\$3,639,413	\$3,502,255	\$4,027,541	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	8.74	6.32	6.76	3.23	9.60	16
Total Capitalization	\$2,682,863	\$2,423,151	\$2,361,431	\$1,991,049	\$6,624,396	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.2%	0.3%	0.7%		22.5%	18
Preferred Stock						19
Common Stock & Retained Earnings	99.4%	99.3%	98.9%	100.0%	75.9%	20
Short-Term Debt	0.4%	0.4%	0.4%		1.6%	21
Pretax Coverage of Interest Expense	15.83	1.76	9.67	3.96	3.22	22
Com. Stock Dividends as a % of Earnings	52.3%			1291.0%		23
Return on Common Equity	19.4%	2.8%	15.9%	7.3%	4.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	186.3%	268.9%	192.1%	938.1%	204.5%	25
CWIP as a % of Plant	0.3%	0.6%	2.1%	0.0%	0.4%	26

Current Assets	2,041,908	2,075,146	1,588,122	931,887	5,181,484
Current Liabilities	233,722	328,538	234,879	288,649	539,752
Total Capitalization	2,682,863	2,423,151	2,361,431	1,991,049	6,624,396
Long-Term Debt	5,601	7,768	17,090		1,488,712
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,665,760	2,406,061	2,335,019	1,991,049	5,029,900
Short-Term Debt	11,502	9,322	9,322		105,784
Pretax Income	838,737	216,826	674,376	460,586	507,625
Interest Expense	52,990	122,857	69,771	116,182	157,628
Common Dividends Paid	257,000			3,294,000	
Net Income (Excl. Preferred Stock Dividends)	491,716	66,032	371,862	255,149	239,623
Internal Cash	574,792	778,906	1,422,803	871,067	1,222,451
Cash Outflows for Construction	(308,597)	(289,644)	(740,822)	(92,859)	(597,869)
CWIP	34,416	67,343	226,972	691	43,390
Total Plant	10,570,252	10,925,922	10,949,455	10,314,033	10,501,591
Shares Outstanding	676	676	676	676	676
Number of Employees	5	5	5	6	6

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	(\$248,235)	(\$409,022)	(\$73,922)	\$279,723	\$2,422,706	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,184,379	1,201,523	1,422,191	1,352,976	1,574,943	2
Changes in Deferred Income Taxes	154,964	13,328	(648,777)	(149,438)	(39,458)	3
Changes in Working Capital	(886,315)	135,223	(651,906)	7,019	(194,235)	4
Capitalized AFDC - Equity						5
Other	247,398	525,908	(540,365)	(1,156)	(2,163,424)	6
Total Non-Cash Items	700,426	1,875,982	(418,857)	1,209,401	(822,174)	7
Net Cash Provided From Operating Activities	<u>452,191</u>	<u>1,466,960</u>	<u>(492,779)</u>	<u>1,489,124</u>	<u>1,600,532</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,376,048)	(1,477,923)	(1,667,925)	(1,339,646)	(1,608,732)	9
Purchase of Other Investments		(194,955)	(323,396)	(210,726)	(316,418)	10
Sale of Other Investments	(35,036)	(24,721)	2,265,611	(43,394)		11
Other						12
Net Cash Provided From Investing Activities	<u>(1,411,084)</u>	<u>(1,697,599)</u>	<u>274,290</u>	<u>(1,593,766)</u>	<u>(1,925,150)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(149,229)	(143,779)	(152,919)	(166,532)	(161,775)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(149,229)</u>	<u>(143,779)</u>	<u>(152,919)</u>	<u>(166,532)</u>	<u>(161,775)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(1,108,122)	(374,418)	(371,408)	(271,174)	(486,393)	21
Cash & Equivalents at Beginning of Year	1,663,693	2,038,111	2,409,519	2,680,693	3,167,086	22
Cash & Equivalents at End of Year	\$555,571	\$1,663,693	\$2,038,111	\$2,409,519	\$2,680,693	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$5,003,303	\$5,413,139	\$4,918,976	\$5,318,175	\$5,732,792
2 Access Lines	6,033	6,998	8,077	8,077	8,287
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,955,602	\$2,036,573	\$1,918,307	1,771,048	\$1,839,518
4 Depreciation and Amortization	1,176,522	1,192,627	1,414,334	1,345,119	1,566,979
5 Other Operations Expense	1,767,455	1,540,266	1,731,055	1,611,710	1,734,759
6 Total Operation Expenses	4,899,579	4,769,466	5,063,696	4,727,877	5,141,256
7 Income Taxes - Operating Taxes	(106,888)	29,006	(188,601)	13,865	68,374
8 Other Taxes - Operating Taxes	282,112	368,561	312,436	279,970	255,184
9 Capital Costs	(71,500)	246,106	(268,555)	296,463	267,978
10 Total	\$5,003,303	\$5,413,139	\$4,918,976	\$5,318,175	\$5,732,792
PERCENT OF REVENUES					
11 Wages and Benefits	39.1	37.6	39.0	33.3	32.1
12 Depreciation and Amortization	23.5	22.0	28.8	25.3	27.3
13 Other Operations Expense	35.3	28.5	35.2	30.3	30.3
14 Income Taxes - Operating Taxes	(2.1)	0.5	(3.8)	0.3	1.2
15 Other Taxes - Operating Taxes	5.6	6.8	6.4	5.3	4.5
16 Capital Costs	(1.4)	4.5	(5.5)	5.6	4.7
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	324.15	291.02	237.50	219.27	221.98
19 Depreciation and Amortization	195.01	170.42	175.11	166.54	189.09
20 Other Operations Expense	292.96	220.10	214.32	199.54	209.33
21 Income Taxes - Operating Taxes	(17.72)	4.14	(23.35)	1.72	8.25
22 Other Taxes - Operating Taxes	46.76	52.67	38.68	34.66	30.79
23 Capital Costs	(11.85)	35.17	(33.25)	36.70	32.34
24 Total	829.32	773.53	609.01	658.43	691.78

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$6,532,569	\$6,373,834	\$6,328,371	\$5,882,564	\$5,873,596	1
Central Office Assets	8,926,779	8,603,484	8,085,324	7,628,896	7,629,349	2
Information Origination/Termination	100,497	91,024	88,204	85,266	74,373	3
Cable And Wire Facilities	15,129,050	14,513,613	13,902,906	12,648,096	12,218,727	4
Amortizable Assets	264	264	264	264	264	5
Total Plant In Service	30,689,159	29,582,219	28,405,069	26,245,086	25,796,309	6
Property Held For Future Use						7
Plant Under Construction	567,692	737,082	665,568	1,537,914	979,833	8
Tel. Acquisition		142,838	142,838	142,838	142,838	9
Other Plant	142,838	274,983	274,983	274,983	274,983	10
Nonoperating Plant	274,983					11
Goodwill						12
Total Telecommunications Plant	31,674,672	30,737,122	29,488,458	28,200,821	27,193,963	13
Less Acc. Prov. For Depreciation & Amort.	17,927,835	17,130,464	16,225,603	15,196,163	14,232,982	14
Net Total Utility Plant	\$13,746,837	\$13,606,658	\$13,262,855	\$13,004,658	\$12,960,981	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	7.71	8.22	8.29	5.81	5.88	16
Total Capitalization	\$21,308,442	\$22,481,544	\$22,466,743	\$22,603,541	\$22,980,200	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	1.4%	2.0%	2.7%	3.3%	4.0%	18
Preferred Stock						19
Common Stock & Retained Earnings	98.6%	98.0%	97.3%	96.7%	96.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	-4.87	-3.22	-0.92	7.63	48.59	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	-1.2%	-1.9%	-0.3%	1.3%	11.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	32.9%	99.3%	-29.5%	111.2%	99.5%	25
CWIP as a % of Plant	1.8%	2.4%	2.3%	5.5%	3.6%	26

Current Assets	3,278,131	3,439,064	4,035,980	3,955,861	4,224,132
Current Liabilities	424,934	418,175	486,641	680,981	718,725
Total Capitalization	21,308,442	22,481,544	22,466,743	22,603,541	22,980,200
Long-Term Debt	304,133	453,362	597,141	750,012	916,544
Preferred Stock	-	-	-	-	-
Common Stock and Retained Earnings (Excl. Preferred Stock)	21,004,309	22,028,182	21,869,602	21,853,529	22,063,656
Short-Term Debt	-	-	-	-	-
Pretax Income	(345,958)	(351,717)	(39,979)	330,708	2,540,542
Interest Expense	71,008	109,334	43,543	43,364	52,287
Common Dividends Paid	-	-	-	-	-
Net Income (Excl. Preferred Stock Dividends)	(248,235)	(409,022)	(73,922)	279,723	2,422,706
Internal Cash	452,191	1,466,960	(492,779)	1,489,124	1,600,532
Cash Outflows for Construction	(1,376,048)	(1,477,923)	(1,667,925)	(1,339,646)	(1,608,732)
CWIP	567,692	737,082	665,568	1,537,914	979,833
Total Plant	31,674,672	30,737,122	29,488,458	28,200,821	27,193,963
Shares Outstanding	2,626	2,626	2,626	2,626	2,626
Number of Employees	55	55	55	56	55

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$18,677	(\$45,060)	\$27,351	\$18,387	\$347,191	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	123,775	125,232	122,154	118,233	111,881	2
Changes in Deferred Income Taxes	(4,734)	3,044	(2,694)	(1,853)	10,348	3
Changes in Working Capital	(33,659)	(52,611)	12,919	(1,717)	14,494	4
Capitalized AFDC - Equity						5
Other	8,601	30,532	37,038	(116,976)	30,319	6
Total Non-Cash Items	93,983	106,197	169,417	(2,313)	167,042	7
Net Cash Provided From Operating Activities	<u>112,660</u>	<u>61,137</u>	<u>196,768</u>	<u>16,074</u>	<u>514,233</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(48,189)	(182,501)	(147,631)	(134,290)	(73,710)	9
Purchase of Other Investments	20,170	(97,166)	175,000	(15,000)	(60,000)	10
Sale of Other Investments	11,500					11
Other						12
Net Cash Provided From Investing Activities	<u>(16,519)</u>	<u>(279,667)</u>	<u>27,369</u>	<u>(149,290)</u>	<u>(133,710)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(45,576)	(42,302)	(38,506)	(40,540)	(35,891)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid			(100,000)		(200,000)	18
Other Financing	3,698	236,974	(258,502)			19
Net Cash Provided From Financing Activities	<u>(41,878)</u>	<u>194,672</u>	<u>(397,008)</u>	<u>(40,540)</u>	<u>(235,891)</u>	20
Net Increase (Decrease) in Cash & Equivalents	54,263	(23,858)	(172,871)	(173,756)	144,632	21
Cash & Equivalents at Beginning of Year	47,974	71,832	244,703	418,459	273,827	22
Cash & Equivalents at End of Year	\$102,237	\$47,974	\$71,832	\$244,703	\$418,459	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$1,461,036	\$1,393,528	\$1,359,649	\$1,311,624	\$1,320,835
2 Access Lines	992	996	1,011	1,053	1,078
DOLLAR AMOUNTS					
3 Wages and Benefits	\$455,340	\$456,188	\$423,405	\$381,962	\$290,057
4 Depreciation and Amortization	123,775	125,232	122,154	117,892	99,930
5 Other Operations Expense	806,254	808,762	751,500	755,513	732,081
6 Total Operation Expenses	1,385,369	1,390,182	1,297,059	1,255,367	1,122,068
7 Income Taxes - Operating Taxes	51,115	55,917	56,583	53,382	218,593
8 Other Taxes - Operating Taxes					
9 Capital Costs	24,552	(52,571)	6,007	2,875	(19,826)
10 Total	\$1,461,036	\$1,393,528	\$1,359,649	\$1,311,624	\$1,320,835
PERCENT OF REVENUES					
11 Wages and Benefits	31.2	32.7	31.1	29.1	22.0
12 Depreciation and Amortization	8.5	9.0	9.0	9.0	7.6
13 Other Operations Expense	55.2	58.0	55.3	57.6	55.4
14 Income Taxes - Operating Taxes	3.5	4.0	4.2	4.1	16.5
15 Other Taxes - Operating Taxes					
16 Capital Costs	1.7	(3.8)	0.4	0.2	(1.5)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	459.01	458.02	418.80	362.74	269.07
19 Depreciation and Amortization	124.77	125.73	120.82	111.96	92.70
20 Other Operations Expense	812.76	812.01	743.32	717.49	679.11
21 Income Taxes - Operating Taxes	51.53	56.14	55.97	50.70	202.78
22 Other Taxes - Operating Taxes					
23 Capital Costs	24.75	(52.78)	5.94	2.73	(18.39)
24 Total	1,472.82	1,399.12	1,344.86	1,245.61	1,225.26

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$259,436	\$213,710	\$221,630	\$220,707	\$475,622	1
Central Office Assets	972,416	963,994	1,000,838	937,101	900,642	2
Information Origination/Termination					29,666	3
Cable And Wire Facilities	1,105,132	1,083,812	1,043,427	997,762	933,505	4
Amortizable Assets	43,175	48,637	46,720	31,240	31,240	5
Total Plant In Service	2,380,159	2,310,153	2,312,615	2,186,810	2,370,675	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	2,380,159	2,310,153	2,312,615	2,186,810	2,370,675	13
Less Acc. Prov. For Depreciation & Amort.	1,345,351	1,289,792	1,228,700	1,136,249	1,099,861	14
Net Total Utility Plant	\$1,034,808	\$1,020,361	\$1,083,915	\$1,050,561	\$1,270,814	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.72	2.25	1.90	4.22	4.37	16
Total Capitalization	\$1,679,439	\$1,608,862	\$1,662,737	\$1,765,952	\$1,977,324	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	5.8%	2.8%	3.3%	4.8%	14.5%	18
Preferred Stock						19
Common Stock & Retained Earnings	94.2%	97.2%	96.7%	95.2%	85.5%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	1.79	-1.95	2.95	2.09	22.64	22
Com. Stock Dividends as a % of Earnings			365.6%		57.6%	23
Return on Common Equity	1.2%	-2.8%	1.7%	1.1%	21.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	233.8%	33.5%	133.3%	12.0%	697.6%	25
CWIP as a % of Plant						26

Current Assets	315,555	291,124	351,040	562,565	659,778
Current Liabilities	116,188	129,258	185,114	133,244	151,017
Total Capitalization	1,679,439	1,608,862	1,662,737	1,765,952	1,977,324
Long-Term Debt	97,276	45,376	54,191	84,757	287,151
Preferred Stock	-				
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,582,163	1,563,486	1,608,546	1,681,195	1,690,173
Short-Term Debt	-				
Pretax Income	31,509	(27,768)	48,694	41,547	529,478
Interest Expense	17,566	14,248	16,498	19,915	23,382
Common Dividends Paid			100,000		200,000
Net Income (Excl. Preferred Stock Dividends)	18,677	(45,060)	27,351	18,387	347,191
Internal Cash	112,660	61,137	196,768	16,074	514,233
Cash Outflows for Construction	(48,189)	(182,501)	(147,631)	(134,290)	(73,710)
CWIP					
Total Plant	2,380,159	2,310,153	2,312,615	2,186,810	2,370,675
Shares Outstanding	1,050	1,050	1,050	1,050	1,050
Number of Employees	5	5	5	4	4

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$2,941,653	\$1,211,479	\$3,929,002	\$1,538,654	\$1,717,686	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	928,253	925,634	791,428	1,143,856	1,141,286	2
Changes in Deferred Income Taxes	684,857	(412,226)	88,973	346,505	(7,492,524)	3
Changes in Working Capital	(1,123,730)	508,439	466,123	(7,586,416)	8,844,498	4
Capitalized AFDC - Equity						5
Other	(2,029,864)	2,090,052	3,146	(565,791)	296,053	6
Total Non-Cash Items	(1,540,485)	3,111,899	1,349,670	(6,661,846)	2,789,313	7
Net Cash Provided From Operating Activities	<u>1,401,168</u>	<u>4,323,378</u>	<u>5,278,672</u>	<u>(5,123,192)</u>	<u>4,506,999</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(266,181)	(402,988)	(113,262)	(827,445)	(1,048,382)	9
Purchase of Other Investments	918,936	(790,896)	(5,152,284)	5,924,344	(2,624,351)	10
Sale of Other Investments						11
Other	(147,095)	(23,578)				12
Net Cash Provided From Investing Activities	<u>505,660</u>	<u>(1,217,462)</u>	<u>(5,265,546)</u>	<u>5,096,899</u>	<u>(3,672,733)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt					(805,000)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(2,000,000)	(3,100,000)				18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(2,000,000)</u>	<u>(3,100,000)</u>			<u>(805,000)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(93,173)	5,916	13,126	(26,293)	29,266	21
Cash & Equivalents at Beginning of Year	10,567	4,650	(8,476)	17,817	(11,449)	22
Cash & Equivalents at End of Year	(\$82,606)	\$10,567	\$4,650	(\$8,476)	\$17,817	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$5,502,318	\$6,166,027	\$5,962,484	\$5,763,028	\$5,889,018
2 Access Lines	5,860	6,064	6,249	6,459	6,643
DOLLAR AMOUNTS					
3 Wages and Benefits	\$612,475	\$466,912	\$561,233	\$747,556	\$673,468
4 Depreciation and Amortization	928,253	925,634	1,098,359	1,143,856	1,215,809
5 Other Operations Expense	1,753,869	1,778,060	1,847,581	1,539,027	2,219,035
6 Total Operation Expenses	3,294,596	3,170,606	3,507,173	3,430,439	4,108,312
7 Income Taxes - Operating Taxes	662,498	952,197	760,266	712,544	535,011
8 Other Taxes - Operating Taxes	314,869	274,860	283,122	296,750	252,103
9 Capital Costs	1,230,355	1,768,363	1,411,924	1,323,295	993,593
10 Total	\$5,502,318	\$6,166,027	\$5,962,484	\$5,763,028	\$5,889,018
PERCENT OF REVENUES					
11 Wages and Benefits	11.1	7.6	9.4	13.0	11.4
12 Depreciation and Amortization	16.9	15.0	18.4	19.8	20.6
13 Other Operations Expense	31.9	28.8	31.0	26.7	37.7
14 Income Taxes - Operating Taxes	12.0	15.4	12.8	12.4	9.1
15 Other Taxes - Operating Taxes	5.7	4.5	4.7	5.1	4.3
16 Capital Costs	22.4	28.7	23.7	23.0	16.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	104.52	77.00	89.81	115.74	101.38
19 Depreciation and Amortization	158.40	152.64	175.77	177.09	183.02
20 Other Operations Expense	299.30	293.22	295.66	238.28	334.04
21 Income Taxes - Operating Taxes	113.05	157.02	121.66	110.32	80.54
22 Other Taxes - Operating Taxes	53.73	45.33	45.31	45.94	37.95
23 Capital Costs	209.96	291.62	225.94	204.88	149.57
24 Total	938.96	1,016.83	954.15	892.25	886.50

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,789,227	\$1,843,647	\$1,839,847	\$1,932,286	\$2,151,428	1
Central Office Assets	7,817,155	7,686,639	7,584,054	7,270,289	6,810,576	2
Information Origination/Termination	203,154	200,984	198,185	193,479	153,216	3
Cable And Wire Facilities	12,961,986	12,665,414	12,537,042	12,400,433	11,959,955	4
Amortizable Assets						5
Total Plant In Service	22,771,522	22,396,684	22,159,128	21,796,487	21,075,175	6
Property Held For Future Use						7
Plant Under Construction	190,718	299,376	140,797	224,054	481,203	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	22,962,240	22,696,060	22,299,925	22,020,541	21,556,378	13
Less Acc. Prov. For Depreciation & Amort.	17,116,168	16,335,007	15,439,802	14,488,380	13,707,807	14
Net Total Utility Plant	\$5,846,072	\$6,361,053	\$6,860,123	\$7,532,161	\$7,848,571	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	3.12	1.40	2.34	2.75	0.24	16
Total Capitalization	\$13,161,102	\$12,219,450	\$14,226,975	\$10,298,343	\$8,640,315	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt			0.8%	1.2%		18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	99.2%	98.8%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	-45.15	16.64	789.81	204.33	147.95	22
Com. Stock Dividends as a % of Earnings	68.0%	255.9%			46.9%	23
Return on Common Equity	23.2%	9.2%	32.4%	16.4%	21.0%	24
Internal Cash Generated as a % of Cash Outflows for Construction	704.4%	1183.5%	4660.6%	-619.2%	429.9%	25
CWIP as a % of Plant	0.8%	1.3%	0.6%	1.0%	2.2%	26

Current Assets	2,152,558	1,483,341	1,617,253	2,156,680	1,996,025
Current Liabilities	689,238	1,061,432	690,802	784,425	8,335,373
Total Capitalization	13,161,102	12,219,450	14,226,975	10,298,343	8,640,315
Long-Term Debt			119,005	119,375	
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	13,161,102	12,219,450	14,107,970	10,178,968	8,640,315
Short-Term Debt					
Pretax Income	4,442,835	1,957,473	6,011,201	2,363,972	2,667,898
Interest Expense	(98,400)	117,653	7,611	11,570	18,033
Common Dividends Paid	2,000,000	3,100,000			805,000
Net Income (Excl. Preferred Stock Dividends)	2,941,652	1,211,477	3,929,002	1,538,654	1,717,686
Internal Cash	1,874,998	4,769,436	5,278,670	(5,123,192)	4,506,999
Cash Outflows for Construction	(266,181)	(402,988)	(113,262)	(827,445)	(1,048,382)
CWIP	190,718	299,376	140,797	224,054	481,203
Total Plant	22,962,240	22,696,060	22,299,925	22,020,540	21,556,378
Shares Outstanding	21,742	21,742	21,742	21,742	21,742
Number of Employees	7	7	7	7	9

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$19,453,040	\$22,240,917	\$23,836,025	\$25,225,925	\$13,731,482	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	9,802,045	9,792,203	9,977,816	9,250,362	8,484,266	2
Changes in Deferred Income Taxes	(1,168,267)	1,840,465	267,224	1,650,941	4,395,965	3
Changes in Working Capital	3,854,662	(3,552,055)	4,822,420	(11,552,871)	(2,471,766)	4
Capitalized AFDC - Equity						5
Other	589,798	247,664	(940,323)	(552,077)	(1,471,881)	6
Total Non-Cash Items	13,078,238	8,328,277	14,127,137	(1,203,647)	8,936,584	7
Net Cash Provided From Operating Activities	<u>32,531,278</u>	<u>30,569,194</u>	<u>37,963,162</u>	<u>24,022,278</u>	<u>22,668,066</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(713,003)	(3,693,117)	(2,888,723)	(5,047,063)	(5,918,552)	9
Purchase of Other Investments	(931,742)	(3,519,392)	(35,200,610)	(18,640,228)	(11,372,427)	10
Sale of Other Investments						11
Other	(2,791,227)	(144,399)				12
Net Cash Provided From Investing Activities	<u>(4,435,972)</u>	<u>(7,356,908)</u>	<u>(38,089,333)</u>	<u>(23,687,291)</u>	<u>(17,290,979)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt					(6,405,000)	17
Dividends Paid	(28,000,000)	(24,000,000)				18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(28,000,000)</u>	<u>(24,000,000)</u>			<u>(6,405,000)</u>	20
Net Increase (Decrease) in Cash & Equivalents	95,305	(787,714)	(126,171)	334,987	(1,027,913)	21
Cash & Equivalents at Beginning of Year	(54,485)	733,228	859,400	524,412	1,552,325	22
Cash & Equivalents at End of Year	\$40,820	(\$54,485)	\$733,228	\$859,400	\$524,412	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$57,904,186	\$64,162,212	\$69,029,426	\$70,427,364	\$70,766,111
2 Access Lines	50,205	56,507	67,247	72,442	75,886
DOLLAR AMOUNTS					
3 Wages and Benefits	\$4,213,039	\$3,998,507	\$3,063,261	\$5,955,548	\$5,740,424
4 Depreciation and Amortization	9,802,045	9,792,203	9,977,816	9,250,362	9,283,347
5 Other Operations Expense	17,140,696	20,152,642	21,412,775	13,643,283	31,948,591
6 Total Operation Expenses	31,155,780	33,943,352	34,453,851	28,849,193	46,972,362
7 Income Taxes - Operating Taxes	8,090,087	9,454,152	11,019,977	13,457,583	7,259,818
8 Other Taxes - Operating Taxes	3,633,873	3,206,998	3,089,925	3,127,935	3,051,409
9 Capital Costs	15,024,446	17,557,710	20,465,673	24,992,653	13,482,522
10 Total	\$57,904,186	\$64,162,212	\$69,029,426	\$70,427,364	\$70,766,111
PERCENT OF REVENUES					
11 Wages and Benefits	7.3	6.2	4.4	8.5	8.1
12 Depreciation and Amortization	16.9	15.3	14.5	13.1	13.1
13 Other Operations Expense	29.6	31.4	31.0	19.4	45.1
14 Income Taxes - Operating Taxes	14.0	14.7	16.0	19.1	10.3
15 Other Taxes - Operating Taxes	6.3	5.0	4.5	4.4	4.3
16 Capital Costs	25.9	27.4	29.6	35.5	19.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	83.92	70.76	45.55	82.21	75.65
19 Depreciation and Amortization	195.24	173.29	148.38	127.69	122.33
20 Other Operations Expense	341.41	356.64	318.42	188.33	421.01
21 Income Taxes - Operating Taxes	161.14	167.31	163.87	185.77	95.67
22 Other Taxes - Operating Taxes	72.38	56.75	45.95	43.18	40.21
23 Capital Costs	299.26	310.72	304.34	345.00	177.67
24 Total	1,153.35	1,135.47	1,026.51	972.19	932.53

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$16,820,171	\$18,371,447	\$18,162,960	\$18,004,459	\$19,526,125	1
Central Office Assets	85,401,101	84,130,377	83,319,745	82,267,914	80,123,115	2
Information Origination/Termination	2,192,272	2,062,047	1,966,227	66,624	1,433,380	3
Cable And Wire Facilities	80,046,375	78,525,112	76,798,883	74,707,383	72,066,479	4
Amortizable Assets	31,214	31,214	31,214	2,116,510	31,214	5
Total Plant In Service	184,491,133	183,120,197	180,279,029	177,162,889	173,180,313	6
Property Held For Future Use	38,544	38,544	38,544	38,544	38,544	7
Plant Under Construction	1,218,410	1,848,933	1,610,861	1,417,862	2,465,566	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	185,748,087	185,007,674	181,928,434	178,619,295	175,684,423	13
Less Acc. Prov. For Depreciation & Amort.	135,760,968	128,722,749	119,688,817	110,534,884	103,396,710	14
Net Total Utility Plant	\$49,987,119	\$56,284,925	\$62,239,617	\$68,084,411	\$72,287,713	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.66	2.39	1.84	1.83	0.99	16
Total Capitalization	\$127,581,000	\$136,127,964	\$137,887,042	\$114,051,018	\$88,825,092	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	N/A	N/A	N/A	N/A	N/A	22
Com. Stock Dividends as a % of Earnings	143.9%	107.9%			46.6%	23
Return on Common Equity	14.8%	16.2%	18.9%	24.9%	16.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	5167.9%	944.9%	1314.2%	476.0%	383.0%	25
CWIP as a % of Plant	0.7%	1.0%	0.9%	0.8%	1.4%	26

Current Assets	12,111,363	14,994,805	13,118,037	26,920,891	17,669,001
Current Liabilities	7,300,239	6,271,967	7,145,097	14,735,265	17,899,251
Total Capitalization	127,581,000	136,127,964	137,887,042	114,051,018	88,825,092
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	127,581,000	136,127,964	137,887,042	114,051,018	88,825,092
Short-Term Debt					
Pretax Income	30,871,756	34,705,934	36,935,370	39,765,360	21,414,178
Interest Expense	807,834	721,035	640,873	1,107,068	30,020
Common Dividends Paid	28,000,000	24,000,000			6,405,000
Net Income (Excl. Preferred Stock Dividends)	19,453,035	22,240,917	23,836,025	25,225,925	13,731,482
Internal Cash	36,847,516	34,895,763	37,963,162	24,022,278	22,668,066
Cash Outflows for Construction	(713,003)	(3,693,117)	(2,888,723)	(5,047,063)	(5,918,552)
CWIP	1,218,410	1,848,933	1,610,861	1,417,862	2,465,566
Total Plant	185,748,087	185,007,674	181,928,434	178,619,295	175,684,422
Shares Outstanding	506,758	506,758	506,758	506,758	506,758
Number of Employees	49	50	57	59	70

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$2,677,753	\$1,435,115	\$2,993,454	\$1,528,623	\$1,488,471	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	814,600	1,013,529	1,377,895	1,690,335	1,630,329	2
Changes in Deferred Income Taxes	396,350	(764,614)	(129,372)	(63,897)	(340,016)	3
Changes in Working Capital	(1,140,302)	657,490	534,626	(2,951,469)	(70,064)	4
Capitalized AFDC - Equity						5
Other	(1,176,984)	1,119,570	(91,412)	(460,783)	(39,854)	6
Total Non-Cash Items	(1,106,336)	2,025,975	1,691,737	(1,785,814)	1,180,395	7
Net Cash Provided From Operating Activities	<u>1,571,417</u>	<u>3,461,090</u>	<u>4,685,191</u>	<u>(257,191)</u>	<u>2,668,866</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(425,639)	(737,730)	(596,969)	(682,751)	(668,180)	9
Purchase of Other Investments	2,070,446	(667,217)	(4,041,926)	871,997	777,831	10
Sale of Other Investments						11
Other	(240,532)	45,035				12
Net Cash Provided From Investing Activities	<u>1,404,275</u>	<u>(1,359,912)</u>	<u>(4,638,895)</u>	<u>189,246</u>	<u>109,651</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(3,000,000)	(2,100,000)			(2,750,000)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(3,000,000)</u>	<u>(2,100,000)</u>			<u>(2,750,000)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(24,308)	1,178	46,296	(67,945)	28,517	21
Cash & Equivalents at Beginning of Year	40,252	39,074	(7,222)	60,724	32,206	22
Cash & Equivalents at End of Year	\$15,944	\$40,252	\$39,074	(\$7,222)	\$60,724	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$5,959,624	\$6,546,922	\$6,742,684	\$6,416,969	\$6,503,194
2 Access Lines	7,216	7,877	8,439	9,102	9,452
DOLLAR AMOUNTS					
3 Wages and Benefits	\$491,188	\$427,399	\$370,199	\$655,703	\$544,365
4 Depreciation and Amortization	814,600	1,013,529	1,502,905	1,690,335	1,672,331
5 Other Operations Expense	1,878,985	2,066,302	2,081,394	1,544,326	2,499,972
6 Total Operation Expenses	3,184,773	3,507,230	3,954,499	3,890,364	4,716,668
7 Income Taxes - Operating Taxes	1,460,606	743,259	1,566,703	806,029	824,227
8 Other Taxes - Operating Taxes	322,555	324,144	339,391	342,485	299,691
9 Capital Costs	991,690	1,972,289	882,091	1,378,091	662,607
10 Total	\$5,959,624	\$6,546,922	\$6,742,684	\$6,416,969	\$6,503,194
PERCENT OF REVENUES					
11 Wages and Benefits	8.2	6.5	5.5	10.2	8.4
12 Depreciation and Amortization	13.7	15.5	22.3	26.3	25.7
13 Other Operations Expense	31.5	31.6	30.9	24.1	38.4
14 Income Taxes - Operating Taxes	24.5	11.4	23.2	12.6	12.7
15 Other Taxes - Operating Taxes	5.4	5.0	5.0	5.3	4.6
16 Capital Costs	16.6	30.1	13.1	21.5	10.2
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	68.07	54.26	43.87	72.04	57.59
19 Depreciation and Amortization	112.89	128.67	178.09	185.71	176.93
20 Other Operations Expense	260.39	262.32	246.64	169.67	264.49
21 Income Taxes - Operating Taxes	202.41	94.36	185.65	88.56	87.20
22 Other Taxes - Operating Taxes	44.70	41.15	40.22	37.63	31.71
23 Capital Costs	137.43	250.39	104.53	151.41	70.10
24 Total	825.89	831.14	798.99	705.01	688.02

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,924,076	\$1,908,648	\$1,813,943	\$1,791,923	\$1,969,238	1
Central Office Assets	11,348,050	11,090,654	10,878,449	10,533,083	9,975,864	2
Information Origination/Termination	54,492	52,030	46,958		48,665	3
Cable And Wire Facilities	11,400,035	11,048,365	10,736,463	10,544,999	10,301,524	4
Amortizable Assets				48,664		5
Total Plant In Service	24,726,653	24,099,697	23,475,813	22,918,669	22,295,291	6
Property Held For Future Use						7
Plant Under Construction	132,868	334,183	270,029	181,538	265,232	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	24,859,521	24,433,880	23,745,842	23,100,207	22,560,523	13
Less Acc. Prov. For Depreciation & Amort.	20,128,627	19,554,560	18,593,642	17,165,819	15,618,551	14
Net Total Utility Plant	\$4,730,894	\$4,879,320	\$5,152,200	\$5,934,388	\$6,941,972	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.20	1.00	1.64	2.08	0.49	16
Total Capitalization	\$9,438,079	\$9,760,326	\$10,425,206	\$7,431,751	\$5,903,127	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	-138.95	24.97	179.21	34.42	403.49	22
Com. Stock Dividends as a % of Earnings	112.5%	146.3%			151.3%	23
Return on Common Equity	27.8%	14.2%	33.5%	22.9%	22.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	591.9%	469.2%	784.8%	-37.7%	399.4%	25
CWIP as a % of Plant	0.5%	1.4%	1.1%	0.8%	1.2%	26

Current Assets	2,025,079	1,930,944	1,683,997	2,272,417	1,832,195
Current Liabilities	919,257	1,927,856	1,025,938	1,093,388	3,703,773
Total Capitalization	9,438,079	9,760,326	10,425,206	7,431,751	5,903,127
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	9,438,079	9,760,326	10,425,206	7,431,751	5,903,127
Short-Term Debt					
Pretax Income	4,098,000	2,257,309	4,574,734	2,404,501	2,318,444
Interest Expense	(29,492)	90,389	25,527	69,850	5,746
Common Dividends Paid	3,000,000	2,100,000			2,251,653
Net Income (Excl. Preferred Stock Dividends)	2,666,886	1,435,115	2,993,454	1,528,623	1,488,471
Internal Cash	2,519,265	3,461,090	4,685,191	(257,195)	2,668,866
Cash Outflows for Construction	(425,639)	(737,730)	(596,969)	(682,751)	(668,180)
CWIP	132,867	334,183	270,029	181,538	265,232
Total Plant	24,859,520	24,433,880	23,745,842	23,100,208	22,560,523
Shares Outstanding	100	100	100	100	100
Number of Employees	9	9	9	9	9

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$1,627,068	\$2,339,430	\$2,266,665	5,165,544	5,987,739	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	3,059,689	3,034,273	2,654,685	1,997,048	2,780,775	2
Changes in Deferred Income Taxes	(585,583)	(274,527)	20,371	475,382	8,193,752	3
Changes in Working Capital	499,708	367,498	744,515	11,585,364	(26,351,090)	4
Capitalized AFDC - Equity						5
Other	(90,170)	52,148	(28,419)	(1,541,787)	110,239	6
Total Non-Cash Items	2,883,644	3,179,391	3,391,152	12,516,007	(15,266,324)	7
Net Cash Provided From Operating Activities	<u>4,510,711</u>	<u>5,518,822</u>	<u>5,657,817</u>	<u>17,681,551</u>	<u>(9,278,585)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(312,504)	(748,198)	(678,216)	(896,214)	(1,207,441)	9
Purchase of Other Investments	(981,138)	(1,494,397)	(4,978,691)	(16,843,973)	10,495,080	10
Sale of Other Investments						11
Other	(265,422)	(287,630)				12
Net Cash Provided From Investing Activities	<u>(1,559,064)</u>	<u>(2,530,225)</u>	<u>(5,656,907)</u>	<u>(17,740,187)</u>	<u>9,287,639</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(3,000,000)	(3,000,000)				18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(3,000,000)</u>	<u>(3,000,000)</u>				20
Net Increase (Decrease) in Cash & Equivalents	(48,353)	(11,404)	910	(58,636)	9,054	21
Cash & Equivalents at Beginning of Year	11,046	22,449	21,539	80,175	71,120	22
Cash & Equivalents at End of Year	(\$37,307)	\$11,046	\$22,449	\$21,539	\$80,175	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$10,193,931	\$12,040,485	\$12,880,069	\$14,849,282	\$13,765,744
2 Access Lines	10,821	13,072	15,589	17,707	19,395
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,092,341	\$968,424	\$1,017,653	\$867,753	\$1,182,461
4 Depreciation and Amortization	3,059,689	3,034,273	3,010,657	1,948,430	2,904,780
5 Other Operations Expense	3,985,527	4,801,441	5,352,438	3,573,322	(413,436)
6 Total Operation Expenses	8,137,558	8,804,138	9,380,748	6,389,504	3,673,805
7 Income Taxes - Operating Taxes	906,720	1,206,771	1,131,668	2,751,673	3,256,239
8 Other Taxes - Operating Taxes	587,721	689,201	736,895	724,799	584,964
9 Capital Costs	561,933	1,340,375	1,630,758	4,983,305	6,250,736
10 Total	\$10,193,931	\$12,040,485	\$12,880,069	\$14,849,282	\$13,765,744
PERCENT OF REVENUES					
11 Wages and Benefits	10.7	8.0	7.9	5.8	8.6
12 Depreciation and Amortization	30.0	25.2	23.4	13.1	21.1
13 Other Operations Expense	39.1	39.9	41.6	24.1	(3.0)
14 Income Taxes - Operating Taxes	8.9	10.0	8.8	18.5	23.7
15 Other Taxes - Operating Taxes	5.8	5.7	5.7	4.9	4.2
16 Capital Costs	5.5	11.1	12.7	33.6	45.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	100.95	74.08	65.28	49.01	60.97
19 Depreciation and Amortization	282.75	232.12	193.13	110.04	149.77
20 Other Operations Expense	368.31	367.31	343.35	201.80	(21.32)
21 Income Taxes - Operating Taxes	83.79	92.32	72.59	155.40	167.89
22 Other Taxes - Operating Taxes	54.31	52.72	47.27	40.93	30.16
23 Capital Costs	51.93	102.54	104.61	281.43	322.29
24 Total	942.05	921.09	826.23	838.61	709.76

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,476,053	\$2,544,426	\$2,501,854	\$2,404,472	\$2,598,380	1
Central Office Assets	22,417,753	22,245,110	22,121,830	21,846,879	21,363,428	2
Information Origination/Termination	251,958	240,206	220,234	9,962	205,501	3
Cable And Wire Facilities	26,386,635	25,967,488	25,608,782	24,991,609	24,375,692	4
Amortizable Assets				206,313		5
Total Plant In Service	51,532,399	50,997,230	50,452,700	49,459,235	48,543,001	6
Property Held For Future Use	56,888	56,888	56,888	56,888	56,888	7
Plant Under Construction	167,226	389,893	362,330	471,264	491,102	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant					181	11
Goodwill						12
Total Telecommunications Plant	51,756,513	51,444,011	50,871,918	49,987,387	49,091,172	13
Less Acc. Prov. For Depreciation & Amort.	37,829,281	35,035,016	32,158,656	29,290,897	27,293,852	14
Net Total Utility Plant	\$13,927,232	\$16,408,995	\$18,713,262	\$20,696,490	\$21,797,320	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.16	1.34	1.48	1.87	7.45	16
Total Capitalization	\$24,767,199	\$26,140,131	\$26,800,701	\$24,534,037	\$19,368,491	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	-1.38	-2.56	-4.39	-25.11	36.01	22
Com. Stock Dividends as a % of Earnings	184.6%	128.5%				23
Return on Common Equity	6.4%	8.8%	8.8%	23.5%	36.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	1927.9%	969.1%	834.2%	1972.9%	-768.5%	25
CWIP as a % of Plant	0.3%	0.8%	0.7%	0.9%	1.0%	26

Current Assets	2,244,739	3,027,047	2,717,400	3,553,342	15,251,468
Current Liabilities	1,928,364	2,260,011	1,830,544	1,904,434	2,046,919
Total Capitalization	24,767,199	26,140,131	26,800,701	24,534,037	19,368,491
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	24,767,199	26,140,131	26,800,701	24,534,037	19,368,491
Short-Term Debt					
Pretax Income	1,468,346	2,545,048	2,764,465	7,614,002	9,508,014
Interest Expense	(1,063,226)	(995,958)	(629,585)	(303,216)	264,036
Common Dividends Paid	3,000,000	3,000,000			
Net Income (Excl. Preferred Stock Dividends)	1,624,853	2,334,235	2,262,382	5,165,544	5,987,739
Internal Cash	6,024,654	7,250,939	5,657,817	17,681,551	(9,278,585)
Cash Outflows for Construction	(312,504)	(748,198)	(678,215)	(896,214)	(1,207,441)
CWIP	167,226	389,893	362,330	471,264	491,102
Total Plant	51,756,513	51,444,011	50,871,918	49,987,387	49,091,172
Shares Outstanding	200	200	200	200	200
Number of Employees	11	11	13	14	14

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$617,816	(\$35,964)	\$286,329	\$269,870	\$143,885	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	581,177	570,472	621,117	598,038	584,328	2
Changes in Deferred Income Taxes	(34,925)	(59,039)	(125,130)	(106,889)	(71,359)	3
Changes in Working Capital	144,267	(236,757)	(52,949)	571,061	(253,552)	4
Capitalized AFDC - Equity						5
Other	(1,115,794)	372,678	(147,473)	(117,924)	36,505	6
Total Non-Cash Items	(425,275)	647,354	295,565	944,286	295,922	7
Net Cash Provided From Operating Activities	<u>192,541</u>	<u>611,390</u>	<u>581,894</u>	<u>1,214,156</u>	<u>439,807</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(508,100)	(415,681)	(419,664)	(738,830)	(306,004)	9
Purchase of Other Investments		359,857	(17,449)	(13,880)	(15,935)	10
Sale of Other Investments	(5,331)	(3,664)	(4,790)	74,351	1,595	11
Other	(47,705)	(46,395)	(46,395)	(76,702)	(73,784)	12
Net Cash Provided From Investing Activities	<u>(561,136)</u>	<u>(105,883)</u>	<u>(488,299)</u>	<u>(755,061)</u>	<u>(394,128)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt		(469,359)	(96,279)	(91,615)	(87,137)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(262,000)	(16,427)	(517,193)	(512,653)	(23,551)	18
Other Financing	(103,275)	(104,473)	90,101	(64,988)	66,436	19
Net Cash Provided From Financing Activities	<u>(365,275)</u>	<u>(590,259)</u>	<u>(523,371)</u>	<u>(669,256)</u>	<u>(44,252)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(733,870)	(84,752)	(429,776)	(210,161)	1,427	21
Cash & Equivalents at Beginning of Year	1,446,909	1,531,661	1,961,437	2,171,598	2,170,171	22
Cash & Equivalents at End of Year	\$713,039	\$1,446,909	\$1,531,661	\$1,961,437	\$2,171,598	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$2,647,217	\$2,943,156	\$3,210,575	\$3,347,028	\$3,503,071
2 Access Lines	2,597	2,684	2,781	2,936	3,003
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,407,384	\$1,335,145	\$1,502,040	\$1,467,966	\$1,711,482
4 Depreciation and Amortization	581,178	573,361	627,781	604,693	590,919
5 Other Operations Expense	1,261,903	1,204,948	1,139,504	1,264,408	1,141,586
6 Total Operation Expenses	3,250,465	3,113,454	3,269,325	3,337,067	3,443,986
7 Income Taxes - Operating Taxes	(247,012)	(121,445)	(103,544)	(43,961)	(78,696)
8 Other Taxes - Operating Taxes	116,216	124,354	129,985	143,130	152,710
9 Capital Costs	(472,453)	(173,207)	(85,191)	(89,207)	(14,929)
10 Total	\$2,647,217	\$2,943,156	\$3,210,575	\$3,347,028	\$3,503,071
PERCENT OF REVENUES					
11 Wages and Benefits	53.2	45.4	46.8	43.9	48.9
12 Depreciation and Amortization	22.0	19.5	19.6	18.1	16.9
13 Other Operations Expense	47.7	40.9	35.5	37.8	32.6
14 Income Taxes - Operating Taxes	(9.3)	(4.1)	(3.2)	(1.3)	(2.2)
15 Other Taxes - Operating Taxes	4.4	4.2	4.0	4.3	4.4
16 Capital Costs	(17.8)	(5.9)	(2.7)	(2.7)	(0.4)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	541.93	497.45	540.11	499.99	569.92
19 Depreciation and Amortization	223.79	213.62	225.74	205.96	196.78
20 Other Operations Expense	485.91	448.94	409.75	430.66	380.15
21 Income Taxes - Operating Taxes	(95.11)	(45.25)	(37.23)	(14.97)	(26.21)
22 Other Taxes - Operating Taxes	44.75	46.33	46.74	48.75	50.85
23 Capital Costs	(181.92)	(64.53)	(30.63)	(30.38)	(4.97)
24 Total	1,019.34	1,096.56	1,154.47	1,140.00	1,166.52

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,788,081	\$1,741,133	\$1,676,490	\$1,592,521	\$1,529,506	1
Central Office Assets	3,361,476	3,521,867	3,611,619	3,333,624	3,305,445	2
Information Origination/Termination	181,672	181,672	181,672	181,672	181,672	3
Cable And Wire Facilities	3,689,358	3,667,970	3,607,308	3,671,748	3,568,157	4
Amortizable Assets	396,059	376,464	376,464	375,712	375,712	5
Total Plant In Service	9,416,646	9,489,106	9,453,553	9,155,276	8,960,492	6
Property Held For Future Use						7
Plant Under Construction	369,300	102,503	13,887	54,843	5,174	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	9,785,946	9,591,609	9,467,440	9,210,120	8,965,666	13
Less Acc. Prov. For Depreciation & Amort.	7,006,276	6,744,192	6,473,630	6,020,600	5,843,542	14
Net Total Utility Plant	\$2,779,670	\$2,847,417	\$2,993,810	\$3,189,520	\$3,122,124	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	4.40	11.48	3.99	4.44	45.86	16
Total Capitalization	\$8,773,366	\$8,485,711	\$9,076,415	\$9,344,089	\$9,721,377	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt			5.2%	6.1%	6.8%	18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	94.8%	93.9%	93.2%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	#DIV/0!	-4.39	8.63	8.98	0.34	22
Com. Stock Dividends as a % of Earnings	42.4%	-45.7%	180.6%	190.0%	16.4%	23
Return on Common Equity	7.2%	-0.4%	3.3%	3.0%	1.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	72.2%	147.1%	138.7%	164.3%	143.7%	25
CWIP as a % of Plant	3.8%	1.1%	0.1%	0.6%	0.1%	26

Current Assets	1,308,035	2,010,418	2,230,983	2,683,140	3,028,689
Current Liabilities	297,443	175,057	559,260	603,786	66,046
Total Capitalization	8,773,366	8,485,711	9,076,415	9,344,089	9,721,377
Long-Term Debt			469,359	565,638	657,253
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	8,773,366	8,485,711	8,607,056	8,778,451	9,064,124
Short-Term Debt					
Pretax Income	323,881	(98,512)	230,366	281,929	12,238
Interest Expense		22,445	26,689	31,384	35,892
Common Dividends Paid	262,000	16,427	517,193	512,653	23,551
Net Income (Excl. Preferred Stock Dividends)	617,816	(35,964)	286,329	269,870	143,885
Internal Cash	192,541	611,390	581,894	1,214,156	439,807
Cash Outflows for Construction	(266,797)	(415,681)	(419,664)	(738,830)	(306,004)
CWIP	369,300	102,503	13,887	54,843	5,174
Total Plant	9,785,946	9,591,609	9,467,440	9,210,120	8,965,666
Shares Outstanding	800	800	800	800	800
Number of Employees	14	17	19	19	18

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	(\$93,730)	(\$110,572)	(\$112,416)	\$116,735	\$264,624	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	300,995	299,073	289,497	255,778	233,971	2
Changes in Deferred Income Taxes	(56,104)	(20,295)	(57,369)	(23,741)	(2,666)	3
Changes in Working Capital	230,718	(53,838)	(83,667)	171,511	40,599	4
Capitalized AFDC - Equity						5
Other	(39,035)	(34,950)	(123,002)	(43,676)	(129,680)	6
Total Non-Cash Items	436,574	189,990	25,459	359,872	142,224	7
Net Cash Provided From Operating Activities	<u>342,844</u>	<u>79,418</u>	<u>(86,957)</u>	<u>476,607</u>	<u>406,848</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(400,237)	(121,467)	(241,741)	(525,570)	(168,041)	9
Purchase of Other Investments					(273,299)	10
Sale of Other Investments	(40)	60,840	1,257,806	1,484	27,513	11
Other	(80,273)	(78,211)	474,562	(105,344)	(90,780)	12
Net Cash Provided From Investing Activities	<u>(480,550)</u>	<u>(138,838)</u>	<u>1,490,627</u>	<u>(629,430)</u>	<u>(504,607)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(121,592)	(113,340)	(105,654)	(98,516)	(91,841)	14
Common Stock			(950,752)			15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(17,460)	(17,460)	(240,000)	(24,000)	(24,000)	18
Other Financing	204,784	134,083	93,973	200,788	270,999	19
Net Cash Provided From Financing Activities	<u>65,732</u>	<u>3,283</u>	<u>(1,486,083)</u>	<u>90,923</u>	<u>155,158</u>	20
Net Increase (Decrease) in Cash & Equivalents	(71,974)	(56,137)	(82,413)	(61,900)	57,399	21
Cash & Equivalents at Beginning of Year	220,129	276,266	358,679	420,579	363,180	22
Cash & Equivalents at End of Year	\$148,155	\$220,129	\$276,266	\$358,679	\$420,579	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$1,895,944	\$1,895,494	\$2,007,650	\$1,973,340	\$2,027,455
2 Access Lines	1,648	1,732	1,754	1,787	1,809
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,134,478	\$1,096,493	\$1,049,176	\$999,905	\$1,007,181
4 Depreciation and Amortization	299,759	297,837	288,261	254,542	232,735
5 Other Operations Expense	599,315	614,332	676,334	530,336	518,226
6 Total Operation Expenses	2,033,552	2,008,662	2,013,771	1,784,783	1,758,142
7 Income Taxes - Operating Taxes	(91,111)	(65,410)	(32,185)	1,314	30,889
8 Other Taxes - Operating Taxes	92,804	89,365	91,105	91,674	87,929
9 Capital Costs	(139,301)	(137,123)	(65,041)	95,569	150,495
10 Total	\$1,895,944	\$1,895,494	\$2,007,650	\$1,973,340	\$2,027,455
PERCENT OF REVENUES					
11 Wages and Benefits	59.8	57.8	52.3	50.7	49.7
12 Depreciation and Amortization	15.8	15.7	14.4	12.9	11.5
13 Other Operations Expense	31.6	32.4	33.7	26.9	25.6
14 Income Taxes - Operating Taxes	(4.8)	(3.5)	(1.6)	0.1	1.5
15 Other Taxes - Operating Taxes	4.9	4.7	4.5	4.6	4.3
16 Capital Costs	(7.3)	(7.2)	(3.2)	4.8	7.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	688.40	633.08	598.16	559.54	556.76
19 Depreciation and Amortization	181.89	171.96	164.34	142.44	128.65
20 Other Operations Expense	363.66	354.70	385.60	296.77	286.47
21 Income Taxes - Operating Taxes	(55.29)	(37.77)	(18.35)	0.74	17.08
22 Other Taxes - Operating Taxes	56.31	51.60	51.94	51.30	48.61
23 Capital Costs	(84.53)	(79.17)	(37.08)	53.48	83.19
24 Total	1,150.45	1,094.40	1,144.61	1,104.28	1,120.76

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,613,195	\$1,612,517	\$1,582,652	\$1,388,673	\$1,244,329	1
Central Office Assets	1,533,953	1,507,076	1,487,125	1,465,920	1,407,644	2
Information Origination/Termination	63,402	63,443	63,615	63,640	63,822	3
Cable And Wire Facilities	2,094,220	2,079,925	2,076,109	2,007,516	1,857,592	4
Amortizable Assets						5
Total Plant In Service	5,304,770	5,262,961	5,209,501	4,925,749	4,573,387	6
Property Held For Future Use						7
Plant Under Construction	357,589			162,047		8
Tel. Acquisition	72,459	72,459	72,459	72,459	72,459	9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	5,734,818	5,335,420	5,281,960	5,160,255	4,645,846	13
Less Acc. Prov. For Depreciation & Amort.	3,937,556	3,638,676	3,348,004	3,180,437	2,935,573	14
Net Total Utility Plant	\$1,797,262	\$1,696,744	\$1,933,956	\$1,979,818	\$1,710,273	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.21	1.93	1.98	2.67	5.24	16
Total Capitalization	\$2,583,307	\$2,816,089	\$3,057,461	\$4,466,283	\$4,472,064	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	7.9%	11.9%	14.9%	12.7%	15.1%	18
Preferred Stock						19
Common Stock & Retained Earnings	87.1%	83.8%	81.4%	84.9%	82.7%	20
Short-Term Debt	5.0%	4.3%	3.7%	2.4%	2.2%	21
Pretax Coverage of Interest Expense	-5.35	-3.57	2.36	3.50	6.23	22
Com. Stock Dividends as a % of Earnings	-18.6%	-15.8%	-213.5%	20.6%	9.1%	23
Return on Common Equity	-4.1%	-4.6%	-3.6%	3.1%	7.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	85.7%	65.4%	-36.0%	90.7%	242.1%	25
CWIP as a % of Plant	6.2%			3.1%		26

Current Assets	1,413,035	1,395,445	1,439,179	1,868,599	1,662,117
Current Liabilities	1,171,001	722,357	727,107	700,452	317,201
Total Capitalization	2,583,307	2,816,089	3,057,461	4,466,283	4,472,064
Long-Term Debt	203,867	334,337	455,937	569,283	675,074
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,249,193	2,360,383	2,488,415	3,791,583	3,698,848
Short-Term Debt	130,247	121,369	113,109	105,417	98,142
Pretax Income	(156,079)	(133,852)	106,706	183,570	369,290
Interest Expense	29,180	37,460	45,173	52,521	59,277
Common Dividends Paid	17,460	17,460	240,000	24,000	24,000
Net Income (Excl. Preferred Stock Dividends)	(93,730)	(110,572)	(112,416)	116,735	264,624
Internal Cash	342,843	79,418	(86,957)	476,607	406,848
Cash Outflows for Construction	(400,237)	(121,467)	(241,741)	(525,570)	(168,041)
CWIP	357,589			162,047	
Total Plant	5,734,818	5,335,420	5,281,960	5,160,255	4,645,846
Shares Outstanding	873	873	873	1,200	1,200
Number of Employees	10	10	10	11	12

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$742,811	\$173,614	\$355,269	\$319,504	(\$482,207)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	475,698	518,841	543,378	562,646	582,071	2
Changes in Deferred Income Taxes	45,469	(117,206)	143,635	(71,989)	(35,067)	3
Changes in Working Capital	(152,691)	(210,719)	728,693	(747)	70,932	4
Capitalized AFDC - Equity						5
Other	(719,272)	(165,001)	(817,480)	(162,667)	636,888	6
Total Non-Cash Items	(350,796)	25,915	598,226	327,243	1,254,824	7
Net Cash Provided From Operating Activities	<u>392,015</u>	<u>199,529</u>	<u>953,495</u>	<u>646,747</u>	<u>772,617</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(389,633)	(431,664)	(663,367)	(286,127)	(460,628)	9
Purchase of Other Investments	14,077	3,998	(122,255)	75,365	28,140	10
Sale of Other Investments	1,248	(3,646)	817,353	(359)	(3,437)	11
Other					188,648	12
Net Cash Provided From Investing Activities	<u>(374,308)</u>	<u>(431,312)</u>	<u>31,731</u>	<u>(211,121)</u>	<u>(247,277)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(77,571)	(73,831)	(70,241)	(66,853)	(98,165)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt			(375,000)			17
Dividends Paid	(227,500)	(227,500)	(227,500)	(227,500)	(227,500)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(305,071)</u>	<u>(301,331)</u>	<u>(672,741)</u>	<u>(294,353)</u>	<u>(325,665)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(287,364)	(533,114)	312,485	141,273	199,675	21
Cash & Equivalents at Beginning of Year	935,351	1,468,465	1,155,980	1,014,707	815,032	22
Cash & Equivalents at End of Year	\$647,986	\$935,351	\$1,468,465	\$1,155,980	\$1,014,707	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$2,482,030	\$2,687,746	\$2,671,498	\$2,834,684	\$3,091,930
2 Access Lines	3,882	4,184	4,375	4,422	4,496
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,084,003	\$1,196,534	\$1,099,683	\$1,048,014	\$1,172,051
4 Depreciation and Amortization	473,546	518,328	542,864	562,132	581,557
5 Other Operations Expense	945,806	792,164	853,896	847,126	794,170
6 Total Operation Expenses	2,503,355	2,507,026	2,496,443	2,457,272	2,547,778
7 Income Taxes - Operating Taxes	(56,577)	25,134	9,126	67,710	78,727
8 Other Taxes - Operating Taxes	138,587	156,555	142,930	142,555	149,127
9 Capital Costs	(103,335)	(969)	22,999	167,147	316,298
10 Total	\$2,482,030	\$2,687,746	\$2,671,498	\$2,834,684	\$3,091,930
PERCENT OF REVENUES					
11 Wages and Benefits	43.7	44.5	41.2	37.0	37.9
12 Depreciation and Amortization	19.1	19.3	20.3	19.8	18.8
13 Other Operations Expense	38.1	29.5	32.0	29.9	25.7
14 Income Taxes - Operating Taxes	(2.3)	0.9	0.3	2.4	2.5
15 Other Taxes - Operating Taxes	5.6	5.8	5.4	5.0	4.8
16 Capital Costs	(4.2)	(0.0)	0.9	5.9	10.2
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	279.24	285.98	251.36	237.00	260.69
19 Depreciation and Amortization	121.99	123.88	124.08	127.12	129.35
20 Other Operations Expense	243.64	189.33	195.18	191.57	176.64
21 Income Taxes - Operating Taxes	(14.57)	6.01	2.09	15.31	17.51
22 Other Taxes - Operating Taxes	35.70	37.42	32.67	32.24	33.17
23 Capital Costs	(26.62)	(0.23)	5.26	37.80	70.35
24 Total	639.37	642.39	610.63	641.04	687.71

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,944,720	\$1,949,099	\$1,885,685	1,474,283	\$1,444,276	1
Central Office Assets	4,323,903	4,290,194	4,228,078	4,065,407	4,001,251	2
Information Origination/Termination	145,154	145,154	145,154	145,154	145,154	3
Cable And Wire Facilities	5,630,842	5,213,493	5,147,845	5,040,266	4,968,770	4
Amortizable Assets	290	290	290	290	290	5
Total Plant In Service	12,044,909	11,598,230	11,407,052	10,725,400	10,559,741	6
Property Held For Future Use						7
Plant Under Construction	2,019	183,915	1,009	51,484	22,756	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	12,046,928	11,782,145	11,408,061	10,776,884	10,582,497	13
Less Acc. Prov. For Depreciation & Amort.	9,326,696	8,967,713	8,509,735	7,998,703	7,531,078	14
Net Total Utility Plant	\$2,720,232	\$2,814,432	\$2,898,326	\$2,778,181	\$3,051,419	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.77	3.11	3.07	2.83	2.53	16
Total Capitalization	\$7,593,030	\$7,166,619	\$7,291,853	\$7,748,127	\$7,798,607	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	3.2%	4.4%	5.4%	6.0%	6.8%	18
Preferred Stock						19
Common Stock & Retained Earnings	96.8%	95.6%	94.6%	89.2%	88.4%	20
Short-Term Debt				4.8%	4.8%	21
Pretax Coverage of Interest Expense	41.02	7.03	25.73	15.95	-13.63	22
Com. Stock Dividends as a % of Earnings	30.6%	131.0%	64.0%	71.2%	-47.2%	23
Return on Common Equity	10.5%	2.5%	5.1%	4.6%	-6.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	100.6%	46.2%	143.7%	226.0%	167.7%	25
CWIP as a % of Plant	0.0%	1.6%	0.0%	0.5%	0.2%	26

Current Assets	1,481,825	1,552,394	2,052,968	2,199,972	2,156,297
Current Liabilities	534,012	499,698	669,255	776,922	850,672
Total Capitalization	7,593,030	7,166,619	7,291,853	7,748,127	7,798,607
Long-Term Debt	241,280	318,851	392,682	462,923	529,776
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	7,351,750	6,847,768	6,899,171	6,910,204	6,893,831
Short-Term Debt				375,000	375,000
Pretax Income	705,949	250,524	559,538	402,523	(404,687)
Interest Expense	17,208	35,660	21,745	25,231	29,697
Common Dividends Paid	227,500	227,500	227,500	227,500	227,500
Net Income (Excl. Preferred Stock Dividends)	742,811	173,614	355,269	319,504	(482,207)
Internal Cash	392,015	199,529	953,495	646,747	772,617
Cash Outflows for Construction	(389,633)	(431,664)	(663,367)	(286,127)	(460,628)
CWIP	2,019	183,915	1,009	51,484	22,756
Total Plant	12,046,928	11,782,145	11,408,061	10,776,884	10,582,497
Shares Outstanding	1,300	1,300	1,300	1,300	1,300
Number of Employees	17	21	21	21	23

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	(\$142,570)	\$174,466	(\$65,301)	\$21,063	(\$463,040)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	920,907	1,550,327	1,496,254	1,378,289	1,361,368	2
Changes in Deferred Income Taxes	164,187	(253,905)	537,886	(194,527)	(123,288)	3
Changes in Working Capital	(275,789)	(781,040)	607,615	51,588	(1,756,075)	4
Capitalized AFDC - Equity						5
Other	42,649	223,405	(1,385,668)	75,313	154,681	6
Total Non-Cash Items	851,954	738,787	1,256,087	1,310,663	(363,314)	7
Net Cash Provided From Operating Activities	<u>709,384</u>	<u>913,253</u>	<u>1,190,786</u>	<u>1,331,726</u>	<u>(826,354)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(775,500)	(994,661)	(1,043,702)	(1,000,268)	(567,762)	9
Purchase of Other Investments		(300,000)	(375,000)			10
Sale of Other Investments	4,816	81,557	1,970,182	647,351	218,414	11
Other						12
Net Cash Provided From Investing Activities	<u>(770,684)</u>	<u>(1,213,104)</u>	<u>551,480</u>	<u>(352,917)</u>	<u>(349,348)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(271,148)	(256,627)	(242,881)	(229,837)	(217,477)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(98,600)	(98,600)	(98,600)	(105,825)	(109,140)	18
Other Financing			(285,714)	(554,622)		19
Net Cash Provided From Financing Activities	<u>(369,748)</u>	<u>(355,227)</u>	<u>(627,195)</u>	<u>(890,284)</u>	<u>(326,617)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(431,048)	(655,078)	1,115,071	88,525	(1,502,319)	21
Cash & Equivalents at Beginning of Year	2,542,323	3,197,401	2,082,330	1,993,805	3,496,124	22
Cash & Equivalents at End of Year	\$2,111,275	\$2,542,323	\$3,197,401	\$2,082,330	\$1,993,805	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$4,670,397	\$5,716,151	\$5,081,086	\$5,208,364	\$5,078,826
2 Access Lines	6,376	6,778	7,094	7,234	7,220
DOLLAR AMOUNTS					
3 Wages and Benefits	\$2,101,875	\$2,100,032	\$2,210,423	\$2,140,236	\$2,043,822
4 Depreciation and Amortization	920,907	1,550,327	1,496,254	1,378,289	1,360,665
5 Other Operations Expense	1,064,024	1,002,375	966,517	971,184	937,888
6 Total Operation Expenses	4,086,806	4,652,734	4,673,194	4,489,709	4,342,375
7 Income Taxes - Operating Taxes	56,570	148,226	(443,215)	90,935	91,889
8 Other Taxes - Operating Taxes	319,357	325,835	387,838	326,038	306,925
9 Capital Costs	207,664	589,356	463,269	301,682	337,637
10 Total	\$4,670,397	\$5,716,151	\$5,081,086	\$5,208,364	\$5,078,826
PERCENT OF REVENUES					
11 Wages and Benefits	45.0	36.7	43.5	41.1	40.2
12 Depreciation and Amortization	19.7	27.1	29.4	26.5	26.8
13 Other Operations Expense	22.8	17.5	19.0	18.6	18.5
14 Income Taxes - Operating Taxes	1.2	2.6	(8.7)	1.7	1.8
15 Other Taxes - Operating Taxes	6.8	5.7	7.6	6.3	6.0
16 Capital Costs	4.4	10.3	9.1	5.8	6.6
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	329.65	309.83	311.59	295.86	283.08
19 Depreciation and Amortization	144.43	228.73	210.92	190.53	188.46
20 Other Operations Expense	166.88	147.89	136.24	134.25	129.90
21 Income Taxes - Operating Taxes	8.87	21.87	(62.48)	12.57	12.73
22 Other Taxes - Operating Taxes	50.09	48.07	54.67	45.07	42.51
23 Capital Costs	32.57	86.95	65.30	41.70	46.76
24 Total	732.50	843.34	716.25	719.98	703.44

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,385,012	\$3,135,067	\$3,036,643	\$3,074,029	\$3,141,128	1
Central Office Assets	6,928,713	6,653,180	6,862,705	6,162,216	5,775,349	2
Information Origination/Termination	69,264	70,966	73,454	291,707	290,941	3
Cable And Wire Facilities	10,864,426	10,583,427	10,259,077	10,005,352	9,762,431	4
Amortizable Assets						5
Total Plant In Service	21,247,415	20,442,640	20,231,879	19,533,304	18,969,849	6
Property Held For Future Use						7
Plant Under Construction	53,970	246,046	176,779	224,906	83,875	8
Tel. Acquisition						9
Other Plant	(50)	(50)	(50)	(50)	(50)	10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	21,301,335	20,688,636	20,408,608	19,758,160	19,053,674	13
Less Acc. Prov. For Depreciation & Amort.	16,510,528	15,751,168	14,810,807	13,735,668	12,658,496	14
Net Total Utility Plant	\$4,790,807	\$4,937,468	\$5,597,801	\$6,022,492	\$6,395,178	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	18.66	12.44	4.33	10.21	8.93	16
Total Capitalization	\$10,069,804	\$10,582,122	\$10,762,883	\$11,455,379	\$12,307,826	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	14.7%	16.6%	18.7%	19.7%	20.2%	18
Preferred Stock						19
Common Stock & Retained Earnings	85.3%	83.4%	81.3%	80.3%	79.8%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	0.19	3.10	1.42	1.37	-2.90	22
Com. Stock Dividends as a % of Earnings	-69.2%	56.5%	-151.0%	502.4%	-23.6%	23
Return on Common Equity	-1.6%	2.0%	-0.7%	0.2%	-4.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	91.5%	91.8%	114.1%	133.1%	-145.5%	25
CWIP as a % of Plant	0.3%	1.2%	0.9%	1.1%	0.4%	26

Current Assets	3,414,352	3,699,444	4,239,915	3,047,948	3,052,425
Current Liabilities	182,964	297,435	979,110	298,434	341,671
Total Capitalization	10,069,804	10,582,122	10,762,883	11,455,379	12,307,826
Long-Term Debt	1,483,962	1,755,110	2,011,737	2,254,618	2,484,455
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	8,585,842	8,827,012	8,751,146	9,200,761	9,823,371
Short-Term Debt					
Pretax Income	33,275	471,730	201,702	212,750	(487,807)
Interest Expense	171,965	152,131	142,378	155,509	167,949
Common Dividends Paid	98,600	98,600	98,600	105,825	109,140
Net Income (Excl. Preferred Stock Dividends)	(142,570)	174,466	(65,301)	21,063	(463,040)
Internal Cash	709,384	913,254	1,190,786	1,331,726	(826,354)
Cash Outflows for Construction	(775,500)	(994,661)	(1,043,702)	(1,000,268)	(567,762)
CWIP	53,970	246,046	176,779	224,906	83,875
Total Plant	21,301,335	20,688,636	20,408,608	19,758,160	19,053,674
Shares Outstanding	580	580	580	597	462
Number of Employees	36	36	39	37	37

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	(\$860,599,054)	(\$911,515,356)	(\$818,803,311)	(\$424,932,985)	(\$543,733,366)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,333,465,921	1,404,258,778	1,526,072,099	1,651,688,532	2,119,099,426	2
Changes in Deferred Income Taxes	(181,696,747)	(244,036,543)	(89,796,242)	(178,625,436)	156,397,797	3
Changes in Working Capital	(287,495,633)	28,061,187	(330,229,479)	(579,475,196)	(655,025,545)	4
Capitalized AFDC - Equity						5
Other	419,042,839	553,732,375	259,887,158	296,457,855	479,388,869	6
Total Non-Cash Items	1,283,316,379	1,742,015,797	1,365,933,536	1,190,045,755	2,099,860,547	7
Net Cash Provided From Operating Activities	<u>422,717,325</u>	<u>830,500,441</u>	<u>547,130,225</u>	<u>765,112,771</u>	<u>1,556,127,181</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,369,455,620)	(1,328,229,759)	(1,340,333,601)	(1,345,488,987)	(1,214,548,886)	9
Purchase of Other Investments	1,383,730	(26,361,051)	(6,795,438)	6,795,438		10
Sale of Other Investments	(55,269,478)	75,476,889	(95,574,447)	183,788,019	(67,657,690)	11
Other						12
Net Cash Provided From Investing Activities	<u>(1,423,341,368)</u>	<u>(1,279,113,921)</u>	<u>(1,442,703,486)</u>	<u>(1,154,905,530)</u>	<u>(1,282,206,576)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(250,000,000)		(1,038,778)	(197,811,528)	(849,491,046)	14
Common Stock	6,938					15
Preferred Stock						16
Short-Term Debt	785,343,805	(1,562,357,241)	907,673,006	64,318,315	606,498,535	17
Dividends Paid						18
Other Financing	465,273,302	2,010,968,085	(11,095,065)	523,261,969	(30,920,615)	19
	<u>(466,443,444)</u>	<u>(15,435,587)</u>	<u>(2,049,927)</u>	<u>38,221,372</u>	<u>29,668,628</u>	
Net Cash Provided From Financing Activities	<u>534,180,601</u>	<u>433,175,257</u>	<u>893,489,236</u>	<u>427,990,128</u>	<u>(244,244,497)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(466,443,441)	(15,438,222)	(2,084,025)	38,197,369	29,676,107	21
Cash & Equivalents at Beginning of Year	467,674,475	483,112,697	485,196,722	446,999,353	417,323,246	22
Cash & Equivalents at End of Year	\$1,231,034	\$467,674,475	\$483,112,697	\$485,196,722	\$446,999,353	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$5,453,306,123	\$5,446,265,183	\$5,845,018,008	\$6,235,093,862	\$6,725,463,904
2 Access Lines	5,992,778	6,801,105	7,585,762	8,541,221	9,577,469
DOLLAR AMOUNTS					
3 Wages and Benefits	\$2,904,729,672	\$3,355,944,666	\$3,417,769,417	\$3,384,064,802	\$3,375,199,059
4 Depreciation and Amortization	1,333,465,921	1,404,258,778	1,526,072,772	1,651,688,532	2,119,099,426
5 Other Operations Expense	1,974,468,596	1,752,622,955	1,688,534,298	1,642,095,902	1,666,467,043
6 Total Operation Expenses	6,212,664,189	6,512,826,400	6,632,376,487	6,677,849,236	7,160,765,528
7 Income Taxes - Operating Taxes	(541,454,956)	(532,448,533)	(454,528,305)	(278,188,181)	(416,700,998)
8 Other Taxes - Operating Taxes	466,543,046	481,126,927	524,368,813	506,345,895	571,226,059
9 Capital Costs	(684,446,156)	(1,015,239,610)	(857,198,986)	(670,913,088)	(589,826,686)
10 Total	\$5,453,306,123	\$5,446,265,183	\$5,845,018,008	\$6,235,093,862	\$6,725,463,904
PERCENT OF REVENUES					
11 Wages and Benefits	53.3	61.6	58.5	54.3	50.2
12 Depreciation and Amortization	24.5	25.8	26.1	26.5	31.5
13 Other Operations Expense	36.2	32.2	28.9	26.3	24.8
14 Income Taxes - Operating Taxes	(9.9)	(9.8)	(7.8)	(4.5)	(6.2)
15 Other Taxes - Operating Taxes	8.6	8.8	9.0	8.1	8.5
16 Capital Costs	(12.6)	(18.6)	(14.7)	(10.8)	(8.8)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	484.71	493.44	450.55	396.20	352.41
19 Depreciation and Amortization	222.51	206.48	201.18	193.38	221.26
20 Other Operations Expense	329.47	257.70	222.59	192.26	174.00
21 Income Taxes - Operating Taxes	(90.35)	(78.29)	(59.92)	(32.57)	(43.51)
22 Other Taxes - Operating Taxes	77.85	70.74	69.13	59.28	59.64
23 Capital Costs	(114.21)	(149.28)	(113.00)	(78.55)	(61.58)
24 Total	909.98	800.79	770.52	730.00	702.22

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,**

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,493,101,498	\$3,455,344,153	\$3,614,141,113	\$3,636,604,116	\$3,850,205,568	1
Central Office Assets	11,544,489,127	11,732,866,459	12,203,683,512	12,420,794,347	12,544,734,533	2
Information Origination/Termination	376,661,037	441,041,359	467,923,570	472,256,673	591,113,738	3
Cable And Wire Facilities	14,606,858,045	13,814,431,763	12,987,726,754	12,375,207,537	11,835,960,510	4
Amortizable Assets	321,423,702	386,716,275	535,079,061	602,404,225	771,984,152	5
Total Plant In Service	30,342,533,410	29,830,400,009	29,808,554,010	29,507,266,898	29,593,998,501	6
Property Held For Future Use	1,757,345		1,856,610	1,856,610	1,757,886	7
Plant Under Construction	181,377,665	235,450,947	373,710,957	267,252,854	324,258,675	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	16,435,541	18,717,183	27,171,406	37,618,833	32,656,308	11
Goodwill						12
Total Telecommunications Plant	30,542,103,962	30,084,568,139	30,211,292,983	29,813,995,195	29,952,671,370	13
Less Acc. Prov. For Depreciation & Amort.	20,202,690,440	19,735,045,854	19,706,082,848	19,156,188,554	18,458,681,637	14
Net Total Utility Plant	\$10,339,413,522	\$10,349,522,285	\$10,505,210,134	\$10,657,806,641	\$11,493,989,733	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.34	0.43	0.34	0.40	0.34	16
Total Capitalization	\$6,703,395,963	\$7,030,850,843	\$7,470,658,523	\$6,983,681,264	\$6,890,586,329	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	39.5%	37.7%	38.8%	41.5%	42.0%	18
Preferred Stock						19
Common Stock & Retained Earnings	18.0%	29.4%	12.6%	19.5%	16.5%	20
Short-Term Debt	42.5%	32.9%	48.6%	38.9%	41.4%	21
Pretax Coverage of Interest Expense	-3.73	-3.79	-2.85	-1.64	-2.83	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	-52.7%	-82.4%	-91.3%	-53.1%	-36.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	30.9%	62.5%	40.8%	56.9%	128.1%	25
CWIP as a % of Plant	0.6%	0.8%	1.2%	0.9%	1.1%	26

Current Assets	1,467,431,405	1,680,677,520	1,792,344,737	1,870,378,308	1,689,051,215
Current Liabilities	4,363,676,084	3,948,883,272	5,245,892,135	4,621,908,718	5,020,556,954
Total Capitalization	6,703,395,963	7,030,850,843	7,470,658,523	6,983,681,264	6,890,586,329
Long-Term Debt	2,649,688,104	2,651,160,078	2,900,371,877	2,899,241,490	2,896,511,832
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,203,798,402	2,064,589,184	942,958,806	1,364,596,316	1,139,171,632
Short-Term Debt	2,849,909,457	2,315,101,582	3,627,327,840	2,719,843,459	2,854,902,865
Pretax Income	(1,101,597,409)	(1,397,068,859)	(1,107,866,656)	(572,457,695)	(852,462,654)
Interest Expense	295,536,035	368,219,306	388,495,098	349,108,809	301,010,183
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(860,599,054)	(1,239,620,202)	(1,053,576,799)	(664,751,534)	(543,733,366)
Internal Cash	422,717,325	830,500,441	547,130,225	765,112,771	1,556,127,181
Cash Outflows for Construction	(1,369,455,620)	(1,328,229,759)	(1,340,333,601)	(1,345,488,987)	(1,214,548,886)
CWIP	181,377,665	235,450,947	373,710,957	267,252,854	324,258,675
Total Plant	30,542,103,962	30,084,568,139	30,211,292,983	29,813,995,195	29,952,671,370
Shares Outstanding	1	1	1	1	1
Number of Employees	20,548	22,562	24,461	25,694	26,434

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$368,490	\$169,739	\$176,587	(\$767,067)	(\$819,392)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	612,513	584,293	540,696	526,249	528,752	2
Changes in Deferred Income Taxes	227,896	(302,369)	(559,147)	(37,442)	(32,847)	3
Changes in Working Capital	(61,510)	227,368	203,280	86,027	(103,182)	4
Capitalized AFDC - Equity						5
Other	(784,097)	(89,467)	(462,253)	764,825	868,321	6
Total Non-Cash Items	(5,198)	419,825	(277,424)	1,339,659	1,261,044	7
Net Cash Provided From Operating Activities	<u>363,292</u>	<u>589,564</u>	<u>(100,837)</u>	<u>572,592</u>	<u>441,652</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(432,320)	(373,590)	(480,565)	(267,173)	(248,180)	9
Purchase of Other Investments	(1,585,789)	(269,628)	(1,174,331)	(50,675)	(110,621)	10
Sale of Other Investments	1,484,383	458,908	1,915,887	2,469	786	11
Other		1,700,000				12
Net Cash Provided From Investing Activities	<u>(533,726)</u>	<u>1,515,690</u>	<u>260,991</u>	<u>(315,379)</u>	<u>(358,015)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(35,597)	(146,774)	(139,638)	(133,775)	(128,204)	14
Common Stock						15
Preferred Stock				(85,500)	(500)	16
Short-Term Debt						17
Dividends Paid		(1,700,000)		(2,400)	(5,145)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(35,597)</u>	<u>(1,846,774)</u>	<u>(139,638)</u>	<u>(221,675)</u>	<u>(133,849)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(206,031)	258,480	20,516	35,538	(50,212)	21
Cash & Equivalents at Beginning of Year	365,549	107,069	86,553	51,015	101,227	22
Cash & Equivalents at End of Year	\$159,518	\$365,549	\$107,069	\$86,553	\$51,015	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$2,922,394	\$2,877,436	\$2,735,299	\$2,935,476	\$2,824,244
2 Access Lines	3,267	3,424	3,527	3,618	3,704
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,485,758	\$1,458,840	\$1,429,756	\$1,451,018	\$1,409,734
4 Depreciation and Amortization	588,068	583,106	539,509	525,062	527,565
5 Other Operations Expense	380,355	805,562	888,095	853,919	802,971
6 Total Operation Expenses	2,454,181	2,847,508	2,857,360	2,829,999	2,740,270
7 Income Taxes - Operating Taxes	43,995	(91,389)	(134,760)	(59,713)	(81,336)
8 Other Taxes - Operating Taxes	172,104	197,290	234,877	186,040	168,940
9 Capital Costs	252,114	(75,973)	(222,178)	(\$20,850)	(3,630)
10 Total	\$2,922,394	\$2,877,436	\$2,735,299	\$2,935,476	\$2,824,244
PERCENT OF REVENUES					
11 Wages and Benefits	50.8	50.7	52.3	49.4	49.9
12 Depreciation and Amortization	20.1	20.3	19.7	17.9	18.7
13 Other Operations Expense	13.0	28.0	32.5	29.1	28.4
14 Income Taxes - Operating Taxes	1.5	(3.2)	(4.9)	(2.0)	(2.9)
15 Other Taxes - Operating Taxes	5.9	6.9	8.6	6.3	6.0
16 Capital Costs	8.6	(2.6)	(8.1)	(0.7)	(0.1)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	454.78	426.06	405.37	401.06	380.60
19 Depreciation and Amortization	180.00	170.30	152.97	145.12	142.43
20 Other Operations Expense	116.42	235.27	251.80	236.02	216.78
21 Income Taxes - Operating Taxes	13.47	(26.69)	(38.21)	(16.50)	(21.96)
22 Other Taxes - Operating Taxes	52.68	57.62	66.59	51.42	45.61
23 Capital Costs	77.17	(22.19)	(62.99)	(5.76)	(0.98)
24 Total	894.52	840.37	775.53	811.35	762.48

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,680,058	\$2,668,041	\$2,682,246	\$2,633,983	\$2,626,580	1
Central Office Assets	2,978,869	3,037,118	2,930,585	2,674,982	2,624,252	2
Information Origination/Termination	86,816	87,408	88,440	88,930	89,572	3
Cable And Wire Facilities	5,171,167	4,877,137	4,785,771	4,674,327	4,635,645	4
Amortizable Assets	45	45	45	45	45	5
Total Plant In Service	10,916,955	10,669,749	10,487,087	10,072,267	9,976,094	6
Property Held For Future Use						7
Plant Under Construction	70,137	237,143	104,782	175,995	58,585	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	10,987,092	10,906,892	10,591,869	10,248,262	10,034,679	13
Less Acc. Prov. For Depreciation & Amort.	7,533,546	7,268,678	6,719,462	6,316,284	5,834,652	14
Net Total Utility Plant	\$3,453,546	\$3,638,214	\$3,872,407	\$3,931,978	\$4,200,027	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.92	1.41	1.48	3.13	5.29	16
Total Capitalization	\$4,945,639	\$4,895,312	\$6,559,523	\$6,480,828	\$7,434,909	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	17.0%	17.9%	15.6%	18.0%	17.5%	18
Preferred Stock					1.1%	19
Common Stock & Retained Earnings	83.0%	82.1%	84.4%	82.0%	81.4%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	5.27	1.89	3.38	-8.94	-8.90	22
Com. Stock Dividends as a % of Earnings		1001.5%				23
Return on Common Equity	9.1%	3.6%	3.3%	-13.5%	-12.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	84.0%	157.8%	-21.0%	214.3%	178.0%	25
CWIP as a % of Plant	0.6%	2.2%	1.0%	1.7%	0.6%	26

Current Assets	527,331	760,370	543,476	520,598	505,046
Current Liabilities	571,502	538,561	368,096	166,118	95,432
Total Capitalization	4,945,639	4,895,312	6,559,523	6,480,828	7,434,909
Long-Term Debt	842,938	878,535	1,025,309	1,164,947	1,298,722
Preferred Stock					85,500
Common Stock and Retained Earnings (Excl. Preferred Stock)	4,102,701	4,016,777	5,534,214	5,315,881	6,050,687
Short-Term Debt					
Pretax Income	448,547	193,729	312,856	(737,236)	(783,951)
Interest Expense	85,150	102,271	92,597	82,464	88,064
Common Dividends Paid		1,700,000			
Net Income (Excl. Preferred Stock Dividends)	368,490	169,739	176,587	(769,467)	(824,537)
Internal Cash	363,292	589,564	(100,837)	572,592	441,652
Cash Outflows for Construction	(432,320)	(373,590)	(480,565)	(267,173)	(248,180)
CWIP	70,137	237,143	104,782	175,995	58,585
Total Plant	10,987,092	10,906,892	10,591,869	10,248,262	10,034,679
Shares Outstanding	23	23	23	23	23
Number of Employees	23	23	23	24	26

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	(\$121,323)	(\$528,063)	\$10,909	\$208,620	(\$111,317)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	445,273	532,424	467,305	539,323	684,782	2
Changes in Deferred Income Taxes	1,963	9,313	(233,602)	(44,318)	(103,622)	3
Changes in Working Capital	(9,423)	95,027	(107,705)	29,862	(198,459)	4
Capitalized AFDC - Equity						5
Other	(187,623)	139,899	(83,674)	347,419	101,892	6
Total Non-Cash Items	250,190	776,663	42,324	872,286	484,593	7
Net Cash Provided From Operating Activities	<u>128,867</u>	<u>248,600</u>	<u>53,233</u>	<u>1,080,906</u>	<u>373,276</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(348,421)	(334,523)	(315,150)	(204,942)	(392,906)	9
Purchase of Other Investments	63,916	(73,422)	(111,835)	(7,695)	(74,722)	10
Sale of Other Investments		(2,502)	1,152,044	333,936	12,838	11
Other						12
Net Cash Provided From Investing Activities	<u>(284,505)</u>	<u>(410,447)</u>	<u>725,059</u>	<u>121,299</u>	<u>(454,790)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(212,970)	(200,221)	(188,288)	(177,136)	(166,672)	14
Common Stock						15
Preferred Stock		(13,324)	77,436			16
Short-Term Debt	(26,774)	(8,067)	(8,225)	(118,000)		17
Dividends Paid	(8,067)		3,092	(8,382)	(8,382)	18
Other Financing				(550,000)		19
Net Cash Provided From Financing Activities	<u>(247,811)</u>	<u>(221,612)</u>	<u>(115,985)</u>	<u>(853,518)</u>	<u>(175,054)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(403,449)	(383,459)	662,307	348,687	(256,568)	21
Cash & Equivalents at Beginning of Year	761,021	1,144,480	482,173	133,486	390,054	22
Cash & Equivalents at End of Year	\$357,572	\$761,021	\$1,144,480	\$482,173	\$133,486	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$2,457,366	\$2,793,775	\$3,127,839	\$3,396,539	\$3,452,384
2 Access Lines	1,865	2,201	2,401	2,493	2,549
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,284,388	\$1,439,605	\$1,374,597	\$1,505,312	\$1,489,460
4 Depreciation and Amortization	410,645	525,701	466,186	538,205	683,664
5 Other Operations Expense	896,038	923,781	840,918	1,012,129	1,095,426
6 Total Operation Expenses	2,591,071	2,889,087	2,681,701	3,055,646	3,268,549
7 Income Taxes - Operating Taxes	(119,544)	(185,621)	(225,044)	1,429	(127,029)
8 Other Taxes - Operating Taxes	147,005	152,317	194,619	167,913	168,344
9 Capital Costs	(\$161,166)	(\$62,008)	\$476,563	\$171,551	142,520
10 Total	\$2,457,366	\$2,793,775	\$3,127,839	\$3,396,539	\$3,452,384
PERCENT OF REVENUES					
11 Wages and Benefits	52.3	51.5	43.9	44.3	43.1
12 Depreciation and Amortization	16.7	18.8	14.9	15.8	19.8
13 Other Operations Expense	36.5	33.1	26.9	29.8	31.7
14 Income Taxes - Operating Taxes	(4.9)	(6.6)	(7.2)	0.0	(3.7)
15 Other Taxes - Operating Taxes	6.0	5.5	6.2	4.9	4.9
16 Capital Costs	(6.6)	(2.2)	15.2	5.1	4.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	688.68	654.07	572.51	603.82	584.33
19 Depreciation and Amortization	220.19	238.85	194.16	215.89	268.21
20 Other Operations Expense	480.45	419.71	350.24	405.99	429.75
21 Income Taxes - Operating Taxes	(64.10)	(84.33)	(93.73)	0.57	(49.83)
22 Other Taxes - Operating Taxes	78.82	69.20	81.06	67.35	66.04
23 Capital Costs	(86.42)	(28.17)	198.49	68.81	55.91
24 Total	1,317.62	1,269.32	1,302.72	1,362.43	1,354.41

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,970,852	\$2,880,796	\$2,862,643	\$2,885,043	\$3,017,572	1
Central Office Assets	3,214,924	3,009,596	2,721,253	2,677,500	2,435,615	2
Information Origination/Termination	207,958	207,958	207,958	207,958	207,958	3
Cable And Wire Facilities	4,961,191	4,928,981	4,910,105	4,882,740	4,836,121	4
Amortizable Assets	150	150	150	150	150	5
Total Plant In Service	11,355,075	11,027,481	10,702,109	10,653,391	10,497,416	6
Property Held For Future Use						7
Plant Under Construction	11,508	34,338	75,958	25,560	219,126	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	11,366,583	11,061,819	10,778,067	10,678,951	10,716,542	13
Less Acc. Prov. For Depreciation & Amort.	8,647,472	8,223,424	7,729,236	7,468,174	7,152,277	14
Net Total Utility Plant	\$2,719,111	\$2,838,395	\$3,048,831	\$3,210,777	\$3,564,265	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	3.52	2.88	4.16	3.70	2.87	16
Total Capitalization	\$3,659,026	\$4,028,744	\$4,777,836	\$4,882,911	\$5,527,809	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	47.6%	48.8%	45.6%	48.8%	46.5%	18
Preferred Stock	2.7%	2.5%	2.1%	2.0%	1.8%	19
Common Stock & Retained Earnings	42.5%	41.9%	46.5%	45.4%	46.4%	20
Short-Term Debt	7.1%	6.9%	5.8%	3.8%	5.3%	21
Pretax Coverage of Interest Expense	-0.45	-1.62	2.05	2.28	-0.45	22
Com. Stock Dividends as a % of Earnings	-1.6%	-0.4%	45.3%	1.2%	-2.0%	23
Return on Common Equity	-7.9%	-27.3%	0.2%	8.5%	-4.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	37.0%	74.5%	16.9%	527.4%	95.0%	25
CWIP as a % of Plant	0.1%	0.3%	0.7%	0.2%	2.0%	26

Current Assets	1,597,013	2,286,080	2,600,358	1,754,515	1,305,782
Current Liabilities	453,391	792,997	625,519	473,819	455,351
Total Capitalization	3,659,026	4,028,744	4,777,836	4,882,911	5,527,809
Long-Term Debt	1,741,894	1,965,865	2,179,824	2,381,396	2,570,551
Preferred Stock	100,000	100,000	100,000	100,000	100,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,556,749	1,686,723	2,222,269	2,216,493	2,566,255
Short-Term Debt	260,383	276,156	275,743	185,022	291,003
Pretax Income	(72,071)	(313,123)	335,522	394,348	(83,316)
Interest Expense	161,465	193,655	163,445	173,100	183,774
Common Dividends Paid	2,067	2,067	2,225	2,382	2,382
Net Income (Excl. Preferred Stock Dividends)	(127,323)	(533,479)	4,909	202,620	(117,317)
Internal Cash	128,867	249,184	53,233	1,080,906	373,276
Cash Outflows for Construction	(348,421)	(334,523)	(315,150)	(204,942)	(392,906)
CWIP	11,508	34,338	75,958	25,560	219,126
Total Plant	11,366,583	11,061,819	10,778,067	10,678,951	10,716,542
Shares Outstanding	689	689	689	820	820
Number of Employees	17	15	16	17	17

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$1,972,992	\$1,654,407	\$2,955,460	\$2,501,854	\$850,382	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	2,079,198	2,064,042	2,027,715	1,544,141	2,303,195	2
Changes in Deferred Income Taxes	323,689	(399,161)	(209,857)	234,967	(26,872)	3
Changes in Working Capital	(947,123)	428,156	607,224	(554,451)	8,486,462	4
Capitalized AFDC - Equity						5
Other	(1,250,390)	3,066,064	(507,779)	(1,311,617)	651,901	6
Total Non-Cash Items	205,374	5,159,101	1,917,303	(86,960)	11,414,686	7
Net Cash Provided From Operating Activities	<u>2,178,366</u>	<u>6,813,508</u>	<u>4,872,763</u>	<u>2,414,894</u>	<u>12,265,068</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(986,135)	(1,289,962)	(1,354,015)	(730,510)	(1,014,113)	9
Purchase of Other Investments	(1,009,525)	(2,569,822)	(3,554,807)	(1,230,275)	(10,217,641)	10
Sale of Other Investments		7,348				11
Other	(224,132)					12
Net Cash Provided From Investing Activities	<u>(2,219,792)</u>	<u>(3,852,436)</u>	<u>(4,908,822)</u>	<u>(1,960,785)</u>	<u>(11,231,754)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	44,838	(2,958,083)	41,184	(457,895)	149,921	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>44,838</u>	<u>(2,958,083)</u>	<u>41,184</u>	<u>(457,895)</u>	<u>(1,021,079)</u>	20
Net Increase (Decrease) in Cash & Equivalents	3,412	2,989	5,125	(3,786)	12,235	21
Cash & Equivalents at Beginning of Year	15,325	12,335	7,210	10,996	(1,239)	22
Cash & Equivalents at End of Year	\$18,736	\$15,325	\$12,335	\$7,210	\$10,996	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$8,515,619	\$9,167,205	\$10,003,962	\$10,403,523	\$9,193,619
2 Access Lines	14,723	16,310	18,293	19,571	21,414
DOLLAR AMOUNTS					
3 Wages and Benefits	\$973,887	\$970,481	\$1,007,809	\$986,283	\$968,899
4 Depreciation and Amortization	2,079,198	2,064,042	2,027,715	2,076,531	2,425,828
5 Other Operations Expense	2,222,234	2,156,158	2,286,128	2,696,764	3,439,432
6 Total Operation Expenses	5,275,319	5,190,682	5,321,652	5,759,578	6,834,160
7 Income Taxes - Operating Taxes	1,094,237	838,254	1,507,943	1,320,154	505,558
8 Other Taxes - Operating Taxes	673,155	688,689	868,196	621,676	619,480
9 Capital Costs	1,472,908	2,449,580	2,306,172	2,702,115	1,234,422
10 Total	\$8,515,619	\$9,167,205	\$10,003,962	\$10,403,523	\$9,193,619
PERCENT OF REVENUES					
11 Wages and Benefits	11.4	10.6	10.1	9.5	10.5
12 Depreciation and Amortization	24.4	22.5	20.3	20.0	26.4
13 Other Operations Expense	26.1	23.5	22.9	25.9	37.4
14 Income Taxes - Operating Taxes	12.8	9.1	15.1	12.7	5.5
15 Other Taxes - Operating Taxes	7.9	7.5	8.7	6.0	6.7
16 Capital Costs	17.3	26.7	23.1	26.0	13.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	66.15	59.50	55.09	50.40	45.25
19 Depreciation and Amortization	141.22	126.55	110.85	106.10	113.28
20 Other Operations Expense	150.94	132.20	124.97	137.79	160.62
21 Income Taxes - Operating Taxes	74.32	51.40	82.43	67.45	23.61
22 Other Taxes - Operating Taxes	45.72	42.22	47.46	31.77	28.93
23 Capital Costs	100.04	150.19	126.07	138.07	57.65
24 Total	578.39	562.06	546.87	531.58	429.33

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,292,234	\$3,222,397	\$3,139,418	\$3,261,591	\$3,393,565	1
Central Office Assets	19,621,585	19,204,732	18,980,738	18,337,819	18,266,503	2
Information Origination/Termination	134,008	134,008	134,008	134,008	134,008	3
Cable And Wire Facilities	22,387,806	21,596,891	20,867,249	20,383,698	19,619,850	4
Amortizable Assets						5
Total Plant In Service	45,435,633	44,158,028	43,121,413	42,117,116	41,413,926	6
Property Held For Future Use						7
Plant Under Construction	371,028	662,500	463,507	572,363	411,034	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant			210,874			11
Goodwill						12
Total Telecommunications Plant	45,806,661	44,820,527	43,795,794	42,689,479	41,824,960	13
Less Acc. Prov. For Depreciation & Amort.	31,762,567	29,907,502	28,101,341	26,321,321	24,616,602	14
Net Total Utility Plant	\$14,044,094	\$14,913,025	\$15,694,453	\$16,368,158	\$17,208,358	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.19	0.78	0.96	1.24	0.64	16
Total Capitalization	\$32,063,459	\$30,650,442	\$29,524,521	\$27,066,624	\$25,032,926	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	5.6%	7.8%	10.0%	12.9%	15.9%	18
Preferred Stock						19
Common Stock & Retained Earnings	92.5%	90.3%	88.2%	85.3%	82.2%	20
Short-Term Debt	1.9%	1.8%	1.8%	1.8%	1.9%	21
Pretax Coverage of Interest Expense	21.32	11.18	19.67	15.23	4.03	22
Com. Stock Dividends as a % of Earnings					137.7%	23
Return on Common Equity	6.9%	6.2%	12.0%	11.5%	4.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	279.9%	581.7%	359.9%	330.6%	1209.4%	25
CWIP as a % of Plant	0.8%	1.5%	1.1%	427.1%	1.0%	26

Current Assets	2,493,566	1,818,185	2,081,424	2,832,245	2,259,541
Current Liabilities	2,094,979	2,323,817	2,173,628	2,275,132	3,534,879
Total Capitalization	32,063,459	30,650,442	29,524,521	27,066,624	25,032,926
Long-Term Debt	1,803,554	2,398,108	2,958,083	3,486,569	3,984,132
Preferred Stock	-	-			
Common Stock and Retained Earnings (Excl. Preferred Stock)	29,665,351	27,692,359	26,037,952	23,082,492	20,580,639
Short-Term Debt	594,553	559,975	528,487	497,562	468,155
Pretax Income	3,218,140	2,737,546	4,702,524	4,090,537	1,804,166
Interest Expense	150,911	244,885	239,121	268,528	448,226
Common Dividends Paid	-	-			1,171,000
Net Income (Excl. Preferred Stock Dividends)	1,972,992	1,654,407	2,955,460	2,501,854	850,382
Internal Cash	2,759,755	7,504,165	4,872,763	2,414,893	12,265,068
Cash Outflows for Construction	(986,135)	(1,289,962)	(1,354,013)	(730,510)	(1,014,113)
CWIP	371,029	662,500	463,507	572,363	411,034
Total Plant	45,806,661	44,820,528	43,795,794	134,009	41,824,960
Shares Outstanding	131,026	131,026	131,026	131,026	131,026
Number of Employees	15	22	16	16	14

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	(\$172,718)	\$47,451	(\$285,240)	\$344,307	\$336,626	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	711,120	854,507	881,426	865,864	1,117,899	2
Changes in Deferred Income Taxes	73,378	31,488	(160,601)	(113,130)	(110,498)	3
Changes in Working Capital	(516,649)	(6,888)	(564,474)	212,530	292,680	4
Capitalized AFDC - Equity						5
Other	108,730	(185,907)	97,639	(79,195)	(85,941)	6
Total Non-Cash Items	376,579	693,200	253,990	886,069	1,214,140	7
Net Cash Provided From Operating Activities	<u>203,861</u>	<u>740,651</u>	<u>(31,250)</u>	<u>1,230,376</u>	<u>1,550,766</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(211,467)	(547,158)	(768,629)	(735,023)	(241,366)	9
Purchase of Other Investments	(705,539)	(771,423)	(722,798)	(728,974)	(717,243)	10
Sale of Other Investments	331,210	421,124	745,119	424,809	218,250	11
Other						12
Net Cash Provided From Investing Activities	<u>(585,796)</u>	<u>(897,457)</u>	<u>(746,308)</u>	<u>(1,039,188)</u>	<u>(740,359)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(704,121)	(123,155)	(200,529)	(531,785)	(528,520)	14
Common Stock	0					15
Preferred Stock	0			(500)		16
Short-Term Debt	0			117,578		17
Dividends Paid	(3,888)	(3,888)	(3,888)	(3,903)	(3,918)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(708,009)</u>	<u>(127,043)</u>	<u>(204,417)</u>	<u>(418,610)</u>	<u>(532,438)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(1,089,944)	(283,849)	(981,975)	(227,422)	277,969	21
Cash & Equivalents at Beginning of Year	2,497,963	2,781,812	3,763,788	3,991,210	3,713,241	22
Cash & Equivalents at End of Year	\$1,408,019	\$2,497,963	\$2,781,812	\$3,763,788	\$3,991,210	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$2,798,051	\$3,002,841	\$3,270,731	\$4,102,467	\$4,193,719
2 Access Lines	2,972	3,289	3,543	3,733	3,848
DOLLAR AMOUNTS					
3 Wages and Benefits	1,140,599	1,070,661	1,509,393	1,537,753	\$1,531,662
4 Depreciation and Amortization	711,121	848,036	881,470	865,467	1,118,052
5 Other Operations Expense	995,728	963,887	1,082,757	1,008,259	900,805
6 Total Operation Expenses	2,847,448	2,882,584	3,473,620	3,411,479	3,550,519
7 Income Taxes - Operating Taxes	(168,630)	(96,712)	(197,305)	57,321	919
8 Other Taxes - Operating Taxes	218,582	226,760	238,947	248,531	206,638
9 Capital Costs	(\$99,349)	(\$9,791)	(\$244,531)	\$385,136	435,643
10 Total	\$2,798,051	\$3,002,841	\$3,270,731	\$4,102,467	\$4,193,719
PERCENT OF REVENUES					
11 Wages and Benefits	40.8	35.7	46.1	37.5	36.5
12 Depreciation and Amortization	25.4	28.2	27.0	21.1	26.7
13 Other Operations Expense	35.6	32.1	33.1	24.6	21.5
14 Income Taxes - Operating Taxes	(6.0)	(3.2)	(6.0)	1.4	0.0
15 Other Taxes - Operating Taxes	7.8	7.6	7.3	6.1	4.9
16 Capital Costs	(3.6)	(0.3)	(7.5)	9.4	10.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	383.78	325.53	426.02	411.93	398.04
19 Depreciation and Amortization	239.27	257.84	248.79	231.84	290.55
20 Other Operations Expense	335.04	293.06	305.60	270.09	234.10
21 Income Taxes - Operating Taxes	(56.74)	(29.40)	(55.69)	15.36	0.24
22 Other Taxes - Operating Taxes	73.55	68.94	67.44	66.58	53.70
23 Capital Costs	(33.43)	(2.98)	(69.02)	103.17	113.21
24 Total	941.47	913.00	923.15	1,098.97	1,089.84

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$4,036,724	\$3,933,448	\$3,956,233	3,959,205	\$3,584,458	1
Central Office Assets	5,782,304	5,858,395	5,403,487	4,760,784	4,718,021	2
Information Origination/Termination	14,921	15,997	16,780	91,970	124,152	3
Cable And Wire Facilities	5,422,768	5,387,198	5,359,247	5,311,469	5,234,517	4
Amortizable Assets	43,125	43,125	43,125	43,125	41,125	5
Total Plant In Service	15,299,842	15,238,163	14,778,872	14,166,553	13,702,273	6
Property Held For Future Use						7
Plant Under Construction	8,095	36,814	5,978	97,728	56,988	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	15,307,937	15,274,977	14,784,850	14,264,281	13,759,261	13
Less Acc. Prov. For Depreciation & Amort.	9,674,772	9,133,130	8,351,912	7,687,292	7,042,478	14
Net Total Utility Plant	\$5,633,165	\$6,141,847	\$6,432,938	\$6,576,989	\$6,716,783	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.04	28.74	25.44	12.04	25.34	16
Total Capitalization	\$13,473,195	\$15,981,141	\$16,151,234	\$16,513,273	\$16,633,286	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	33.4%	32.6%	33.0%	33.5%	35.7%	18
Preferred Stock	0.3%	0.2%	0.2%	0.2%	0.2%	19
Common Stock & Retained Earnings	66.3%	67.2%	66.8%	66.3%	64.0%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	21
Pretax Coverage of Interest Expense	-0.07	1.03	-0.55	2.37	2.02	22
Com. Stock Dividends as a % of Earnings	-1.0%	4.0%	-0.6%	0.5%	0.5%	23
Return on Common Equity	-1.8%	0.4%	-2.6%	3.2%	3.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	96.4%	135.4%	-4.1%	167.4%	642.5%	25
CWIP as a % of Plant	0.1%	0.2%	0.0%	0.7%	0.4%	26

Current Assets	2,852,666	3,538,118	3,868,368	4,488,550	4,731,212
Current Liabilities	1,398,433	123,121	152,030	372,661	186,674
Total Capitalization	13,473,195	15,981,141	16,151,234	16,513,273	16,633,286
Long-Term Debt	4,503,467	5,207,588	5,330,743	5,531,271	5,945,478
Preferred Stock	34,850	34,850	34,850	34,850	35,350
Common Stock and Retained Earnings (Excl. Preferred Stock)	8,934,878	10,738,703	10,785,641	10,947,152	10,652,458
Short-Term Debt					
Pretax Income	(17,101)	284,711	(136,712)	801,554	723,054
Interest Expense	256,600	275,112	246,806	338,886	358,771
Common Dividends Paid	1,797	1,797	1,797	1,797	1,797
Net Income (Excl. Preferred Stock Dividends)	(174,809)	45,360	(285,240)	342,201	334,505
Internal Cash	203,861	740,652	(31,250)	1,230,376	1,550,766
Cash Outflows for Construction	(211,467)	(547,158)	(768,629)	(735,023)	(241,366)
CWIP	8,095	36,814	5,978	97,728	56,988
Total Plant	15,307,937	15,274,977	14,784,850	14,264,281	13,759,261
Shares Outstanding	1,702	1,702	1,702	1,702	1,702
Number of Employees	18	17	19	22	22

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$169,036	\$315,013	\$246,703	\$302,986	\$308,582	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	587,210	510,884	546,813	535,878	539,659	2
Changes in Deferred Income Taxes	(33,538)	25,600	(224,164)	(25,443)	96,937	3
Changes in Working Capital	(515,976)	(244,579)	(117,202)	581,288	213,408	4
Capitalized AFDC - Equity						5
Other	(28,905)	(193,543)	72,869	(31,209)	80,446	6
Total Non-Cash Items	8,791	98,362	278,316	1,060,514	930,450	7
Net Cash Provided From Operating Activities	<u>177,827</u>	<u>413,375</u>	<u>525,019</u>	<u>1,363,500</u>	<u>1,239,032</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(276,929)	145,255	(1,897,949)	(750,672)	(517,316)	9
Purchase of Other Investments	(601,579)	(620,548)	(1,154,111)	(732,598)	(632,587)	10
Sale of Other Investments	665,033	712,453	1,651,580	743,642	493,581	11
Other						12
Net Cash Provided From Investing Activities	<u>(213,475)</u>	<u>237,160</u>	<u>(1,400,480)</u>	<u>(739,628)</u>	<u>(656,322)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(207,692)	(233,471)	385,715		(85,483)	14
Common Stock				(70,982)		15
Preferred Stock						16
Short-Term Debt		(13,134)	21,772	11,004	26,208	17
Dividends Paid	(43,466)	(70,828)	(71,118)		(70,611)	18
Other Financing	(113,614)	(148,837)	(118,662)	(87,446)	(119,692)	19
			(104,116)	43,970	54,146	
Net Cash Provided From Financing Activities	<u>(364,772)</u>	<u>(466,270)</u>	<u>113,591</u>	<u>(103,454)</u>	<u>(195,432)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(400,420)	184,265	(761,870)	520,418	387,278	21
Cash & Equivalents at Beginning of Year	690,752	506,487	1,268,357	747,939	360,661	22
Cash & Equivalents at End of Year	\$290,331	\$690,752	\$506,487	\$1,268,357	\$747,939	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$3,369,015	\$3,330,312	\$3,461,813	\$3,561,523	\$3,624,424
2 Access Lines	3,517	3,944	4,512	4,751	4,885
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,071,224	\$1,016,615	\$1,031,368	\$1,250,387	\$1,144,824
4 Depreciation and Amortization	586,010	510,884	545,613	534,678	538,459
5 Other Operations Expense	1,251,269	1,347,010	1,398,297	1,338,379	1,248,129
6 Total Operation Expenses	2,908,503	2,874,509	2,975,278	3,123,444	2,931,412
7 Income Taxes - Operating Taxes	(28,844)	24,980	(62,973)	(57,976)	90,312
8 Other Taxes - Operating Taxes	259,494	253,169	254,400	243,763	216,490
9 Capital Costs	229,862	177,654	295,108	\$252,292	386,210
10 Total	\$3,369,015	\$3,330,312	\$3,461,813	\$3,561,523	\$3,624,424
PERCENT OF REVENUES					
11 Wages and Benefits	31.8	30.5	29.8	35.1	31.6
12 Depreciation and Amortization	17.4	15.3	15.8	15.0	14.9
13 Other Operations Expense	37.1	40.4	40.4	37.6	34.4
14 Income Taxes - Operating Taxes	(0.9)	0.8	(1.8)	(1.6)	2.5
15 Other Taxes - Operating Taxes	7.7	7.6	7.3	6.8	6.0
16 Capital Costs	6.8	5.3	8.5	7.1	10.7
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	304.58	257.76	228.58	263.18	234.35
19 Depreciation and Amortization	166.62	129.53	120.92	112.54	110.23
20 Other Operations Expense	355.78	341.53	309.91	281.70	255.50
21 Income Taxes - Operating Taxes	(8.20)	6.33	(13.96)	(12.20)	18.49
22 Other Taxes - Operating Taxes	73.78	64.19	56.38	51.31	44.32
23 Capital Costs	65.36	45.04	65.41	53.10	79.06
24 Total	957.92	844.40	767.25	749.64	741.95

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,253,115	\$2,174,248	\$2,155,509	\$1,980,374	\$1,984,518	1
Central Office Assets	3,629,737	3,501,152	5,791,187	5,926,671	5,863,406	2
Information Origination/Termination	95,198	95,343	79,947	77,850	74,324	3
Cable And Wire Facilities	6,287,254	6,234,076	6,019,505	5,846,522	5,605,579	4
Amortizable Assets						5
Total Plant In Service	12,265,304	12,004,819	14,046,148	13,831,416	13,527,827	6
Property Held For Future Use						7
Plant Under Construction	93,755	101,804	987,108	339,120	336	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	12,359,059	12,106,623	15,033,256	14,170,536	13,528,163	13
Less Acc. Prov. For Depreciation & Amort.	4,033,379	3,475,124	5,765,631	6,181,372	5,707,170	14
Net Total Utility Plant	\$8,325,680	\$8,631,499	\$9,267,625	\$7,989,164	\$7,820,993	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.07	1.73	1.46	1.78	2.22	16
Total Capitalization	\$10,631,080	\$10,768,664	\$10,939,984	\$10,302,474	\$10,054,039	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	11.7%	13.4%	15.3%	12.5%	14.9%	18
Preferred Stock						19
Common Stock & Retained Earnings	84.2%	82.4%	80.4%	83.2%	82.9%	20
Short-Term Debt	4.2%	4.2%	4.3%	4.3%	2.2%	21
Pretax Coverage of Interest Expense	2.28	3.57	1.18	4.32	6.26	22
Com. Stock Dividends as a % of Earnings	25.7%	22.5%	28.8%	23.4%	22.9%	23
Return on Common Equity	1.9%	3.6%	2.8%	3.6%	3.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	83.5%	-271.2%	27.7%	181.6%	239.5%	25
CWIP as a % of Plant	0.8%	0.8%	6.6%	2.4%	0.0%	26

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$83,745	\$96,084	\$93,634	\$64,476	\$85,834	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	53,696	54,162	55,309	56,532	70,887	2
Changes in Deferred Income Taxes	(5,528)	(6,319)	1,813	9,686	(2,523)	3
Changes in Working Capital	8,372	15,153	4,096	(3,954)	9,284	4
Capitalized AFDC - Equity	0	0				5
Other	8,813	850	(2,061)	(1,253)	8,069	6
Total Non-Cash Items	65,353	63,846	59,157	61,011	85,717	7
Net Cash Provided From Operating Activities	<u>149,098</u>	<u>159,930</u>	<u>152,791</u>	<u>125,487</u>	<u>171,551</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(28,420)	(23,284)	(27,052)	(13,271)	(54,699)	9
Purchase of Other Investments	0					10
Sale of Other Investments	(500)	2,870		(1,483)	(9,445)	11
Other			(1,231)			12
Net Cash Provided From Investing Activities	<u>(28,920)</u>	<u>(20,414)</u>	<u>(28,283)</u>	<u>(14,754)</u>	<u>(64,144)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt				(283,181)	(6,208)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing	1,272	1,320				19
Net Cash Provided From Financing Activities	<u>1,272</u>	<u>1,320</u>	<u>0</u>	<u>(283,181)</u>	<u>(6,208)</u>	20
Net Increase (Decrease) in Cash & Equivalents	121,450	140,836	124,508	(172,448)	101,199	21
Cash & Equivalents at Beginning of Year	1,525,410	1,384,573	1,260,065	1,432,513	1,331,314	22
Cash & Equivalents at End of Year	\$1,646,859	\$1,525,410	\$1,384,573	\$1,260,065	\$1,432,513	23

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

	2008	2007	2006	2,005	2004
1 Revenues	\$417,114	\$439,660	\$447,005	\$450,387	\$492,711
2 Access Lines	501	606	658	663	704
DOLLAR AMOUNTS					
3 Wages and Benefits					
4 Depreciation and Amortization	\$53,696	\$54,163	\$55,309	\$56,532	\$70,888
5 Other Operations Expense	238,530	274,118	274,528	294,442	258,147
6 Total Operation Expenses	292,226	328,281	329,837	350,974	329,035
7 Income Taxes - Operating Taxes	34,399	30,687	31,269	23,527	44,758
8 Other Taxes - Operating Taxes	31,552	30,697	34,904	32,869	33,072
9 Capital Costs	58,937	49,995	50,995	43,017	85,846
10 Total	\$417,114	\$439,660	\$447,005	\$450,387	\$492,711
PERCENT OF REVENUES					
11 Wages and Benefits	0.0	0.0	0.0	0.0	0.0
12 Depreciation and Amortization	12.9	12.3	12.4	12.6	14.4
13 Other Operations Expense	57.2	62.3	61.4	65.4	52.4
14 Income Taxes - Operating Taxes	8.2	7.0	7.0	5.2	9.1
15 Other Taxes - Operating Taxes	7.6	7.0	7.8	7.3	6.7
16 Capital Costs	14.1	11.4	11.4	9.6	17.4
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	0.00	0.00
19 Depreciation and Amortization	107.18	89.38	84.06	85.27	100.69
20 Other Operations Expense	476.11	452.34	417.22	444.11	366.69
21 Income Taxes - Operating Taxes	68.66	50.64	47.52	35.49	63.58
22 Other Taxes - Operating Taxes	62.98	50.65	53.05	49.58	46.98
23 Capital Costs	117.64	82.50	77.50	64.88	121.94
24 Total	832.56	725.51	679.34	679.32	699.87

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$169,858	\$169,858	\$167,763	167,939	\$199,337	1
Central Office Assets	416,178	420,675	414,511	412,857	412,856	2
Information Origination/Termination	14	294	607	907	1,294	3
Cable And Wire Facilities	938,554	927,003	929,147	915,758	906,408	4
Amortizable Assets	11,926	10,330	17,860	14,016	16,437	5
Total Plant In Service	1,536,530	1,528,160	1,529,888	1,511,477	1,536,332	6
Property Held For Future Use						7
Plant Under Construction	20,506	10,308	99		116	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	1,557,036	1,538,468	1,529,987	1,511,477	1,536,448	13
Less Acc. Prov. For Depreciation & Amort.	1,035,205	991,859	949,631	904,095	887,288	14
Net Total Utility Plant	\$521,831	\$546,609	\$580,356	\$607,382	\$649,160	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	33.60	26.07	26.93	18.53	17.80	16
Total Capitalization	\$2,065,042	\$1,980,024	\$1,882,620	\$1,763,416	\$1,982,121	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.0%	0.0%	0.0%	0.0%	13.9%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	85.7%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.0%	0.4%	21
Pretax Coverage of Interest Expense	927.37	#DIV/0!	#DIV/0!	14.04	10.40	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	4.1%	5.0%	5.1%	3.7%	5.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	524.6%	686.9%	564.8%	945.6%	313.6%	25
CWIP as a % of Plant	1.3%	0.7%	0.0%	0.0%	0.0%	26

Current Assets	1,693,621	1,603,669	1,472,588	1,371,443	1,540,065
Current Liabilities	50,405	61,512	54,689	74,007	86,541
Total Capitalization	2,065,042	1,980,024	1,882,620	1,763,416	1,982,121
Long-Term Debt					276,181
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,065,042	1,980,024	1,882,620	1,763,416	1,698,940
Short-Term Debt					7,000
Pretax Income	131,687	151,588	147,862	106,031	150,936
Interest Expense	142			7,550	14,516
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	83,745	96,084	93,634	64,476	85,834
Internal Cash	149,097	159,931	152,795	125,487	171,551
Cash Outflows for Construction	(28,420)	(23,284)	(27,052)	(13,271)	(54,699)
CWIP	20,506	10,308	99	0	116
Total Plant	1,557,036	1,538,468	1,529,987	1,511,477	1,536,448
Shares Outstanding	151	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,

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	(\$101,087)	(\$32,797)	\$92,088	\$131,058	\$95,226	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	301,174	262,124	260,759	279,292	295,413	2
Changes in Deferred Income Taxes	(63,513)	(50,368)	58,599	44,326	24,333	3
Changes in Working Capital	20,782	95,564	(148,683)	72,787	(494,956)	4
Capitalized AFDC - Equity						5
Other	(92,453)	3,786	(7,237)	(16,472)	(5,535)	6
Total Non-Cash Items	165,990	311,106	163,438	379,933	(180,745)	7
Net Cash Provided From Operating Activities	<u>64,903</u>	<u>278,309</u>	<u>255,526</u>	<u>510,991</u>	<u>(85,519)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(117,095)	(164,203)	(162,185)	(57,619)	(63,393)	9
Purchase of Other Investments						10
Sale of Other Investments						11
Other	(10,356)	(4,437)	(3,466)	(16,976)	(2,965)	12
Net Cash Provided From Investing Activities	<u>(127,451)</u>	<u>(168,640)</u>	<u>(165,651)</u>	<u>(74,595)</u>	<u>(66,358)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt			(55,376)	(20,097)	(19,534)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(16,800)	(126,000)	(336,000)	(42,000)	(42,000)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(16,800)</u>	<u>(126,000)</u>	<u>(391,376)</u>	<u>(62,097)</u>	<u>(61,534)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(79,348)	(16,331)	(301,501)	374,299	(213,411)	21
Cash & Equivalents at Beginning of Year	536,676	553,007	854,508	480,208	693,619	22
Cash & Equivalents at End of Year	\$457,328	\$536,676	\$553,007	\$854,508	\$480,208	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$1,416,789	\$1,542,785	\$1,726,332	\$1,885,982	\$1,831,738
2 Access Lines	992	1,153	1,270	1,306	1,336
DOLLAR AMOUNTS					
3 Wages and Benefits	\$922,322	\$937,379	\$980,333	\$993,841	\$1,005,572
4 Depreciation and Amortization	301,174	262,124	260,759	279,292	295,413
5 Other Operations Expense	311,247	347,440	346,295	355,661	345,727
6 Total Operation Expenses	1,534,744	1,546,944	1,587,387	1,628,795	1,646,712
7 Income Taxes - Operating Taxes	(44,544)	(34,154)	8,430	51,085	6,779
8 Other Taxes - Operating Taxes	70,673	84,141	88,048	90,081	88,631
9 Capital Costs	(144,084)	(54,146)	42,467	116,021	89,616
10 Total	\$1,416,789	\$1,542,785	\$1,726,332	\$1,885,982	\$1,831,738
PERCENT OF REVENUES					
11 Wages and Benefits	65.1	60.8	56.8	52.7	54.9
12 Depreciation and Amortization	21.3	17.0	15.1	14.8	16.1
13 Other Operations Expense	22.0	22.5	20.1	18.9	18.9
14 Income Taxes - Operating Taxes	(3.1)	(2.2)	0.5	2.7	0.4
15 Other Taxes - Operating Taxes	5.0	5.5	5.1	4.8	4.8
16 Capital Costs	(10.2)	(3.5)	2.5	6.2	4.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	929.76	812.99	771.92	760.98	752.67
19 Depreciation and Amortization	303.60	227.34	205.32	213.85	221.12
20 Other Operations Expense	313.76	301.34	272.67	272.33	258.78
21 Income Taxes - Operating Taxes	(44.90)	(29.62)	6.64	39.12	5.07
22 Other Taxes - Operating Taxes	71.24	72.98	69.33	68.97	66.34
23 Capital Costs	(145.25)	(46.96)	33.44	88.84	67.08
24 Total	1,428.21	1,338.06	1,359.32	1,444.09	1,371.06

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,004,708	\$1,023,541	\$1,006,748	\$998,459	\$1,022,416	1
Central Office Assets	1,976,919	1,881,770	1,876,138	1,855,334	1,837,219	2
Information Origination/Termination	926	974	974	974	1,015	3
Cable And Wire Facilities	1,807,751	1,755,608	1,679,003	1,656,095	1,592,081	4
Amortizable Assets						5
Total Plant In Service	4,790,304	4,661,893	4,562,863	4,510,862	4,452,730	6
Property Held For Future Use						7
Plant Under Construction	3,782	62,246	50,826	16,902	70,255	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	4,794,085	4,724,139	4,613,690	4,527,764	4,522,985	13
Less Acc. Prov. For Depreciation & Amort.	3,756,550	3,512,881	3,308,947	3,132,138	2,922,711	14
Net Total Utility Plant	\$1,037,535	\$1,211,258	\$1,304,743	\$1,395,626	\$1,600,274	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	12.19	9.34	7.38	9.09	7.66	16
Total Capitalization	\$1,414,980	\$1,532,867	\$1,691,663	\$2,011,048	\$1,941,525	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt				2.8%	3.9%	18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	96.2%	95.1%	20
Short-Term Debt				1.0%	1.0%	21
Pretax Coverage of Interest Expense	56.23	-32.83	58.17	46.79	23.44	22
Com. Stock Dividends as a % of Earnings	-16.6%	-384.2%	364.9%	32.0%	44.1%	23
Return on Common Equity	-6.9%	-2.0%	5.1%	6.9%	5.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	55.4%	169.5%	157.6%	886.8%	-134.9%	25
CWIP as a % of Plant	0.1%	1.3%	1.1%	0.4%	1.6%	26

Current Assets	768,939	786,973	855,485	1,064,050	789,161
Current Liabilities	63,068	84,266	115,873	117,065	103,041
Total Capitalization	1,414,980	1,532,867	1,691,663	2,011,048	1,941,525
Long-Term Debt	-			55,376	75,473
Preferred Stock	-				
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,414,980	1,532,867	1,691,663	1,935,576	1,846,518
Short-Term Debt	-			20,096	19,534
Pretax Income	(144,694)	(61,720)	118,626	185,308	105,547
Interest Expense	(2,573)	1,880	2,039	3,960	4,502
Common Dividends Paid	16,800	126,000	336,000	42,000	42,000
Net Income (Excl. Preferred Stock Dividends)	(101,087)	(32,797)	92,088	131,058	95,226
Internal Cash	64,903	278,310	255,526	510,991	(85,519)
Cash Outflows for Construction	(117,095)	(164,203)	(162,185)	(57,619)	(63,393)
CWIP	3,782	62,246	50,826	16,902	70,255
Total Plant	4,794,085	4,724,139	4,613,690	4,527,764	4,522,985
Shares Outstanding	1,920	1,920	1,920	1,920	1,920
Number of Employees	8	9	10	11	11

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$200,938	(\$76,119)	\$53,563	\$227,529	\$219,560	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	691,280	681,495	698,907	666,082	625,361	2
Changes in Deferred Income Taxes	65,738	(64,433)	(89,322)	(45,863)	48,312	3
Changes in Working Capital	(80,226)	175,385	62,639	(113,264)	212,190	4
Capitalized AFDC - Equity		0				5
Other	(273,775)	(57,426)	183,996	89,742	(72,473)	6
Total Non-Cash Items	403,017	735,021	856,220	596,697	813,390	7
Net Cash Provided From Operating Activities	<u>603,955</u>	<u>658,902</u>	<u>909,783</u>	<u>824,226</u>	<u>1,032,950</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(303,906)	(191,094)	(238,721)	(618,366)	(288,912)	9
Purchase of Other Investments						10
Sale of Other Investments	(11,466)	38,807	80,356	34,146	4,349	11
Other			3			12
Net Cash Provided From Investing Activities	<u>(315,372)</u>	<u>(152,287)</u>	<u>(158,362)</u>	<u>(584,220)</u>	<u>(284,563)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(35,208)	(35,208)	(35,209)	(2,243,213)	(339,813)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(275,000)			(7,369,000)		18
Other Financing	(10,631)	15,035	(13,156)	22,665	(9,873)	19
Net Cash Provided From Financing Activities	<u>(320,839)</u>	<u>(20,173)</u>	<u>(48,365)</u>	<u>(9,589,548)</u>	<u>(349,686)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(32,256)	486,442	703,056	(9,349,542)	398,701	21
Cash & Equivalents at Beginning of Year	1,410,134	923,692	220,636	9,570,178	9,171,477	22
Cash & Equivalents at End of Year	\$1,377,878	\$1,410,134	\$923,692	\$220,636	\$9,570,178	23

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

	2008	2007	2006	2,005	2004
1 Revenues	\$2,583,762	\$2,659,645	\$2,691,582	\$2,856,840	\$2,887,857
2 Access Lines	2,822	3,092	3,221	3,385	3,680
DOLLAR AMOUNTS					
3 Wages and Benefits	\$317,986	\$366,182	\$375,630	\$478,463	\$406,433
4 Depreciation and Amortization	691,279	681,495	698,907	666,082	625,361
5 Other Operations Expense	1,354,870	1,594,563	1,507,106	1,395,754	1,341,531
6 Total Operation Expenses	2,364,135	2,642,240	2,581,643	2,540,299	2,373,325
7 Income Taxes - Operating Taxes	22,853	(61,411)	(28,011)	42,841	102,289
8 Other Taxes - Operating Taxes	172,824	174,860	165,479	190,540	186,183
9 Capital Costs	23,950	(96,044)	(27,529)	83,160	226,060
10 Total	\$2,583,762	\$2,659,645	\$2,691,582	\$2,856,840	\$2,887,857
PERCENT OF REVENUES					
11 Wages and Benefits	12.3	13.8	14.0	16.7	14.1
12 Depreciation and Amortization	26.8	25.6	26.0	23.3	21.7
13 Other Operations Expense	52.4	60.0	56.0	48.9	46.5
14 Income Taxes - Operating Taxes	0.9	(2.3)	(1.0)	1.5	3.5
15 Other Taxes - Operating Taxes	6.7	6.6	6.1	6.7	6.4
16 Capital Costs	0.9	(3.6)	(1.0)	2.9	7.8
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	112.68	118.43	116.62	141.35	110.44
19 Depreciation and Amortization	244.96	220.41	216.98	196.77	169.94
20 Other Operations Expense	480.11	515.71	467.90	412.34	364.55
21 Income Taxes - Operating Taxes	8.10	(19.86)	(8.70)	12.66	27.80
22 Other Taxes - Operating Taxes	61.24	56.55	51.38	56.29	50.59
23 Capital Costs	8.49	(31.06)	(8.55)	24.57	61.43
24 Total	915.58	860.17	835.64	843.97	784.74

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$939,437	\$891,901	\$934,481	\$1,051,736	\$1,094,269	1
Central Office Assets	3,857,184	3,857,895	3,745,746	3,684,832	3,377,536	2
Information Origination/Termination	3,079	7,527	10,192	11,381	11,358	3
Cable And Wire Facilities	5,712,375	5,713,494	5,672,395	5,601,126	5,539,303	4
Amortizable Assets	139,561	191,837	200,544	197,202	147,355	5
Total Plant In Service	10,651,636	10,662,654	10,563,358	10,546,277	10,169,821	6
Property Held For Future Use						7
Plant Under Construction	53,259	6,898	35,520	19,192	16,727	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	10,704,895	10,669,552	10,598,878	10,565,469	10,186,548	13
Less Acc. Prov. For Depreciation & Amort.	6,803,549	6,424,571	5,848,162	5,362,226	4,936,651	14
Net Total Utility Plant	\$3,901,346	\$4,244,981	\$4,750,716	\$5,203,243	\$5,249,897	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	5.01	3.86	3.57	1.83	13.31	16
Total Capitalization	\$4,874,308	\$4,994,209	\$5,090,501	\$5,098,462	\$14,460,481	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	1.7%	2.5%	3.2%	4.2%	14.6%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	97.3%	96.3%	95.8%	95.1%	82.9%	20
Short-Term Debt	0.9%	1.2%	1.0%	0.7%	2.5%	21
Pretax Coverage of Interest Expense	-30.00	-7.15	54.50	6.34	3.68	22
Com. Stock Dividends as a % of Earnings	136.9%	0.0%	0.0%	3238.7%	0.0%	23
Return on Common Equity	4.2%	-1.6%	1.1%	2.7%	1.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	198.7%	344.8%	381.1%	133.3%	357.5%	25
CWIP as a % of Plant	0.5%	0.1%	0.3%	0.2%	0.2%	26

Current Assets	1,861,145	1,968,155	1,567,752	1,002,396	10,244,896
Current Liabilities	371,713	509,499	438,923	547,753	769,824
Total Capitalization	4,874,308	4,994,209	5,090,501	5,098,462	14,460,481
Long-Term Debt	83,933	127,218	161,117	213,626	2,110,032
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	4,744,176	4,807,339	4,876,876	4,849,628	11,991,099
Short-Term Debt	46,199	59,652	52,508	35,208	359,350
Pretax Income	312,535	(104,451)	70,851	382,665	470,498
Interest Expense	(10,418)	14,612	1,300	60,343	127,754
Common Dividends Paid	275,000			7,369,000	
Net Income (Excl. Preferred Stock Dividends)	200,938	(76,119)	53,563	227,529	219,560
Internal Cash	603,955	658,902	909,783	824,226	1,032,950
Cash Outflows for Construction	(303,906)	(191,094)	(238,721)	(618,366)	(288,912)
CWIP	53,259	6,898	35,520	19,192	16,727
Total Plant	10,704,895	10,669,552	10,598,878	10,565,469	10,186,548
Shares Outstanding	1,330	1,330	1,330	1,330	1,330
Number of Employees	5	5	6	6	7

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$49,822,089	\$58,182,475	\$46,668,206	\$39,856,581	\$33,768,552	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	68,643,556	68,662,256	32,732,915	71,962,380	71,962,380	2
Changes in Deferred Income Taxes	(2,751,148)	(17,497,728)	20,945,822	18,754,712	8,620,493	3
Changes in Working Capital	(22,626,414)	39,616,181	(2,081,705)	(55,602,804)	(363,712,750)	4
Capitalized AFDC - Equity				119,469	119,469	5
Other	5,232,650	4,790,150	5,381,266	6,977,339	(6,547,562)	6
Total Non-Cash Items	48,498,644	95,570,859	56,978,298	42,211,096	(289,557,970)	7
Net Cash Provided From Operating Activities	<u>98,320,733</u>	<u>153,753,334</u>	<u>103,646,504</u>	<u>82,067,677</u>	<u>(255,789,418)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(15,420,113)	(37,780,577)	396,651	(42,603,562)	(42,603,562)	9
Purchase of Other Investments	1,037,920	(40,082,828)	(103,704,138)	(41,972,212)	296,770,411	10
Sale of Other Investments		389,987		2,569,893	(111,377)	11
Other	(15,752,398)			(200)		12
Net Cash Provided From Investing Activities	<u>(30,134,591)</u>	<u>(77,473,418)</u>	<u>(103,307,487)</u>	<u>(82,006,081)</u>	<u>254,055,472</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(65,000,000)	(80,000,000)				18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(65,000,000)</u>	<u>(80,000,000)</u>				20
Net Increase (Decrease) in Cash & Equivalents	3,186,142	(3,720,084)	339,017	61,596	(1,733,946)	21
Cash & Equivalents at Beginning of Year	(2,868,757)	851,328	512,311	450,715	2,184,661	22
Cash & Equivalents at End of Year	\$317,386	(\$2,868,757)	\$851,328	\$512,311	\$450,715	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$301,683,576	\$321,185,560	\$323,806,026	\$335,884,333	\$342,188,028
2 Access Lines	275,184	309,187	415,139	456,030	501,422
DOLLAR AMOUNTS					
3 Wages and Benefits	\$55,309,820	\$68,188,871	\$68,343,244	\$78,515,542	\$77,720,089
4 Depreciation and Amortization	68,643,556	68,662,256	69,411,916	72,655,379	71,698,324
5 Other Operations Expense	89,705,967	86,676,029	97,588,609	98,900,096	127,927,688
6 Total Operation Expenses	213,659,343	223,527,156	235,343,770	250,071,017	277,346,101
7 Income Taxes - Operating Taxes	28,072,845	29,301,532	21,823,725	20,828,095	19,932,910
8 Other Taxes - Operating Taxes	20,683,254	20,195,685	21,440,996	21,448,332	20,472,341
9 Capital Costs	39,268,134	48,161,186	45,197,536	43,536,888	24,436,677
10 Total	\$301,683,576	\$321,185,560	\$323,806,026	\$335,884,333	\$342,188,028
PERCENT OF REVENUES					
11 Wages and Benefits	18.3	21.2	21.1	23.4	22.7
12 Depreciation and Amortization	22.8	21.4	21.4	21.6	21.0
13 Other Operations Expense	29.7	27.0	30.1	29.4	37.4
14 Income Taxes - Operating Taxes	9.3	9.1	6.7	6.2	5.8
15 Other Taxes - Operating Taxes	6.9	6.3	6.6	6.4	6.0
16 Capital Costs	13.0	15.0	14.0	13.0	7.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	200.99	220.54	164.63	172.17	155.00
19 Depreciation and Amortization	249.45	222.07	167.20	159.32	142.99
20 Other Operations Expense	325.99	280.34	235.07	216.87	255.13
21 Income Taxes - Operating Taxes	102.01	94.77	52.57	45.67	39.75
22 Other Taxes - Operating Taxes	75.16	65.32	51.65	47.03	40.83
23 Capital Costs	142.70	155.77	108.87	95.47	48.73
24 Total	1,096.30	1,038.81	779.99	736.54	682.44

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$133,658,997	\$136,846,452	\$134,322,206	\$135,648,672	\$139,485,633	1
Central Office Assets	597,141,766	583,833,229	573,969,306	563,387,672	562,409,091	2
Information Origination/Termination	17,895,274	17,917,954	17,910,383	20,779,412	15,803,599	3
Cable And Wire Facilities	691,639,459	676,534,760	665,562,668	654,767,599	644,629,205	4
Amortizable Assets	12,061,718	11,937,767	12,012,348	12,130,926	12,638,909	5
Total Plant In Service	1,452,397,214	1,427,070,162	1,403,776,911	1,386,714,281	1,374,966,437	6
Property Held For Future Use						7
Plant Under Construction	10,738,344	20,759,589	16,771,092	13,638,941	12,850,397	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	1,463,135,558	1,447,829,751	1,420,548,003	1,400,353,222	1,387,816,834	13
Less Acc. Prov. For Depreciation & Amort.	1,003,489,506	950,712,655	892,159,241	839,629,993	795,857,132	14
Net Total Utility Plant	\$459,646,052	\$497,117,096	\$528,388,762	\$560,723,229	\$591,959,702	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.59	1.05	1.97	1.83	0.89	16
Total Capitalization	\$673,900,736	\$689,078,648	\$710,896,174	\$664,227,967	\$624,371,387	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	11.49	14.03	12.31	12.13	8.79	22
Com. Stock Dividends as a % of Earnings	130.5%	137.5%				23
Return on Common Equity	7.3%	8.3%	6.8%	6.2%	5.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	863.2%	501.4%	-26130.3%	192.6%	-600.4%	25
CWIP as a % of Plant	0.7%	1.4%	1.2%	1.0%	0.9%	26

Current Assets	83,614,552	88,732,690	95,731,712	98,866,336	96,845,697
Current Liabilities	52,680,812	84,614,450	48,661,833	53,955,883	109,006,542
Total Capitalization	673,900,736	689,078,648	710,896,174	664,227,967	624,371,387
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	673,900,736	689,078,648	710,896,174	664,227,967	624,371,387
Short-Term Debt					
Pretax Income	85,323,377	94,197,545	74,549,505	66,135,424	60,602,754
Interest Expense	7,428,441	6,713,539	6,057,574	5,450,748	6,897,943
Common Dividends Paid	65,000,000	80,000,000			
Net Income (Excl. Preferred Stock Dividends)	49,822,091	58,182,474	46,668,206	39,856,581	33,768,552
Internal Cash	133,101,079	189,430,541	103,646,504	82,067,677	(255,789,418)
Cash Outflows for Construction	(15,420,113)	(37,780,577)	396,653	(42,603,562)	(42,603,562)
CWIP	10,738,344	20,759,589	16,771,092	13,638,941	12,850,397
Total Plant	1,463,135,558	1,447,829,751	1,420,548,003	1,400,353,222	1,387,816,834
Shares Outstanding					
Number of Employees	608	723	904	943	1,124

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$496,690	\$366,434	\$701,128	\$580,184	\$799,583	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	812,996	1,021,071	962,393	1,028,726	970,352	2
Changes in Deferred Income Taxes	10,259	(166,419)	(64,172)	(114,086)	26,224	3
Changes in Working Capital	28,242	(260,831)	(52,447)	71,087	(6,288)	4
Capitalized AFDC - Equity						5
Other						6
Total Non-Cash Items	851,497	593,821	845,774	985,727	990,288	7
Net Cash Provided From Operating Activities	<u>1,348,187</u>	<u>960,255</u>	<u>1,546,902</u>	<u>1,565,911</u>	<u>1,789,871</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(793,300)	(767,809)	(797,012)	(1,033,387)	(1,033,019)	9
Purchase of Other Investments						10
Sale of Other Investments		6,500		11,495	10,523	11
Other			(4,413)	(2,423)	(1,002)	12
Net Cash Provided From Investing Activities	<u>(793,300)</u>	<u>(761,309)</u>	<u>(801,425)</u>	<u>(1,024,315)</u>	<u>(1,023,498)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock	(384,000)	(384,000)	(448,000)	(776,000)	(780,000)	15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing	(119,940)	129,829	(34,346)	(140,801)	(58,496)	19
Net Cash Provided From Financing Activities	<u>(503,940)</u>	<u>(254,171)</u>	<u>(482,346)</u>	<u>(916,801)</u>	<u>(838,496)</u>	20
Net Increase (Decrease) in Cash & Equivalents	50,947	(55,225)	263,131	(375,205)	(72,123)	21
Cash & Equivalents at Beginning of Year	204,294	259,519	(3,612)	371,593	443,716	22
Cash & Equivalents at End of Year	\$255,241	\$204,294	\$259,519	(\$3,612)	\$371,593	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$4,572,331	\$4,604,023	\$5,024,413	\$5,220,752	\$5,417,852
2 Access Lines	7,190	7,457	7,874	8,503	8,777
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,806,761	\$1,748,794	\$1,882,512	\$2,113,360	\$2,022,669
4 Depreciation and Amortization	812,996	1,021,071	962,393	1,028,726	970,352
5 Other Operations Expense	1,235,350	1,222,218	1,173,783	1,222,274	1,264,546
6 Total Operation Expenses	3,855,107	3,992,083	4,018,688	4,364,360	4,257,567
7 Income Taxes - Operating Taxes	51,491	65,323	206,237	170,653	229,681
8 Other Taxes - Operating Taxes	245,372	170,535	246,202	271,555	273,203
9 Capital Costs	420,361	376,082	553,286	414,184	657,401
10 Total	\$4,572,331	\$4,604,023	\$5,024,413	\$5,220,752	\$5,417,852
PERCENT OF REVENUES					
11 Wages and Benefits	39.5	38.0	37.5	40.5	37.3
12 Depreciation and Amortization	17.8	22.2	19.2	19.7	17.9
13 Other Operations Expense	27.0	26.5	23.4	23.4	23.3
14 Income Taxes - Operating Taxes	1.1	1.4	4.1	3.3	4.2
15 Other Taxes - Operating Taxes	5.4	3.7	4.9	5.2	5.0
16 Capital Costs	9.2	8.2	11.0	7.9	12.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	251.29	234.52	239.08	248.54	230.45
19 Depreciation and Amortization	113.07	136.93	122.22	120.98	110.56
20 Other Operations Expense	171.82	163.90	149.07	143.75	144.07
21 Income Taxes - Operating Taxes	7.16	8.76	26.19	20.07	26.17
22 Other Taxes - Operating Taxes	34.13	22.87	31.27	31.94	31.13
23 Capital Costs	58.46	50.43	70.27	48.71	74.90
24 Total	635.93	617.41	638.10	613.99	617.28

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,098,527	\$2,075,991	\$2,059,658	\$1,996,805	\$1,922,332	1
Central Office Assets	6,729,684	6,555,628	6,299,225	6,059,878	5,706,186	2
Information Origination/Termination	333,945	333,945	333,945	333,945	333,945	3
Cable And Wire Facilities	9,267,322	8,738,879	8,271,806	7,804,070	7,310,501	4
Amortizable Assets						5
Total Plant In Service	18,429,478	17,704,443	16,964,634	16,194,698	15,272,964	6
Property Held For Future Use						7
Plant Under Construction						8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	1,037,715	969,450	969,450	946,913	909,965	11
Goodwill						12
Total Telecommunications Plant	19,467,193	18,673,893	17,934,084	17,141,611	16,182,929	13
Less Acc. Prov. For Depreciation & Amort.	15,180,801	14,367,805	13,368,234	12,414,793	11,451,700	14
Net Total Utility Plant	\$4,286,392	\$4,306,088	\$4,565,850	\$4,726,818	\$4,731,229	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	11.65	13.95	4.62	3.73	6.99	16
Total Capitalization	\$4,487,046	\$4,554,539	\$4,849,774	\$4,596,646	\$4,792,462	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	9137.35	7196.95	1418.76	418.13	572.81	22
Com. Stock Dividends as a % of Earnings	77.3%	104.8%	63.9%	133.8%	97.6%	23
Return on Common Equity	11.0%	7.8%	14.8%	12.4%	16.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	169.9%	125.1%	194.1%	151.5%	173.3%	25
CWIP as a % of Plant						26

Current Assets	1,159,768	1,070,475	1,195,039	913,204	1,310,325
Current Liabilities	99,532	76,748	258,760	244,661	187,351
Total Capitalization	4,487,046	4,554,539	4,849,774	4,596,646	4,792,462
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	4,487,046	4,554,539	4,849,774	4,596,646	4,792,462
Short-Term Debt					
Pretax Income	548,241	431,817	908,005	752,637	1,031,064
Interest Expense	60	60	640	1,800	1,800
Common Dividends Paid	384,000	384,000	448,000	776,000	780,000
Net Income (Excl. Preferred Stock Dividends)	496,690	366,434	701,128	580,184	799,583
Internal Cash	1,348,187	960,255	1,546,902	1,565,911	1,789,871
Cash Outflows for Construction	(793,300)	(767,809)	(797,012)	(1,033,387)	(1,033,019)
CWIP					
Total Plant	19,467,193	18,673,893	17,934,084	17,141,611	16,182,929
Shares Outstanding	8,000	8,000	8,000	8,000	8,000
Number of Employees	26	25	25	26	26

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	2,298,751	\$5,182,383	\$9,622,378	\$9,512,287	\$10,135,439	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,279,172	1,823,488	3,962,525	4,072,228	3,933,380	2
Changes in Deferred Income Taxes	0	811,281	(439,480)	(330,534)	(289,744)	3
Changes in Working Capital	1,976,709	3,635,075	2,630	(863,902)	(2,525,762)	4
Capitalized AFDC - Equity	0	0			(15,400)	5
Other	(290,194)	1,222,065	(1,097,505)	(403,655)	(1,056,080)	6
Total Non-Cash Items	2,965,687	7,491,910	2,428,170	2,474,137	46,394	7
Net Cash Provided From Operating Activities	<u>5,264,438</u>	<u>12,674,293</u>	<u>12,050,547</u>	<u>11,986,424</u>	<u>10,181,833</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(2,156,247)	(311,256)	(2,411,514)	(1,716,643)	(801,684)	9
Purchase of Other Investments	0					10
Sale of Other Investments						11
Other		1,312,055	(868,024)	(547,906)	1,526,441	12
Net Cash Provided From Investing Activities	<u>(2,156,247)</u>	<u>1,000,799</u>	<u>(3,279,538)</u>	<u>(2,264,549)</u>	<u>724,757</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt					(342,873)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt				(4,556,640)		17
Dividends Paid	(3,115,000)	(13,908,755)	(8,715,000)	(5,405,000)	(10,897,314)	18
Other Financing	7,029					19
Net Cash Provided From Financing Activities	<u>(3,107,971)</u>	<u>(13,908,755)</u>	<u>(8,715,000)</u>	<u>(9,961,640)</u>	<u>(11,240,187)</u>	20
Net Increase (Decrease) in Cash & Equivalents	220	(233,664)	56,010	(239,765)	(333,597)	21
Cash & Equivalents at Beginning of Year	1,000	234,664	178,654	418,419	752,017	22
Cash & Equivalents at End of Year	\$1,220	\$1,000	\$234,664	\$178,654	\$418,419	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$18,006,670	\$18,239,042	\$19,751,231	\$20,355,459	\$20,438,292
2 Access Lines	22,572	26,277	25,547	26,524	28,601
DOLLAR AMOUNTS					
3 Wages and Benefits	\$4,006,112	\$3,998,105	\$4,250,902	\$4,337,443	\$4,605,631
4 Depreciation and Amortization	2,769,964	2,666,490	4,169,811	4,072,228	4,104,610
5 Other Operations Expense	7,672,752	8,381,760	7,796,177	7,664,310	5,885,932
6 Total Operation Expenses	14,448,828	15,046,355	16,216,890	16,073,981	14,596,173
7 Income Taxes - Operating Taxes	1,159,138	1,638,229	1,513,451	1,135,841	1,532,555
8 Other Taxes - Operating Taxes	836,535	830,974	844,518	882,004	967,102
9 Capital Costs	1,562,169	723,484	1,176,372	\$2,263,632	3,342,462
10 Total	\$18,006,670	\$18,239,042	\$19,751,231	\$20,355,459	\$20,438,292
PERCENT OF REVENUES					
11 Wages and Benefits	22.2	21.9	21.5	21.3	22.5
12 Depreciation and Amortization	15.4	14.6	21.1	20.0	20.1
13 Other Operations Expense	42.6	46.0	39.5	37.7	28.8
14 Income Taxes - Operating Taxes	6.4	9.0	7.7	5.6	7.5
15 Other Taxes - Operating Taxes	4.6	4.6	4.3	4.3	4.7
16 Capital Costs	8.7	4.0	6.0	11.1	16.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	177.48	152.15	166.40	163.53	161.03
19 Depreciation and Amortization	122.72	101.48	163.22	153.53	143.51
20 Other Operations Expense	339.92	318.98	305.17	288.96	205.79
21 Income Taxes - Operating Taxes	51.35	62.34	59.24	42.82	53.58
22 Other Taxes - Operating Taxes	37.06	31.62	33.06	33.25	33.81
23 Capital Costs	69.21	27.53	46.05	85.34	116.87
24 Total	797.74	694.11	773.13	767.44	714.60

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$8,854,587	\$8,498,938	\$8,307,203	\$7,998,543	\$7,728,965	1
Central Office Assets	28,134,712	27,838,776	27,854,149	26,636,461	26,506,243	2
Information Origination/Termination	1,465	1,465	1,465	1,465	1,465	3
Cable And Wire Facilities	32,481,297	32,025,164	30,987,500	30,508,196	30,028,620	4
Amortizable Assets						5
Total Plant In Service	69,472,061	68,364,343	67,150,317	65,144,664	64,265,293	6
Property Held For Future Use	10,664	11,175	11,175	11,175	66,365	7
Plant Under Construction	1,181,966	576,385	1,479,155	1,073,296	525,744	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	349,300	351,026	351,026	351,026	351,026	11
Goodwill						12
Total Telecommunications Plant	71,013,991	69,302,929	68,991,673	66,580,161	65,208,428	13
Less Acc. Prov. For Depreciation & Amort.	50,407,696	49,554,744	47,731,255	43,768,731	40,041,412	14
Net Total Utility Plant	\$20,606,296	\$19,748,185	\$21,260,417	\$22,811,429	\$25,167,016	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.96	1.19	1.94	4.22	1.67	16
Total Capitalization	\$21,031,124	\$20,630,994	\$29,357,367	\$28,462,488	\$28,899,346	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	0.0%	0.0%	0.0%	0.0%	14.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	84.2%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.0%	1.8%	21
Pretax Coverage of Interest Expense	36.05	92.62	136.81	71.08	35.07	22
Com. Stock Dividends as a % of Earnings	-302.2%	268.4%	90.6%	56.7%	107.5%	23
Return on Common Equity	7.4%	20.7%	33.3%	36.1%	41.0%	24
Internal Cash Generated as a % of Cash Outflows for Construction	244.1%	4070.7%	499.6%	699.0%	1270.1%	25
CWIP as a % of Plant	1.7%	0.1%	2.1%	1.6%	0.8%	26

Current Assets	7,880,576	4,628,293	9,514,319	6,041,879	9,543,897
Current Liabilities	8,207,381	3,874,807	4,909,089	1,431,120	5,703,982
Total Capitalization	21,031,124	20,630,994	29,357,367	28,462,488	28,899,346
Long-Term Debt					4,048,266
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	21,031,124	20,630,994	29,357,367	28,462,488	24,342,703
Short-Term Debt					508,377
Pretax Income	2,710,263	8,588,416	14,132,716	14,476,751	15,630,874
Interest Expense	75,184	92,723	103,298	203,659	445,717
Common Dividends Paid	(4,628,000)	13,908,755	8,715,000	5,405,000	10,897,314
Net Income (Excl. Preferred Stock Dividends)	1,531,482	5,182,471	9,622,378	9,524,786	10,135,439
Internal Cash	5,264,438	12,670,384	12,049,047	11,998,923	10,181,833
Cash Outflows for Construction	(2,156,247)	(311,256)	(2,411,513)	(1,716,643)	(801,684)
CWIP	1,181,966	576,385	1,479,155	1,073,296	525,744
Total Plant	71,013,991	693,029,828	68,991,673	66,580,161	65,208,428
Shares Outstanding	60,219	60,219	60,219	60,219	60,219
Number of Employees	66	68	76	74	76

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$732,667	(\$274,419)	\$528,118	\$239,371	\$137,885	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,206,825	1,212,965	1,007,695	767,897	690,901	2
Changes in Deferred Income Taxes	429,797	51,215	(442,719)	28,317	534,391	3
Changes in Working Capital	50,669	86,359	350,355	(160,412)	(375,961)	4
Capitalized AFDC - Equity						5
Other	(1,449,856)	(80,925)	1,197,950	(73,425)	(257,173)	6
Total Non-Cash Items	237,435	1,269,614	2,113,281	562,377	592,158	7
Net Cash Provided From Operating Activities	<u>970,102</u>	<u>995,195</u>	<u>2,641,399</u>	<u>801,748</u>	<u>730,043</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(562,349)	(611,115)	(826,828)	(858,448)	(884,811)	9
Purchase of Other Investments						10
Sale of Other Investments	(106,627)	(131,639)	35,384	(56,942)	(182,622)	11
Other						12
Net Cash Provided From Investing Activities	<u>(668,976)</u>	<u>(742,754)</u>	<u>(791,444)</u>	<u>(915,390)</u>	<u>(1,067,433)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt				(3,275,703)	(211,543)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(349,000)			(1,000)		18
Other Financing	(57,117)	(3,053)	(1,724)	3,581,910	33,164	19
Net Cash Provided From Financing Activities	<u>(406,117)</u>	<u>(3,053)</u>	<u>(1,724)</u>	<u>305,207</u>	<u>(178,379)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(104,991)	249,388	1,848,231	191,565	(515,769)	21
Cash & Equivalents at Beginning of Year	2,339,492	2,090,104	241,873	50,308	566,077	22
Cash & Equivalents at End of Year	\$2,234,501	\$2,339,492	\$2,090,104	\$241,873	\$50,308	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$3,526,705	\$3,776,815	\$3,840,479	\$4,218,044	\$3,738,738
2 Access Lines	4,110	4,734	5,353	5,586	5,868
DOLLAR AMOUNTS					
3 Wages and Benefits	\$505,491	\$606,140	\$543,825	\$649,054	\$590,026
4 Depreciation and Amortization	1,206,705	1,227,592	1,007,695	767,537	690,541
5 Other Operations Expense	1,944,404	2,189,397	2,167,923	2,137,071	1,885,011
6 Total Operation Expenses	3,656,600	4,023,129	3,719,443	3,553,662	3,165,578
7 Income Taxes - Operating Taxes	(93,686)	(188,999)	(38,098)	96,525	67,053
8 Other Taxes - Operating Taxes	212,054	206,135	217,399	237,022	199,717
9 Capital Costs	(248,263)	(263,450)	(58,265)	330,835	306,390
10 Total	\$3,526,705	\$3,776,815	\$3,840,479	\$4,218,044	\$3,738,738
PERCENT OF REVENUES					
11 Wages and Benefits	14.3	16.0	14.2	15.4	15.8
12 Depreciation and Amortization	34.2	32.5	26.2	18.2	18.5
13 Other Operations Expense	55.1	58.0	56.4	50.7	50.4
14 Income Taxes - Operating Taxes	(2.7)	(5.0)	(1.0)	2.3	1.8
15 Other Taxes - Operating Taxes	6.0	5.5	5.7	5.6	5.3
16 Capital Costs	(7.0)	(7.0)	(1.5)	7.8	8.2
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	122.99	128.04	101.59	116.19	100.55
19 Depreciation and Amortization	293.60	259.31	188.25	137.40	117.68
20 Other Operations Expense	473.09	462.48	404.99	382.58	321.24
21 Income Taxes - Operating Taxes	(22.79)	(39.92)	(7.12)	17.28	11.43
22 Other Taxes - Operating Taxes	51.59	43.54	40.61	42.43	34.03
23 Capital Costs	(60.40)	(55.65)	(10.88)	59.23	52.21
24 Total	858.08	797.81	717.44	755.11	637.14

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,387,121	\$1,399,083	\$1,341,898	\$1,404,877	\$1,445,883	1
Central Office Assets	7,612,095	7,579,813	7,145,550	6,942,166	6,724,077	2
Information Origination/Termination	2,157	24,162	27,338	27,647	27,041	3
Cable And Wire Facilities	9,538,912	9,409,671	9,243,172	8,870,356	8,615,244	4
Amortizable Assets	171,183	153,593	220,972	259,944	309,794	5
Total Plant In Service	18,711,468	18,566,322	17,978,930	17,504,990	17,122,039	6
Property Held For Future Use						7
Plant Under Construction	79,807	82,751	281,582	208,360	56,196	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	18,796,724	18,654,522	18,265,961	17,718,799	17,183,684	13
Less Acc. Prov. For Depreciation & Amort.	10,170,192	9,490,141	8,631,366	8,038,403	7,659,131	14
Net Total Utility Plant	\$8,626,532	\$9,164,381	\$9,634,595	\$9,680,396	\$9,524,553	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	6.08	5.36	6.18	2.40	1.46	16
Total Capitalization	\$8,751,925	\$8,425,375	\$8,702,847	\$8,253,483	\$7,708,905	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	0.1%	0.2%	0.2%	0.2%	40.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	99.8%	99.7%	99.6%	99.8%	57.1%	20
Short-Term Debt	0.1%	0.2%	0.3%	0.0%	2.9%	21
Pretax Coverage of Interest Expense	-15.46	-3.86	64.69	4.21	2.10	22
Com. Stock Dividends as a % of Earnings	47.6%	0.0%	0.0%	0.4%	0.0%	23
Return on Common Equity	8.6%	-3.2%	6.2%	3.8%	3.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	172.5%	162.8%	319.5%	93.4%	82.5%	25
CWIP as a % of Plant	0.4%	0.4%	1.5%	1.2%	0.3%	26

Current Assets	2,853,568	3,239,578	2,959,969	1,700,545	1,363,965
Current Liabilities	469,271	604,342	478,761	708,506	935,354
Total Capitalization	8,751,925	8,425,375	8,702,847	8,253,483	7,708,905
Long-Term Debt	4,511	14,140	13,350	15,074	3,086,024
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	8,734,366	8,398,255	8,667,141	8,238,409	4,400,038
Short-Term Debt	13,048	12,980	22,356	0	222,843
Pretax Income	1,121,578	(340,732)	825,718	464,323	406,230
Interest Expense	(72,547)	88,373	12,765	110,195	193,552
Common Dividends Paid	349,000			1,000	
Net Income (Excl. Preferred Stock Dividends)	732,667	(274,419)	528,118	239,371	137,885
Internal Cash	970,102	995,195	2,641,399	801,748	730,043
Cash Outflows for Construction	(562,349)	(611,115)	(826,828)	(858,448)	(884,811)
CWIP	79,807	82,751	281,582	208,360	56,196
Total Plant	18,796,724	18,654,522	18,265,961	17,718,799	17,183,684
Shares Outstanding	100	100	100	100	100
Number of Employees	7	10	11	11	12

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$118,614	\$111,430	\$260,951	\$280,700	\$278,546	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,033,417	1,271,563	1,105,255	1,168,124	1,125,064	2
Changes in Deferred Income Taxes	162,862	(154,958)	(39,609)	(205,450)	200,294	3
Changes in Working Capital	395,312	1,183,659	350,207	647,768	(66,035)	4
Capitalized AFDC - Equity						5
Other	90,482	(765,238)	(339,067)	(79,416)	52,033	6
Total Non-Cash Items	1,682,073	1,535,026	1,076,786	1,531,026	1,311,356	7
Net Cash Provided From Operating Activities	<u>1,800,687</u>	<u>1,646,456</u>	<u>1,337,737</u>	<u>1,811,726</u>	<u>1,589,902</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(524,783)	(894,143)	(2,036,776)	(1,339,432)	(861,252)	9
Purchase of Other Investments	(2,353,102)	(3,702,143)	(3,422,123)	(1,879,562)	(1,526,201)	10
Sale of Other Investments	1,894,938	3,363,481	2,248,788	1,873,633	1,851,315	11
Other	(707,815)	(1,309,318)				12
Net Cash Provided From Investing Activities	<u>(1,690,762)</u>	<u>(2,542,123)</u>	<u>(3,210,111)</u>	<u>(1,345,361)</u>	<u>(536,138)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(392,543)	(451,021)	1,142,857		(128,542)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt		(10,833)	30,758	17,130	1,817	17
Dividends Paid	(53,559)	(69,223)	(69,463)	(69,286)	(69,029)	18
Other Financing	(182,944)	(239,570)	(174,784)	(130,067)	(173,959)	19
			722,779	195,824	96,649	
Net Cash Provided From Financing Activities	<u>(629,046)</u>	<u>(770,647)</u>	<u>1,652,147</u>	<u>13,601</u>	<u>(273,064)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(519,121)	(1,666,314)	(220,227)	479,966	780,700	21
Cash & Equivalents at Beginning of Year	1,701,042	3,367,356	3,587,583	3,107,618	2,326,917	22
Cash & Equivalents at End of Year	\$1,181,920	\$1,701,042	\$3,367,356	\$3,587,583	\$3,107,618	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$5,459,150	\$5,538,251	\$5,328,024	\$5,614,342	\$5,577,151
2 Access Lines	5,273	5,680	6,166	6,804	7,065
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,492,766	\$1,549,697	\$1,306,470	\$1,898,875	\$1,725,264
4 Depreciation and Amortization	1,031,017	1,269,163	1,102,855	1,165,724	1,122,664
5 Other Operations Expense	2,136,200	2,299,170	2,204,386	2,090,239	1,896,928
6 Total Operation Expenses	4,659,983	5,118,030	4,613,711	5,154,839	4,744,857
7 Income Taxes - Operating Taxes	50,905	(128,850)	(26,654)	(66,516)	89,807
8 Other Taxes - Operating Taxes	420,063	397,785	401,583	392,151	378,045
9 Capital Costs	328,199	151,286	339,384	133,870	364,442
10 Total	\$5,459,150	\$5,538,251	\$5,328,024	\$5,614,342	\$5,577,151
PERCENT OF REVENUES					
11 Wages and Benefits	27.3	28.0	24.5	33.8	30.9
12 Depreciation and Amortization	18.9	22.9	20.7	20.8	20.1
13 Other Operations Expense	39.1	41.5	41.4	37.2	34.0
14 Income Taxes - Operating Taxes	0.9	(2.3)	(0.5)	(1.2)	1.6
15 Other Taxes - Operating Taxes	7.7	7.2	7.5	7.0	6.8
16 Capital Costs	6.0	2.7	6.4	2.4	6.5
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	283.10	272.83	211.88	279.08	244.20
19 Depreciation and Amortization	195.53	223.44	178.86	171.33	158.91
20 Other Operations Expense	405.12	404.78	357.51	307.21	268.50
21 Income Taxes - Operating Taxes	9.65	(22.68)	(4.32)	(9.78)	12.71
22 Other Taxes - Operating Taxes	79.66	70.03	65.13	57.64	53.51
23 Capital Costs	62.24	26.63	55.04	19.68	51.58
24 Total	1,035.30	975.04	864.10	825.15	789.41

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,334,434	\$2,318,118	\$2,244,544	\$2,050,613	\$2,019,302	1
Central Office Assets	9,669,033	8,824,262	8,421,135	8,301,308	8,197,647	2
Information Origination/Termination	131,019	132,922	133,352	130,752	135,408	3
Cable And Wire Facilities	13,113,885	12,894,200	12,506,789	11,965,530	11,187,722	4
Amortizable Assets						5
Total Plant In Service	25,248,371	24,169,501	23,305,820	22,448,203	21,540,079	6
Property Held For Future Use						7
Plant Under Construction	176,176	730,694	884,072	251,713	162,866	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	25,424,547	24,900,195	24,189,892	22,699,916	21,702,945	13
Less Acc. Prov. For Depreciation & Amort.	14,207,800	13,315,881	12,326,395	11,402,782	10,502,531	14
Net Total Utility Plant	\$11,216,747	\$11,584,314	\$11,863,497	\$11,297,134	\$11,200,414	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.76	1.01	1.99	2.02	2.68	16
Total Capitalization	\$15,508,824	\$16,114,257	\$16,951,500	\$15,403,590	\$15,143,368	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	15.4%	17.3%	19.4%	13.9%	16.5%	18
Preferred Stock						19
Common Stock & Retained Earnings	79.2%	77.6%	76.0%	81.2%	81.0%	20
Short-Term Debt	5.3%	5.1%	4.7%	4.9%	2.5%	21
Pretax Coverage of Interest Expense	1.68	2.05	2.82	3.37	4.45	22
Com. Stock Dividends as a % of Earnings	45.2%	62.1%	26.6%	24.7%	24.8%	23
Return on Common Equity	1.0%	0.9%	2.1%	2.3%	2.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	343.1%	184.1%	65.7%	135.3%	184.6%	25
CWIP as a % of Plant	0.7%	2.9%	3.7%	1.1%	0.8%	26

Current Assets	2,493,551	3,486,400	4,920,137	4,878,140	4,362,548
Current Liabilities	3,298,939	3,468,062	2,466,799	2,419,811	1,625,209
Total Capitalization	15,508,824	16,114,257	16,951,500	15,403,590	15,143,368
Long-Term Debt	2,393,876	2,792,856	3,285,714	2,142,857	2,500,000
Preferred Stock	-				
Common Stock and Retained Earnings (Excl. Preferred Stock)	12,288,749	12,501,639	12,877,028	12,502,733	12,259,640
Short-Term Debt	826,199	819,762	788,758	758,000	383,728
Pretax Income	368,194	530,006	624,183	477,389	571,426
Interest Expense	218,671	258,543	221,013	141,699	128,294
Common Dividends Paid	53,559	69,224	69,464	69,286	69,029
Net Income (Excl. Preferred Stock Dividends)	118,614	111,430	260,951	280,700	278,546
Internal Cash	1,800,687	1,646,456	1,337,737	1,811,726	1,589,902
Cash Outflows for Construction	(524,783)	(894,143)	(2,036,776)	(1,339,432)	(861,252)
CWIP	176,176	730,694	884,072	251,713	162,866
Total Plant	25,424,547	24,900,195	24,189,892	22,699,916	21,702,945
Shares Outstanding	480,000	480,000	480,000	480,000	480,000
Number of Employees	21	22	20	18	19

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	(\$16,925)	(\$101,212)	\$34,019	(\$8,672)	\$64,410	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	535,205	532,657	530,156	525,353	500,160	2
Changes in Deferred Income Taxes	59,678	(1,615)	(8,180)	14,748	137,306	3
Changes in Working Capital	25,440	183,529	(93,411)	124,630	(17,436)	4
Capitalized AFDC - Equity	0	0				5
Other	(113,364)	(28,965)	95,900	(10,489)	50,657	6
Total Non-Cash Items	506,959	685,606	524,465	654,242	670,687	7
Net Cash Provided From Operating Activities	<u>490,034</u>	<u>584,394</u>	<u>558,484</u>	<u>645,570</u>	<u>735,097</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(135,761)	(206,377)	(260,072)	(335,781)	(521,967)	9
Purchase of Other Investments	0	0				10
Sale of Other Investments	4,866	13,311	(363)	(36,083)	(39,375)	11
Other		0			9,551	12
Net Cash Provided From Investing Activities	<u>(130,895)</u>	<u>(193,066)</u>	<u>(260,435)</u>	<u>(371,864)</u>	<u>(551,791)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt				(2,123,062)	(750,000)	17
Dividends Paid						18
Other Financing	48,733	4,778	(10,194)	1,725,805	18,689	19
Net Cash Provided From Financing Activities	<u>48,733</u>	<u>4,778</u>	<u>(10,194)</u>	<u>(397,257)</u>	<u>(731,311)</u>	20
Net Increase (Decrease) in Cash & Equivalents	407,872	396,106	287,855	(123,551)	(548,005)	21
Cash & Equivalents at Beginning of Year	773,109	377,003	89,148	212,699	760,704	22
Cash & Equivalents at End of Year	\$1,180,981	\$773,109	\$377,003	\$89,148	\$212,699	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$1,907,394	\$2,018,520	\$2,257,563	\$2,285,159	\$2,355,609
2 Access Lines	2,298	2,484	2,621	2,688	2,929
DOLLAR AMOUNTS					
3 Wages and Benefits	\$456,757	\$511,094	\$557,772	\$510,271	\$455,405
4 Depreciation and Amortization	535,205	538,834	529,655	525,353	500,159
5 Other Operations Expense	931,511	1,077,029	1,070,867	1,091,284	1,079,911
6 Total Operation Expenses	1,923,473	2,126,957	2,158,294	2,126,908	2,035,475
7 Income Taxes - Operating Taxes	(43,999)	(81,936)	(36,631)	(24,254)	31,100
8 Other Taxes - Operating Taxes	112,602	111,606	132,097	138,543	121,867
9 Capital Costs	(84,682)	(138,107)	3,803	43,962	167,167
10 Total	\$1,907,394	\$2,018,520	\$2,257,563	\$2,285,159	\$2,355,609
PERCENT OF REVENUES					
11 Wages and Benefits	23.9	25.3	24.7	22.3	19.3
12 Depreciation and Amortization	28.1	26.7	23.5	23.0	21.2
13 Other Operations Expense	48.8	53.4	47.4	47.8	45.8
14 Income Taxes - Operating Taxes	(2.3)	(4.1)	(1.6)	(1.1)	1.3
15 Other Taxes - Operating Taxes	5.9	5.5	5.9	6.1	5.2
16 Capital Costs	(4.4)	(6.8)	0.2	1.9	7.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	198.76	205.75	212.81	189.83	155.48
19 Depreciation and Amortization	232.90	216.92	202.08	195.44	170.76
20 Other Operations Expense	405.36	433.59	408.57	405.98	368.70
21 Income Taxes - Operating Taxes	(19.15)	(32.99)	(13.98)	(9.02)	10.62
22 Other Taxes - Operating Taxes	49.00	44.93	50.40	51.54	41.61
23 Capital Costs	(36.85)	(55.60)	1.45	16.35	57.07
24 Total	830.02	812.61	861.34	850.13	804.24

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$929,421	\$973,563	\$938,099	\$919,818	\$977,676	1
Central Office Assets	3,049,838	3,028,720	2,880,118	2,702,074	2,548,540	2
Information Origination/Termination	1,632	7,106	7,933	11,122	11,180	3
Cable And Wire Facilities	4,191,840	4,218,460	4,174,989	4,150,954	4,082,484	4
Amortizable Assets	167,667	194,242	217,526	1,963,061	2,006,931	5
Total Plant In Service	8,340,398	8,422,091	8,218,665	9,747,029	9,626,811	6
Property Held For Future Use						7
Plant Under Construction	46,459	2,142	18,551	12,334	11,597	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill	1,709,839	1,709,839	1,709,839			12
Total Telecommunications Plant	10,096,696	10,134,072	9,947,055	9,759,363	9,638,408	13
Less Acc. Prov. For Depreciation & Amort.	5,230,848	4,863,914	4,337,306	3,899,045	3,624,601	14
Net Total Utility Plant	\$4,865,848	\$5,270,158	\$5,609,749	\$5,860,318	\$6,013,807	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	4.54	3.41	2.69	1.51	0.32	16
Total Capitalization	\$5,006,512	\$4,974,704	\$5,071,138	\$5,128,901	\$5,534,829	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.0%	0.1%	0.0%	0.2%	0.3%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	99.9%	99.9%	99.8%	99.8%	61.3%	20
Short-Term Debt	0.0%	0.0%	0.2%	0.0%	38.4%	21
Pretax Coverage of Interest Expense	8.72	-31.32	34.78	0.58	1.89	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	-0.3%	-2.0%	0.7%	-0.2%	1.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	361.0%	283.2%	214.7%	192.3%	140.8%	25
CWIP as a % of Plant	0.5%	0.0%	0.2%	0.1%	0.1%	26

Current Assets	1,426,060	1,120,091	881,566	572,588	775,215
Current Liabilities	314,105	328,390	327,434	379,337	2,459,371
Total Capitalization	5,006,512	4,974,704	5,071,138	5,128,901	5,534,829
Long-Term Debt	978	3,327		8,495	18,689
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	5,003,186	4,969,028	5,062,643	5,120,406	3,393,078
Short-Term Debt	2,348	2,349	8,495		2,123,062
Pretax Income	(25,468)	(158,719)	14,293	38,771	212,411
Interest Expense	(2,919)	5,067	411	66,312	112,146
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(16,925)	(101,212)	34,019	(8,672)	64,410
Internal Cash	490,034	584,394	558,484	645,570	735,097
Cash Outflows for Construction	(135,761)	(206,377)	(260,072)	(335,781)	(521,967)
CWIP	46,459	2,142	18,551	12,334	11,597
Total Plant	10,096,696	10,134,072	9,947,055	9,759,363	9,638,408
Shares Outstanding	100	100	100	100	100
Number of Employees	6	7	7	8	8

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

	2008	2007	2006	2005	2004	
Cash Flows from Operating Activities						
Net Income	\$5,815,185	\$5,491,901	\$3,997,479	\$5,169,814	\$8,512,279	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	4,026,362	3,811,361	3,601,255	3,757,256	3,788,162	2
Changes in Deferred Income Taxes	(884,312)	(404,678)	4,049,316	2,843,912	(577,869)	3
Changes in Working Capital	(2,527,910)	1,243,592	4,205,162	(3,994,699)	1,566,929	4
Capitalized AFDC - Equity		(69,380)	(16,772)	(11,645)	(6,887)	5
Other	(16,448,130)	(11,330,945)	(10,775,145)	(11,425,614)	(12,462,451)	6
Total Non-Cash Items	(15,833,990)	(6,750,050)	1,063,816	(8,830,790)	(7,692,116)	7
Net Cash Provided From Operating Activities	<u>(10,018,805)</u>	<u>(1,258,149)</u>	<u>5,061,295</u>	<u>(3,660,976)</u>	<u>820,163</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,581,754)	(3,207,296)	(3,899,699)	(1,922,110)	(4,012,077)	9
Purchase of Other Investments				(237,500)		10
Sale of Other Investments	21,641	(4,113,253)	610,910	888,976	(712,500)	11
Other	10,357,057	9,023,273	9,150,000	9,975,000	15,377,800	12
Net Cash Provided From Investing Activities	<u>8,796,944</u>	<u>1,702,724</u>	<u>5,861,211</u>	<u>8,704,366</u>	<u>10,653,223</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(1,518,632)	(1,518,633)			4,620,342	14
Common Stock	34,532			(1,149,500)	13,651	15
Preferred Stock						16
Short-Term Debt				(1,518,633)		17
Dividends Paid	4,264,024	(4,306,424)	(9,658,204)	(4,306,424)	(5,318,524)	18
Other Financing			(1,518,647)		(439,243)	19
Net Cash Provided From Financing Activities	<u>2,779,924</u>	<u>(5,825,057)</u>	<u>(11,176,851)</u>	<u>(6,974,557)</u>	<u>(1,123,774)</u>	20
Net Increase (Decrease) in Cash & Equivalents	1,558,063	(5,380,482)	(254,345)	(1,931,167)	10,349,612	21
Cash & Equivalents at Beginning of Year	5,640,617	11,021,099	11,275,444	13,206,612	2,857,000	22
Cash & Equivalents at End of Year	\$7,198,680	\$5,640,617	\$11,021,099	\$11,275,444	\$13,206,612	23

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

	2008	2007	2006	2005	2004
1 Revenues	\$16,776,938	\$17,484,774	\$18,425,025	\$20,021,382	\$20,477,526
2 Access Lines	19,503	22,031	23,718	26,415	28,412
DOLLAR AMOUNTS					
3 Wages and Benefits	\$7,415,792	\$7,676,512	\$7,969,906	\$8,597,091	\$8,238,445
4 Depreciation and Amortization	4,001,162	3,798,761	3,590,189	3,744,436	3,775,562
5 Other Operations Expense	6,406,684	6,557,286	9,606,207	9,350,835	6,889,414
6 Total Operation Expenses	17,823,638	18,032,559	21,166,301	21,692,362	18,903,422
8 Income Taxes - Operating Taxes	2,782,178	2,636,907	(220,924)	(1,047,738)	53,851
9 Other Taxes - Operating Taxes	1,165,936	1,159,006	1,033,862	1,281,462	1,177,816
10 Capital Costs	(4,994,814)	(4,343,698)	(3,554,214)	(\$1,904,704)	342,438
11 Total	\$16,776,938	\$17,484,774	\$18,425,025	\$20,021,382	\$20,477,527
PERCENT OF REVENUES					
12 Wages and Benefits	44.2	43.9	43.3	42.9	40.2
13 Depreciation and Amortization	23.8	21.7	19.5	18.7	18.4
14 Other Operations Expense	38.2	37.5	52.1	46.7	33.6
16 Income Taxes - Operating Taxes	16.6	15.1	(1.2)	(5.2)	0.3
17 Other Taxes - Operating Taxes	6.9	6.6	5.6	6.4	5.8
18 Capital Costs	(29.8)	(24.8)	(19.3)	(9.5)	1.7
19 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
20 Wages and Benefits	380.24	348.44	336.03	325.46	289.96
21 Depreciation and Amortization	205.16	172.43	151.37	141.75	132.89
22 Other Operations Expense	328.50	297.64	405.02	354.00	242.48
24 Income Taxes - Operating Taxes	142.65	119.69	(9.31)	(39.66)	1.90
25 Other Taxes - Operating Taxes	59.78	52.61	43.59	48.51	41.45
26 Capital Costs	(256.10)	(197.16)	(149.85)	(72.11)	12.05
27 Total	860.22	793.64	776.84	757.96	720.74

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

	2008	2007	2006	2005	2004	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$9,682,317	\$9,667,212	\$8,291,861	\$8,218,803	\$7,925,391	1
Central Office Assets	29,203,750	28,261,066	27,664,413	29,324,116	28,945,035	2
Information Origination/Termination	1,815,013	1,773,741	1,736,005	1,750,134	1,753,558	3
Cable And Wire Facilities	28,312,847	27,200,037	26,640,620	25,800,263	24,985,381	4
Amortizable Assets						5
Total Plant In Service	69,013,928	66,902,057	64,332,899	65,093,316	63,609,366	6
Property Held For Future Use						7
Plant Under Construction	144,105	834,026	56,296	56,296	193,789	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	69,158,033	67,736,082	64,389,195	65,149,612	63,803,154	13
Less Acc. Prov. For Depreciation & Amort.	38,831,682	34,977,723	31,685,617	32,196,983	29,039,845	14
Net Total Utility Plant	\$30,326,351	\$32,758,359	\$32,703,577	\$32,952,629	\$34,763,309	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.36	1.17	1.74	3.62	2.47	16
Total Capitalization	\$40,588,917	\$43,632,503	\$41,504,797	\$50,482,223	\$52,422,498	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	10.3%	13.1%	17.4%	17.3%	19.6%	18
Preferred Stock	1.2%	1.1%	1.2%	1.0%	1.0%	19
Common Stock & Retained Earnings	84.7%	82.3%	77.8%	78.7%	76.6%	20
Short-Term Debt	3.7%	3.5%	3.7%	3.0%	2.9%	21
Pretax Coverage of Interest Expense	78.67	13.61	8.51	13.53	36.33	22
Com. Stock Dividends as a % of Earnings	74.1%	78.3%	242.5%	83.2%	62.4%	23
Return on Common Equity	16.5%	16.0%	11.0%	12.9%	21.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-633.4%	-39.2%	162.5%	-190.5%	20.4%	25
CWIP as a % of Plant	0.2%	1.2%	0.1%	0.1%	0.3%	26

Current Assets	27,195,490	19,297,696	20,453,496	24,452,916	25,597,321
Current Liabilities	20,064,421	16,482,468	11,723,058	6,764,107	10,353,084
Total Capitalization	40,588,917	43,632,503	41,504,797	50,482,223	52,422,498
Long-Term Debt	4,176,238	5,694,870	7,213,503	8,732,149	10,250,782
Preferred Stock	500,000	500,000	500,000	500,000	500,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	34,394,046	35,919,000	32,272,662	39,731,441	40,153,084
Short-Term Debt	1,518,633	1,518,633	1,518,633	1,518,633	1,518,632
Pretax Income	8,708,052	8,722,292	6,762,540	8,469,890	13,258,998
Interest Expense	110,689	641,020	794,733	626,001	364,932
Common Dividends Paid	4,289,024	4,281,424	9,633,204	4,281,424	5,293,524
Net Income (Excl. Preferred Stock Dividends)	5,790,185	5,466,901	3,972,479	5,144,814	8,487,279
Internal Cash	(10,018,807)	(1,258,149)	6,335,832	(3,660,976)	820,163
Cash Outflows for Construction	(1,581,754)	(3,207,296)	(3,899,699)	(1,922,110)	(4,012,077)
CWIP	144,105	834,026	56,296	56,296	193,789
Total Plant	69,158,032	67,736,082	64,389,195	65,149,611	63,803,154
Shares Outstanding	5,985,463	5,985,463	5,985,463	5,985,463	5,985,463
Number of Employees	106	102	83	119	122

ALLTEL New York, Inc.
Armstrong Telephone Company
Berkshire Telephone Corporation
Cassadaga Telephone Corp.
Champlain Telephone Company
Chautauqua & Erie Telephone Corp.
Chazy & Westport Telephone Corporation
Citizens Telecommunications Co. of New York, Inc.
Citizens Telephone Company of Hammond, N. Y., Inc
Crown Point Telephone Corporation
Delhi Telephone Company
Deposit Telephone Company, Inc.
Dunkirk & Fredonia Telephone Company
Edwards Telephone Company
Empire Telephone Corporation
Fishers Island Telephone Corporation
Frontier Communications of AuSable Valley
Frontier Communications of New York
Frontier Communications of Seneca Gorham
Frontier Communications of Sylvan Lake
Germantown Telephone Company, Inc.
Hancock Telephone Company
Margaretville Telephone Co., Inc.
Middleburgh Telephone Company
New York Telephone Company
Newport Telephone Company, Inc.
Nicholville Telephone Company, Inc.
Ogden Telephone Company
Oneida County Rural Telephone Company
Ontario Telephone Company, Inc.
Oriskany Falls Telephone Corporation
Pattersonville Telephone Company
Port Byron Telephone Company
Rochester Telephone Corporation
State Telephone Company
Taconic Telephone Corp.
Township Telephone Company, Inc.
Trumansburg Home Telephone Company
Vernon Telephone Company, Inc.
Warwick Valley Telephone Company

Verizon New York	New York Telephone Company
Frontier of Rochester	Rochester Telephone Corporation
Citizens Tel of New York	Citizens Telecommunications Co. of New York, Inc.
Frontier of New York (Highland)	Frontier Communications of New York
ALLTEL	ALLTEL New York, Inc.
Warwick Valley	Warwick Valley Telephone Company
Taconic	Taconic Telephone Corp.
Frontier of Sylvan Lake	Frontier Communications of Sylvan Lake
Ogden	Ogden Telephone Company
Chautauqua & Erie	Chautauqua & Erie Telephone Corp.
Dunkirk & Fredonia	Dunkirk & Fredonia Telephone Company
Frontier of Seneca Gorham	Frontier Communications of Seneca Gorham
Deposit	Deposit Telephone Company, Inc.
Frontier of AuSable Valley	Frontier Communications of AuSable Valley
Empire	Empire Telephone Corporation
Trumansburg Home	Trumansburg Home Telephone Company
State	State Telephone Company
Champlain	Champlain Telephone Company
Middleburgh	Middleburgh Telephone Company
Armstrong	Armstrong Telephone Company
Berkshire	Berkshire Telephone Coropration
Delhi	Delhi Telephone Company
Oneida County Rural	Oneida County Rural Telephone Company
Township	Township Telephone Company, Inc.
Ontario	Ontario Telephone Company, Inc.
Germantown	Germantown Telephone Company, Inc.
Nicholville	Nicholville Telephone Company, Inc.
Citizens Tel of Hammond	Citizens Telephone Company of Hammond, N. Y., Inc
Margaretville	Margaretville Telephone Co., Inc.
Chazy & Westport	Chazy & Westport Telephone Corporation
Port Byron	Port Byron Telephone Company
Newport	Newport Telephone Company, Inc.
Edwards	Edwards Telephone Company
Vernon	Vernon Telephone Company, Inc.
Hancock	Hancock Telephone Company
Crown Point	Crown Point Telephone Corporation
Pattersonville	Pattersonville Telephone Company
Fishers Island	Fishers Island Telephone Corporation
Cassadaga	Cassadaga Telephone Corp.
Oriskany Falls	Oriskany Falls Telephone Corporation

Verizon New York
Frontier of Rochester
Citizens Tel of New York
Frontier of New York (Highland)
ALLTEL
Warwick Valley
Taconic
Frontier of Sylvan Lake
Ogden
Chautauqua & Erie
Dunkirk & Fredonia
Frontier of Seneca Gorham
Deposit
Frontier of AuSable Valley
Empire
Trumansburg Home
State
Champlain
Middleburgh
Armstrong
Berkshire
Delhi
Oneida County Rural
Township
Ontario
Germantown
Nicholville
Citizens Tel of Hammond
Margaretville
Chazy & Westport
Port Byron
Newport
Edwards
Vernon

Hancock
Crown Point
Pattersonville
Fishers Island
Cassadaga
Oriskany Falls

Verizon New York
Frontier of Rochester
Citizens Tel of New York
Frontier of New York (Highland)
ALLTEL
Warwick Valley
Taconic
Frontier of Sylvan Lake
Ogden
Chautauqua & Erie
Dunkirk & Fredonia
Frontier of Seneca Gorham
Deposit
Frontier of AuSable Valley
Empire
Trumansburg Home
State
Champlain
Middleburgh
Armstrong
Berkshire
Delhi
Oneida County Rural
Township
Ontario
Germantown
Nicholville

Citizens Tel of Hammond
Margaretville
Chazy & Westport
Port Byron
Newport
Edwards
Vernon
Hancock
Crown Point
Pattersonville
Fishers Island
Cassadaga
Oriskany Falls

57,008,896	81,187,435	95,002
4,567,303	6,383,998	3,571
4,322,302	7,128,240	6,562
992,071	1,543,535	1,485
5,299,948	6,521,757	5,914
8,440,986	13,838,129	11,495
2,990,711	5,942,422	3,935
250,559,916	456,908,465	312,816
3,280,430	4,882,565	1,959
1,940,584	4,129,568	1,128
4,267,995	5,287,194	5,516
6,429,878	8,758,521	9,646
7,690,516	6,669,254	10,308
2,562,322	4,027,541	2,844
5,732,792	12,960,981	8,287
1,320,835	1,270,814	1,078
5,889,018	7,848,571	6,643
70,766,111	72,287,713	75,886
6,503,194	6,941,972	9,452
13,765,744	21,797,320	19,395
3,503,071	3,122,124	3,003
2,027,455	1,710,273	1,809
3,091,930	3,051,419	4,496
5,078,826	6,395,178	7,220
6,725,463,904	11,493,989,733	9,577,469
2,824,244	4,200,027	3,704
3,452,384	3,564,265	2,549
9,193,619	17,208,358	21,414
4,193,719	6,716,783	3,848
3,624,424	7,820,993	4,885
492,711	649,160	704
1,831,738	1,600,274	1,336
2,887,857	5,249,897	3,680
342,188,028	591,959,702	501,422
5,417,852	4,731,229	8,777
20,438,292	25,167,016	28,601
3,738,738	9,524,553	5,868
5,577,151	11,200,414	7,065
2,355,609	6,013,807	2,929
20,477,526	34,763,309	28,412

6,725,463,904	11,493,989,733	9,577,469
342,188,028	591,959,702	501,422
250,559,916	(426,098,347)	312,816
70,766,111	72,287,713	75,886
57,008,896	81,187,435	95,002
20,477,526	34,763,309	28,412
20,438,292	25,167,016	28,601
13,765,744	21,797,320	19,395
9,193,619	17,208,358	21,414
8,440,986	13,838,129	11,495
7,690,516	6,669,254	10,308
6,503,194	6,941,972	9,452
6,429,878	8,758,521	9,646
5,889,018	7,848,571	6,643
5,732,792	12,960,981	8,287
5,577,151	11,200,414	7,065
5,417,852	4,731,229	8,777
5,299,948	6,521,757	5,914
5,078,826	6,395,178	7,220
4,567,303	6,383,998	3,571
4,322,302	7,128,240	6,562
4,267,995	5,287,194	5,516
4,193,719	6,716,783	3,848
3,738,738	9,524,553	5,868
3,624,424	7,820,993	4,885
3,503,071	3,122,124	3,003
3,452,384	3,564,265	2,549
3,280,430	4,882,565	1,959
3,091,930	3,051,419	4,496
2,990,711	5,942,422	3,935
2,887,857	5,249,897	3,680
2,824,244	4,200,027	3,704
2,562,322	4,027,541	2,844
2,355,609	6,013,807	2,929
2,027,455	1,710,273	1,809
1,940,584	4,129,568	1,128
1,831,738	1,600,274	1,336
1,320,835	1,270,814	1,078
992,071	1,543,535	1,485
492,711	649,160	704

6,725,464	11,493,990	9,577,469
342,188	591,960	501,422
250,560	(426,098)	312,816
70,766	72,288	75,886
57,009	81,187	95,002
20,478	34,763	28,412
20,438	25,167	28,601
13,766	21,797	19,395
9,194	17,208	21,414
8,441	13,838	11,495
7,691	6,669	10,308
6,503	6,942	9,452
6,430	8,759	9,646
5,889	7,849	6,643
5,733	12,961	8,287
5,577	11,200	7,065
5,418	4,731	8,777
5,300	6,522	5,914
5,079	6,395	7,220
4,567	6,384	3,571
4,322	7,128	6,562
4,268	5,287	5,516
4,194	6,717	3,848
3,739	9,525	5,868
3,624	7,821	4,885
3,503	3,122	3,003
3,452	3,564	2,549
3,280	4,883	1,959
3,092	3,051	4,496
2,991	5,942	3,935
2,888	5,250	3,680
2,824	4,200	3,704
2,562	4,028	2,844
2,356	6,014	2,929

2,027	1,710	1,809
1,941	4,130	1,128
1,832	1,600	1,336
1,321	1,271	1,078
992	1,544	1,485
493	649	704

6,725,464	11,493,990	9,577,469
342,188	591,960	501,422
250,560	(426,098)	312,816
70,766	72,288	75,886
57,009	81,187	95,002
20,478	34,763	28,412
20,438	25,167	28,601
13,766	21,797	19,395
9,194	17,208	21,414
8,441	13,838	11,495
7,691	6,669	10,308
6,503	6,942	9,452
6,430	8,759	9,646
5,889	7,849	6,643
5,733	12,961	8,287
5,577	11,200	7,065
5,418	4,731	8,777
5,300	6,522	5,914
5,079	6,395	7,220
4,567	6,384	3,571
4,322	7,128	6,562
4,268	5,287	5,516
4,194	6,717	3,848
3,739	9,525	5,868
3,624	7,821	4,885
3,503	3,122	3,003
3,452	3,564	2,549

3,280	4,883	1,959
3,092	3,051	4,496
2,991	5,942	3,935
2,888	5,250	3,680
2,824	4,200	3,704
2,562	4,028	2,844
2,356	6,014	2,929
2,027	1,710	1,809
1,941	4,130	1,128
1,832	1,600	1,336
1,321	1,271	1,078
992	1,544	1,485
493	649	704