

Table 1 T

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$60,171 | \$61,157 | \$517,920 | \$533,202 | \$531,058 |
| 2 Accounts Receivable (Net) | 1,120,578 | 1,401,781 | 1,184,599 | 1,278,897 | 1,366,073 |
| 3 Current Deferred Income Taxes | 237 | 245 | 243 | 219 | 498 |
| 4 Other Current Assets | 199,214 | 287,668 | 255,199 | 260,535 | 282,711 |
| 5 Total Current Assets | 1,380,200 | 1,750,852 | 1,957,961 | 2,072,854 | 2,180,340 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 944,851 | 758,183 | 707,400 | 635,480 | 396,054 |
| 7 Unamortized Debt Issuance Costs | 7,127 | 8,077 | 10,867 | 12,137 | 13,522 |
| 8 Deferred Charges | 94,788 | 95,126 | 124,777 | 171,962 | 248,406 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 10,176 | 9,971 | 10,392 | 14,376 | 8,968 |
| 11 Other Non-Current Assets | 701,548 | 710,355 | 682,100 | 624,682 | 833,422 |
| 12 Total Non-Current Assets | 1,758,490 | 1,581,712 | 1,535,536 | 1,458,637 | 1,500,373 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 35,018,621 | 34,198,295 | 33,691,214 | 33,754,697 | 33,286,321 |
| 14 Less: Accumulated Depr and Amort. | 23,483,253 | 22,712,098 | 22,112,044 | 21,927,813 | 21,226,826 |
| 15 Net Regulated Plant | 11,535,368 | 11,486,197 | 11,579,170 | 11,826,884 | 12,059,495 |
| 16 Total Assets & Other Debits | \$14,674,058 | \$14,818,761 | \$15,072,667 | \$15,358,375 | \$15,740,208 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$612,501 | \$992,314 | \$957,424 | \$883,372 | \$1,165,188 |
| 18 Notes Payable | 3,304,644 | 2,852,143 | 2,066,512 | 3,628,674 | 2,722,602 |
| 19 Advanced Billings | 165,838 | 169,299 | 170,288 | 174,493 | 190,768 |
| 20 Customer Deposits | 7,539 | 6,937 | 7,879 | 7,874 | 8,339 |
| 21 Current Maturities - Long-Term Debt | 404,696 | 4,798 | 255,437 | 5,362 | 7,714 |
| 22 Current Deferred Income Taxes | (96,204) | (118,183) | 33,392 | 38,633 | 11,693 |
| 23 Other Current Liabilities | 558,153 | 614,490 | 634,606 | 652,249 | 679,546 |
| 24 Total Current Liabilities | 4,957,166 | 4,521,798 | 4,125,537 | 5,390,657 | 4,785,850 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 2,277,240 | 2,680,811 | 2,688,367 | 2,943,851 | 2,954,251 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | 17,369 | 19,181 | 21,113 | 23,270 | 25,482 |
| 27 Non-Current Deferred Taxes | 288,277 | 164,494 | 197,547 | 549,279 | 436,008 |
| 28 Other Deferred Credits | 268,442 | 168,191 | 319,192 | 244,076 | 294,014 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 4,636,671 | 4,560,810 | 4,130,901 | 3,706,415 | 4,459,565 |
| 31 Total Other Liab. and Def. Credits | 5,210,758 | 4,912,676 | 4,668,753 | 4,523,040 | 5,215,069 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 29,554 | 29,554 | 29,566 | 29,566 | 29,566 |
| 33 Preferred Stock | 925 | 927 | 927 | 927 | 927 |
| 34 Other Paid in Capital | 5,331,487 | 5,691,371 | 5,694,225 | 2,683,867 | 2,682,325 |
| 35 Retained Earnings | (3,133,073) | (3,018,377) | (2,134,708) | (213,532) | 72,220 |
| 36 Total Stockholder's Equity | 2,228,893 | 2,703,476 | 3,590,010 | 2,500,828 | 2,785,038 |
| 37 Total Liab. and Stockholder's Equity | \$14,674,058 | \$14,818,761 | \$15,072,667 | \$15,358,375 | \$15,740,208 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$2,244,511 | \$2,535,741 | \$2,752,108 | \$2,964,835 | \$3,175,438 | 1 |
| Network Access Services | 2,435,233 | 2,488,242 | 2,552,088 | 2,496,956 | 2,536,691 | 2 |
| Long Distance Network Services | 134,534 | 143,167 | 148,407 | 155,158 | 177,714 | 3 |
| Miscellaneous Revenues | 1,195,125 | 1,154,240 | 914,672 | 1,147,550 | 1,332,562 | 4 |
| Less: Uncollectible Revenues | 77,107 | 71,296 | 69,034 | 43,201 | 82,563 | 5 |
| Total Operating Revenues | 5,932,296 | 6,250,093 | 6,298,242 | 6,721,298 | 7,139,842 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 7,777 | 23,522 | 17,153 | 19,928 | 17,233 | 7 |
| General Support Expenses | 430,005 | 457,941 | 438,264 | 486,098 | 481,540 | 8 |
| Central Office Switching | 241,990 | 233,124 | 252,478 | 262,220 | 264,336 | 9 |
| Operator Systems Expense | 419 | 429 | 654 | 739 | 1,120 | 10 |
| Central Office Transmission | 149,932 | 136,578 | 141,796 | 137,523 | 135,887 | 11 |
| Info. Origination/Termination | 641,188 | 520,660 | 381,404 | 309,824 | 285,597 | 12 |
| Cable & Wire Facilities | 1,242,393 | 974,917 | 1,071,522 | 1,119,694 | 1,113,271 | 13 |
| Total Plant Specific Operations | 2,713,704 | 2,347,173 | 2,303,269 | 2,336,026 | 2,298,982 | 14 |
| Other Plant, Property & Equipment | 11,972 | 12,154 | 9,168 | 10,030 | 13,864 | 15 |
| Network Operations | 644,529 | 795,879 | 822,624 | 867,448 | 844,357 | 16 |
| Access Expense | 125,674 | 129,210 | 142,516 | 172,510 | 189,427 | 17 |
| Depreciation and Amortization | 1,386,223 | 1,498,255 | 1,580,776 | 1,703,876 | 1,831,106 | 18 |
| Total Plant Non-Specific Operations | 2,168,398 | 2,435,498 | 2,555,085 | 2,753,863 | 2,878,754 | 19 |
| Marketing Expense | 351,263 | 365,012 | 408,004 | 324,353 | 308,485 | 20 |
| Services Expense | 628,213 | 643,442 | 661,534 | 699,909 | 731,325 | 21 |
| Total Customer Operations | 979,476 | 1,008,454 | 1,069,538 | 1,024,263 | 1,039,809 | 22 |
| Executive & Planning | 64,370 | 74,158 | 40,897 | 43,363 | 49,703 | 23 |
| General & Administrative | 897,524 | 892,287 | 1,114,168 | 1,073,459 | 1,021,026 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 961,894 | 966,445 | 1,155,066 | 1,116,822 | 1,070,729 | 27 |
| Total Operations Expense | 6,823,473 | 6,757,570 | 7,082,958 | 7,230,973 | 7,288,274 | 28 |
| Other Operating Income & Expenses | 37,430 | 46,282 | 87,379 | 138,559 | 310,827 | 29 |
| State & Local Income Taxes | (8,646) | 198 | 189 | 5,104 | 390 | 30 |
| Other Taxes | 501,179 | 517,954 | 530,981 | 577,345 | 557,259 | 31 |
| Net Operating Income Before FIT | (1,346,280) | (979,347) | (1,228,507) | (953,565) | (395,254) | 32 |
| Investment Tax Credits - Net | 1,811 | 1,932 | 2,152 | 2,211 | 2,472 | 33 |
| Federal Income Taxes | (758,638) | (295,259) | (205,715) | (286,281) | (9,407) | 34 |
| Provision - Def. Operating Income Taxes - Net | 139,176 | (174,300) | (245,982) | (90,539) | (184,522) | 35 |
| Net Operating Income | (\$725,007) | (\$507,856) | (\$774,659) | (\$574,534) | (\$198,852) | 36 |

Table 3 T

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---------------|---------------|---------------|-------------|------------|
| 37 Net Operating Income | | (507,856) | (774,659) | (574,534) | (198,852) |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | 84 | 132 | 482 | 83 | 795 |
| 39 Interest Income | 9,514 | 32,287 | 49,619 | 44,204 | 20,122 |
| 40 Income - Sinking and Other Funds | | | | 236 | 63 |
| 41 Allowance for Funds Used During Construction | 16,666 | 18,512 | 19,854 | 21,504 | 18,925 |
| 42 Gains/Losses - Disposal of Property | 97 | 31 | 80 | 1,072 | 105 |
| 43 Equity in Earnings of Affiliated Companies | 564,083 | 64,146 | 32,058 | 31,343 | 48,867 |
| 44 Other Non-Operating Income | (8,899) | 14,477 | 19,610 | 22,851 | 9,071 |
| 45 Special Charges | 8,982 | 8,451 | 10,782 | 15,150 | 16,946 |
| 46 Total Non-Operating Income & Expenses | 572,563 | 121,135 | 110,921 | 106,155 | 81,000 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 15,531 | 12,318 | 13,903 | 14,690 | 126 |
| 48 Other | 3,873 | 4,953 | 2,051 | 6,024 | 24,562 |
| 49 Total Non-Operating Taxes | 19,404 | 17,271 | 15,954 | 20,713 | 24,688 |
| 50 Income Available Before Interest Charges | (171,848) | (403,992) | (679,691) | (489,091) | (142,541) |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 187,818 | 190,731 | 204,603 | 205,713 | 208,823 |
| 52 Other Interest Expense | 117,754 | 114,093 | 174,339 | 193,388 | 151,751 |
| 53 Total Interest Charges | 305,572 | 304,823 | 378,942 | 399,101 | 360,574 |
| 54 Income Before Extraordinary & Nonreg Items | (477,419) | (708,815) | (1,058,633) | (888,192) | (503,115) |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | 547 | 19 | 622 | |
| 56 Nonregulated Revenues | 51,727 | 60,828 | 384,640 | 234,735 | 239,770 |
| 57 Total Extraordinary & Nonregulated Items | 51,727 | 61,376 | 384,659 | 235,356 | 239,770 |
| 58 Net Income | (\$42,561) | (\$64,731) | (\$67,384) | (\$65,271) | (\$26,329) |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | (\$3,226,267) | (\$2,285,501) | (\$334,009) | (\$19,211) | \$314,760 |
| 60 Transferred from Income | (1,036,964) | (769,325) | (763,015) | (684,546) | (312,211) |
| 61 Appropriations | | (1,140) | | 720 | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | 49 | 2,049 | 3,149 | 180 | 51 |
| 63 Common Stock | 159,860 | 176,194 | 211,985 | 26,851 | 105,748 |
| 64 Adjustments | 819,846 | 5,662 | (973,699) | (396,875) | 87,048 |
| 65 Ending Year Balance | (3,601,060) | (3,226,267) | (2,285,857) | (334,009) | (16,202) |
| 66 Appropriated/Undistr Affiliate Retained Earnings | 467,987 | 207,890 | 151,149 | 120,477 | 88,422 |
| 67 Total Retained Earnings | (\$3,133,073) | (\$3,018,377) | (\$2,134,708) | (\$213,532) | \$72,220 |

Table 1 WT

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$59,912 | \$59,926 | \$50,246 | \$50,089 | \$45,861 |
| 2 Accounts Receivable (Net) | 235,984 | 195,279 | 199,495 | 202,276 | 234,416 |
| 3 Current Deferred Income Taxes | 237 | 245 | 243 | 219 | 498 |
| 4 Other Current Assets | 22,803 | 27,969 | 27,300 | 27,925 | 29,186 |
| 5 Total Current Assets | 318,937 | 283,420 | 277,284 | 280,509 | 309,961 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 413,010 | 391,849 | 366,026 | 296,209 | 44,277 |
| 7 Unamortized Debt Issuance Costs | 164 | 202 | 259 | 308 | 386 |
| 8 Deferred Charges | 4,951 | 5,446 | 5,366 | 5,342 | 10,779 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 10,176 | 9,971 | 10,392 | 14,376 | 8,968 |
| 11 Other Non-Current Assets | 211,031 | 210,599 | 211,874 | 207,967 | 209,572 |
| 12 Total Non-Current Assets | 639,332 | 618,068 | 593,916 | 524,202 | 273,983 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 3,699,667 | 3,656,191 | 3,606,646 | 3,543,404 | 3,472,326 |
| 14 Less: Accumulated Depr and Amort. | 2,643,249 | 2,509,407 | 2,376,998 | 2,221,730 | 2,070,638 |
| 15 Net Regulated Plant | 1,056,418 | 1,146,783 | 1,229,648 | 1,321,674 | 1,401,689 |
| 16 Total Assets & Other Debits | \$2,014,687 | \$2,048,271 | \$2,100,848 | \$2,126,385 | \$1,985,633 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$113,736 | \$124,209 | \$137,420 | \$95,997 | \$121,682 |
| 18 Notes Payable | 4,174 | 3,365 | 3,078 | 2,883 | 4,483 |
| 19 Advanced Billings | 12,851 | 13,073 | 13,871 | 14,637 | 12,963 |
| 20 Customer Deposits | 134 | 124 | 189 | 227 | 298 |
| 21 Current Maturities - Long-Term Debt | 3,574 | 3,666 | 3,770 | 3,826 | 5,990 |
| 22 Current Deferred Income Taxes | (65) | (44) | (44) | (18) | (11) |
| 23 Other Current Liabilities | 15,765 | 13,727 | 18,369 | 27,213 | 18,535 |
| 24 Total Current Liabilities | 150,170 | 158,122 | 176,654 | 144,764 | 163,941 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 26,138 | 31,123 | 37,207 | 43,479 | 55,009 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | 0 | 0 | 13 | 20 | 28 |
| 27 Non-Current Deferred Taxes | 201,427 | 184,922 | 185,659 | 209,441 | 195,543 |
| 28 Other Deferred Credits | 15,323 | 18,217 | 29,330 | 27,716 | 16,484 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 163,367 | 156,211 | 146,564 | 143,095 | 134,185 |
| 31 Total Other Liab. and Def. Credits | 380,117 | 359,350 | 361,567 | 380,273 | 346,240 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 28,554 | 28,554 | 28,566 | 28,566 | 28,566 |
| 33 Preferred Stock | 925 | 927 | 927 | 927 | 927 |
| 34 Other Paid in Capital | 547,629 | 546,904 | 549,765 | 548,720 | 547,158 |
| 35 Retained Earnings | 881,154 | 923,293 | 946,164 | 979,656 | 843,791 |
| 36 Total Stockholder's Equity | 1,458,263 | 1,499,677 | 1,525,421 | 1,557,869 | 1,420,442 |
| 37 Total Liab. and Stockholder's Equity | \$2,014,687 | \$2,048,271 | \$2,100,848 | \$2,126,385 | \$1,985,633 |

Table 2 WT

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|------------------|------------------|------------------|------------------|------------------|-------------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$267,908 | \$296,370 | \$315,834 | \$326,776 | \$343,882 | 1 |
| Network Access Services | 314,452 | 314,328 | 344,285 | 357,159 | 405,914 | 2 |
| Long Distance Network Services | 4,261 | 5,580 | 5,771 | 6,867 | 8,092 | 3 |
| Miscellaneous Revenues | 180,216 | 190,036 | 196,544 | 192,191 | 152,695 | 4 |
| Less: Uncollectible Revenues | 10,498 | 9,527 | 10,458 | 6,714 | 5,835 | 5 |
| Total Operating Revenues | 756,339 | 796,787 | 851,977 | 876,280 | 904,748 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 1,181 | 732 | 1,245 | 1,115 | 1,079 | 7 |
| General Support Expenses | 33,733 | 37,222 | 35,100 | 39,852 | 43,242 | 8 |
| Central Office Switching | 23,370 | 25,688 | 26,612 | 27,485 | 25,980 | 9 |
| Operator Systems Expense | 281 | 246 | 283 | 340 | 531 | 10 |
| Central Office Transmission | 13,693 | 13,653 | 13,222 | 13,832 | 13,691 | 11 |
| Info. Origination/Termination | 19,401 | 18,904 | 21,002 | 21,675 | 19,304 | 12 |
| Cable & Wire Facilities | 53,608 | 56,357 | 55,746 | 56,626 | 61,258 | 13 |
| Total Plant Specific Operations | 145,267 | 152,802 | 153,210 | 160,925 | 165,085 | 14 |
| Other Plant, Property & Equipment | 530 | 80 | 189 | 309 | 255 | 15 |
| Network Operations | 41,657 | 50,178 | 54,059 | 54,126 | 55,072 | 16 |
| Access Expense | 15,311 | 16,575 | 17,567 | 23,382 | 26,639 | 17 |
| Depreciation and Amortization | 157,223 | 164,789 | 176,518 | 177,803 | 179,417 | 18 |
| Total Plant Non-Specific Operations | 214,721 | 231,623 | 248,333 | 255,621 | 261,383 | 19 |
| Marketing Expense | 24,133 | 22,795 | 26,562 | 24,187 | 21,357 | 20 |
| Services Expense | 61,211 | 62,766 | 70,303 | 72,555 | 73,525 | 21 |
| Total Customer Operations | 85,344 | 85,561 | 96,865 | 96,742 | 94,881 | 22 |
| Executive & Planning | 15,784 | 15,504 | 17,830 | 19,124 | 20,969 | 23 |
| General & Administrative | 69,822 | 59,416 | 53,894 | 66,186 | 68,106 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 85,606 | 74,920 | 71,724 | 85,310 | 89,075 | 27 |
| Total Operations Expense | 530,938 | 544,906 | 570,132 | 598,597 | 610,425 | 28 |
| Other Operating Income & Expenses | 24 | 23 | 41 | 622 | 12 | 29 |
| State & Local Income Taxes | 186 | 195 | 175 | 5,104 | 171 | 30 |
| Other Taxes | 50,487 | 51,411 | 49,854 | 52,976 | 50,914 | 31 |
| Net Operating Income Before FIT | 174,752 | 200,298 | 231,856 | 220,224 | 243,251 | 32 |
| Investment Tax Credits - Net | | 12 | 2 | 7 | 13 | 33 |
| Federal Income Taxes | 35,079 | 62,673 | 82,711 | 78,451 | 90,503 | 34 |
| Provision - Def. Operating Income Taxes - Net | 12,195 | 7,306 | (4,095) | (2,947) | (8,485) | 35 |
| Net Operating Income | \$127,477 | \$130,331 | \$153,242 | \$144,728 | \$161,246 | 36 |

Table 3 WT

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

| | 2009 | 2008 | 2007 | 2006 | 2006 |
|---|-----------|-----------|-----------|-----------|-----------|
| 37 Net Operating Income | \$127,477 | \$130,331 | \$153,242 | \$144,728 | \$161,246 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | 795 |
| 39 Interest Income | 9,102 | 26,595 | 26,590 | 20,491 | 5,757 |
| 40 Income - Sinking and Other Funds | | | | 236 | 63 |
| 41 Allowance for Funds Used During Construction | 540 | 954 | 975 | 934 | 778 |
| 42 Gains/Losses - Disposal of Property | 97 | 31 | 82 | 1,072 | 101 |
| 43 Equity in Earnings of Affiliated Companies | 122 | 3,982 | 1,510 | 388 | (739) |
| 44 Other Non-Operating Income | 5,378 | 12,662 | 19,031 | 20,257 | 8,389 |
| 45 Special Charges | 949 | 1,269 | 1,043 | 3,240 | 191 |
| 46 Total Non-Operating Income & Expenses | 14,290 | 42,955 | 47,145 | 40,138 | 14,954 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 17,213 | 12,143 | 7,764 | 7,722 | 3,075 |
| 48 Other | 69 | 205 | 1,396 | 1,248 | 20 |
| 49 Total Non-Operating Taxes | 17,282 | 12,347 | 9,159 | 8,970 | 3,095 |
| 50 Income Available Before Interest Charges | 124,484 | 160,939 | 191,228 | 175,896 | 173,104 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 1,648 | 2,068 | 2,676 | 3,607 | 4,534 |
| 52 Other Interest Expense | 9,165 | 7,219 | 8,046 | 6,998 | 6,931 |
| 53 Total Interest Charges | 10,813 | 9,287 | 10,723 | 10,606 | 11,465 |
| 54 Income Before Extraordinary & Nonreg Items | 113,671 | 151,652 | 180,505 | 165,290 | 161,639 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | 547 | 19 | 622 | |
| 56 Nonregulated Revenues | 51,727 | 60,828 | 56,535 | (39) | (49) |
| 57 Total Extraordinary & Nonregulated Items | 51,727 | 61,376 | 56,554 | 583 | (49) |
| 58 Net Income | \$165,398 | \$213,027 | \$237,059 | \$165,873 | \$161,590 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$915,589 | \$935,392 | \$968,652 | \$830,879 | \$777,670 |
| 60 Transferred from Income | \$118,171 | \$151,439 | 179,049 | 165,213 | 162,327 |
| 61 Appropriations | | (\$1,140) | - | 720 | - |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | \$49 | \$2,049 | 3,149 | 180 | 51 |
| 63 Common Stock | \$159,860 | \$176,194 | 211,985 | 26,851 | 105,748 |
| 64 Adjustments | (\$80) | \$5,860 | 2,470 | 312 | (310) |
| 65 Ending Year Balance | 873,771 | 915,589 | 935,037 | 968,652 | 833,888 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | 5,149 | 7,703 | 11,127 | 11,004 | 9,903 |
| 67 Total Retained Earnings | \$878,920 | \$923,293 | \$946,164 | \$979,656 | \$843,791 |

Table 1 AT

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$1,090 | \$1,771 | \$464,346 | \$483,628 | \$485,615 |
| 2 Accounts Receivable (Net) | 1,041,877 | 1,327,972 | 1,119,158 | 1,214,152 | 1,282,792 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 183,973 | 273,110 | 241,073 | 246,577 | 268,220 |
| 5 Total Current Assets | 1,226,940 | 1,602,853 | 1,824,577 | 1,944,357 | 2,036,627 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 731,794 | 571,274 | 521,416 | 455,644 | 270,903 |
| 7 Unamortized Debt Issuance Costs | 6,963 | 7,874 | 10,608 | 11,829 | 13,136 |
| 8 Deferred Charges | 89,853 | 89,952 | 119,515 | 166,557 | 242,869 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | | | |
| 11 Other Non-Current Assets | 674,913 | 684,317 | 654,951 | 601,605 | 808,905 |
| 12 Total Non-Current Assets | 1,503,522 | 1,353,417 | 1,306,491 | 1,235,635 | 1,335,814 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 33,927,127 | 33,117,466 | 32,626,339 | 32,703,913 | 32,264,254 |
| 14 Less: Accumulated Depr and Amort. | 22,714,222 | 21,978,483 | 21,415,686 | 21,273,212 | 20,616,772 |
| 15 Net Regulated Plant | 11,212,905 | 11,138,984 | 11,210,654 | 11,430,701 | 11,647,481 |
| 16 Total Assets & Other Debits | \$13,943,367 | \$14,095,254 | \$14,341,722 | \$14,610,693 | \$15,019,923 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$564,829 | \$936,334 | \$919,815 | \$849,901 | \$1,124,397 |
| 18 Notes Payable | 3,300,470 | 2,848,778 | 2,063,434 | 3,625,792 | 2,718,119 |
| 19 Advanced Billings | 162,321 | 165,239 | 165,303 | 170,446 | 187,089 |
| 20 Customer Deposits | 7,406 | 6,778 | 7,674 | 7,628 | 8,056 |
| 21 Current Maturities - Long-Term Debt | 401,122 | 1,131 | 251,667 | 1,536 | 1,725 |
| 22 Current Deferred Income Taxes | (96,139) | (118,139) | 33,435 | 38,651 | 11,703 |
| 23 Other Current Liabilities | 550,412 | 609,883 | 625,335 | 635,009 | 670,170 |
| 24 Total Current Liabilities | 4,890,419 | 4,450,005 | 4,066,664 | 5,328,963 | 4,721,259 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 2,251,103 | 2,649,688 | 2,651,160 | 2,900,372 | 2,899,241 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | 17,369 | 19,181 | 21,100 | 23,250 | 25,454 |
| 27 Non-Current Deferred Taxes | 235,257 | 115,648 | 149,429 | 494,426 | 374,492 |
| 28 Other Deferred Credits | 245,324 | 144,127 | 285,588 | 276,926 | 275,923 |
| 29 Other Jurisdictional Differences - Net | | | | 13,082 | |
| 30 Other Liabilities | 4,598,826 | 4,522,372 | 4,094,940 | 3,667,511 | 4,423,745 |
| 31 Total Other Liab. and Def. Credits | 5,096,776 | 4,801,326 | 4,551,057 | 4,475,195 | 5,099,613 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 1,001 | 1,001 | 1,001 | 1,001 | 1,001 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 5,235,094 | 5,595,704 | 5,595,697 | 2,586,383 | 2,586,404 |
| 35 Retained Earnings | (3,531,027) | (3,402,471) | (2,523,858) | (604,338) | (287,596) |
| 36 Total Stockholder's Equity | 1,705,068 | 2,194,235 | 3,072,840 | 1,983,046 | 2,299,809 |
| 37 Total Liab. and Stockholder's Equity | \$13,943,367 | \$14,095,254 | \$14,341,722 | \$14,610,693 | \$15,019,923 |

Table 2 AT

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$2,167,692 | \$2,455,141 | \$2,665,193 | \$2,871,445 | \$3,077,417 | 1 |
| Network Access Services | 2,313,506 | 2,359,086 | 2,411,631 | 2,353,678 | 2,377,340 | 2 |
| Long Distance Network Services | 131,498 | 139,473 | 144,025 | 150,050 | 171,760 | 3 |
| Miscellaneous Revenues | 1,146,267 | 1,103,206 | 860,186 | 1,090,278 | 1,281,839 | 4 |
| Less: Uncollectible Revenues | 75,480 | 68,841 | 66,706 | 41,978 | 80,877 | 5 |
| Total Operating Revenues | 5,683,483 | 5,988,066 | 6,014,329 | 6,423,471 | 6,827,479 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 7,495 | 23,071 | 16,379 | 19,161 | 16,510 | 7 |
| General Support Expenses | 416,935 | 444,746 | 425,303 | 471,827 | 469,728 | 8 |
| Central Office Switching | 229,971 | 220,134 | 239,894 | 249,365 | 253,068 | 9 |
| Operator Systems Expense | 380 | 399 | 625 | 704 | 1,110 | 10 |
| Central Office Transmission | 142,635 | 128,847 | 134,630 | 131,217 | 129,503 | 11 |
| Info. Origination/Termination | 635,766 | 514,547 | 374,961 | 303,431 | 279,933 | 12 |
| Cable & Wire Facilities | 1,226,260 | 957,357 | 1,055,007 | 1,103,337 | 1,095,385 | 13 |
| Total Plant Specific Operations | 2,659,442 | 2,289,102 | 2,246,798 | 2,279,044 | 2,245,238 | 14 |
| Other Plant, Property & Equipment | 11,669 | 12,087 | 8,979 | 9,717 | 13,609 | 15 |
| Network Operations | 628,811 | 779,192 | 805,436 | 850,229 | 827,605 | 16 |
| Access Expense | 118,785 | 121,844 | 134,708 | 163,980 | 180,477 | 17 |
| Depreciation and Amortization | 1,337,827 | 1,446,423 | 1,525,445 | 1,647,147 | 1,776,499 | 18 |
| Total Plant Non-Specific Operations | 2,097,092 | 2,359,546 | 2,474,567 | 2,671,074 | 2,798,189 | 19 |
| Marketing Expense | 342,615 | 355,757 | 397,809 | 316,365 | 301,263 | 20 |
| Services Expense | 607,399 | 621,484 | 635,422 | 672,652 | 707,007 | 21 |
| Total Customer Operations | 950,014 | 977,241 | 1,033,231 | 989,017 | 1,008,269 | 22 |
| Executive & Planning | 53,475 | 62,673 | 28,329 | 30,182 | 35,189 | 23 |
| General & Administrative | 866,979 | 862,147 | 1,083,253 | 1,036,997 | 985,292 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 920,454 | 924,820 | 1,111,582 | 1,067,179 | 1,020,481 | 27 |
| Total Operations Expense | 6,627,002 | 6,550,709 | 6,866,178 | 7,006,313 | 7,072,178 | 28 |
| Other Operating Income & Expenses | 37,405 | 46,259 | 87,339 | 137,938 | 310,815 | 29 |
| State & Local Income Taxes | (8,832) | 3 | 14 | 4,815 | 219 | 30 |
| Other Taxes | 484,621 | 501,523 | 513,725 | 559,430 | 541,103 | 31 |
| Net Operating Income Before FIT | (1,381,903) | (1,017,910) | (1,278,249) | (1,009,149) | (475,207) | 32 |
| Investment Tax Credits - Net | 1,811 | 1,920 | 2,150 | 2,204 | 2,459 | 33 |
| Federal Income Taxes | (773,288) | (311,015) | (228,919) | (310,768) | (39,419) | 34 |
| Provision - Def. Operating Income Taxes - Net | 138,736 | (176,283) | (242,781) | (85,565) | (181,074) | 35 |
| Net Operating Income | (\$745,539) | (\$528,692) | (\$804,399) | (\$610,611) | (\$252,255) | 36 |

Table 3 AT

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---------------|---------------|---------------|-------------|-------------|
| 37 Net Operating Income | (\$745,539) | (\$528,692) | (\$804,399) | (\$610,611) | (\$252,255) |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | 5,559 | 21,554 | 38,101 | 29,802 | 14,586 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | 16,598 | 18,390 | 19,554 | 21,277 | 18,705 |
| 42 Gains/Losses - Disposal of Property | | 18 | 5 | 97 | 3 |
| 43 Equity in Earnings of Affiliated Companies | 563,961 | 60,165 | 30,548 | 30,955 | 49,605 |
| 44 Other Non-Operating Income | (18,857) | (2,077) | (3,827) | (1,899) | (3,939) |
| 45 Special Charges | 8,336 | 7,555 | 10,014 | 13,839 | 16,984 |
| 46 Total Non-Operating Income & Expenses | 558,925 | 90,496 | 74,367 | 66,394 | 61,977 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 13,793 | 7,505 | 10,826 | 5,155 | (5,349) |
| 48 Other | 3,804 | 4,748 | 655 | 4,776 | 24,542 |
| 49 Total Non-Operating Taxes | 17,597 | 12,253 | 11,481 | 9,931 | 19,193 |
| 50 Income Available Before Interest Charges | (204,212) | (450,449) | (741,513) | (554,148) | (209,471) |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 186,170 | 188,662 | 201,926 | 202,106 | 204,289 |
| 52 Other Interest Expense | 116,792 | 114,302 | 173,017 | 192,450 | 150,271 |
| 53 Total Interest Charges | 302,962 | 302,965 | 374,943 | 394,556 | 354,560 |
| 54 Income Before Extraordinary & Nonreg Items | (507,173) | (753,414) | (1,116,456) | (948,704) | (564,031) |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | 46,659 | 60,126 | 384,689 | 234,773 | 239,819 |
| 57 Total Extraordinary & Nonregulated Items | 46,659 | 60,126 | 384,689 | 234,773 | 239,819 |
| 58 Net Income | (\$460,514) | (\$693,288) | (\$731,768) | (\$713,931) | (\$324,212) |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | (\$3,602,657) | (\$2,663,880) | (\$713,812) | (\$366,112) | (\$17,156) |
| 60 Transferred from Income | (1,071,134) | (813,579) | (818,900) | (744,886) | (373,818) |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | 140,000 | 125,000 | 155,000 | | 149,859 |
| 64 Adjustments | 819,926 | (199) | (976,169) | (397,187) | 87,359 |
| 65 Ending Year Balance | (3,993,866) | (3,602,657) | (2,663,880) | (1,508,185) | (453,473) |
| 66 Appropriated/Undistr Affiliate Retained Earnings | 462,839 | 200,187 | 140,022 | 109,474 | 78,518 |
| 67 Total Retained Earnings | (\$3,531,027) | (\$3,402,471) | (\$2,523,858) | (\$604,338) | (\$287,596) |

Table 1 BT

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-----------|-----------|-----------|-----------|-----------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$59,081 | \$59,386 | \$53,574 | \$49,574 | \$45,443 |
| 2 Accounts Receivable (Net) | 78,701 | 73,809 | 65,441 | 64,745 | 83,281 |
| 3 Current Deferred Income Taxes | 237 | 245 | 243 | 219 | 498 |
| 4 Other Current Assets | 15,241 | 14,558 | 14,126 | 13,958 | 14,490 |
| 5 Total Current Assets | 153,261 | 147,998 | 133,384 | 128,497 | 143,712 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 213,057 | 186,909 | 185,984 | 179,836 | 125,151 |
| 7 Unamortized Debt Issuance Costs | 164 | 202 | 259 | 308 | 386 |
| 8 Deferred Charges | 4,935 | 5,174 | 5,262 | 5,405 | 5,537 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 10,176 | 9,971 | 10,392 | 14,376 | 8,968 |
| 11 Other Non-Current Assets | 26,636 | 26,039 | 27,148 | 23,077 | 24,517 |
| 12 Total Non-Current Assets | 254,968 | 228,295 | 229,045 | 223,002 | 164,559 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 1,091,494 | 1,080,828 | 1,064,875 | 1,050,784 | 1,022,068 |
| 14 Less: Accumulated Depr and Amort. | 769,031 | 733,615 | 696,358 | 654,601 | 610,054 |
| 15 Net Regulated Plant | 322,463 | 347,213 | 368,517 | 396,183 | 412,014 |
| 16 Total Assets & Other Debits | \$730,691 | \$723,507 | \$730,946 | \$747,682 | \$720,285 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$47,672 | \$55,979 | \$37,609 | \$33,471 | \$40,791 |
| 18 Notes Payable | 4,174 | 3,365 | 3,078 | 2,883 | 4,483 |
| 19 Advanced Billings | 3,517 | 4,060 | 4,985 | 4,047 | 3,678 |
| 20 Customer Deposits | 132 | 159 | 205 | 246 | 283 |
| 21 Current Maturities - Long-Term Debt | 3,574 | 3,666 | 3,770 | 3,826 | 5,990 |
| 22 Current Deferred Income Taxes | (65) | (44) | (44) | (18) | (11) |
| 23 Other Current Liabilities | 7,741 | 4,606 | 9,271 | 17,240 | 9,376 |
| 24 Total Current Liabilities | 66,746 | 71,793 | 58,873 | 61,693 | 64,591 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 26,138 | 31,123 | 37,207 | 43,479 | 55,009 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | 0 | 0 | 13 | 20 | 28 |
| 27 Non-Current Deferred Taxes | 53,020 | 48,847 | 48,118 | 54,853 | 61,516 |
| 28 Other Deferred Credits | 23,117 | 24,064 | 33,604 | (32,850) | (45,830) |
| 29 Other Jurisdictional Differences - Net | | | | (13,082) | (13,347) |
| 30 Other Liabilities | 37,845 | 38,438 | 35,961 | 38,904 | 35,821 |
| 31 Total Other Liab. and Def. Credits | 113,982 | 111,350 | 117,696 | 124,728 | 115,456 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 28,553 | 28,553 | 28,565 | 28,565 | 28,565 |
| 33 Preferred Stock | 925 | 927 | 927 | 927 | 927 |
| 34 Other Paid in Capital | 96,393 | 95,667 | 98,528 | 97,484 | 95,921 |
| 35 Retained Earnings | 397,954 | 384,094 | 389,150 | 390,806 | 359,816 |
| 36 Total Stockholder's Equity | 523,825 | 509,241 | 517,170 | 517,782 | 485,230 |
| 37 Total Liab. and Stockholder's Equity | \$730,691 | \$723,507 | \$730,946 | \$747,682 | \$720,285 |

Table 2 BT

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

| INCOME STATEMENT | | | 2006 | | | 2005 | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | | |
| Local Network Services | \$76,819 | \$80,599 | \$86,915 | \$93,390 | \$98,021 | | 1 |
| Network Access Services | 121,727 | 129,156 | 140,457 | 143,279 | 159,350 | | 2 |
| Long Distance Network Services | 3,036 | 3,693 | 4,382 | 5,109 | 5,954 | | 3 |
| Miscellaneous Revenues | 48,858 | 51,034 | 54,486 | 57,272 | 50,723 | | 4 |
| Less: Uncollectible Revenues | 1,628 | 2,455 | 2,328 | 1,223 | 1,686 | | 5 |
| Total Operating Revenues | 248,813 | 262,027 | 283,913 | 297,827 | 312,363 | | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | | |
| Network Support Expenses | 282 | 451 | 774 | 767 | 723 | | 7 |
| General Support Expenses | 13,070 | 13,195 | 12,961 | 14,271 | 11,812 | | 8 |
| Central Office Switching | 12,019 | 12,990 | 12,584 | 12,854 | 11,268 | | 9 |
| Operator Systems Expense | 39 | 29 | 29 | 34 | 10 | | 10 |
| Central Office Transmission | 7,297 | 7,731 | 7,166 | 6,306 | 6,384 | | 11 |
| Info. Origination/Termination | 5,422 | 6,113 | 6,443 | 6,393 | 5,663 | | 12 |
| Cable & Wire Facilities | 16,133 | 17,560 | 16,514 | 16,357 | 17,886 | | 13 |
| Total Plant Specific Operations | 54,262 | 58,071 | 56,471 | 56,982 | 53,744 | | 14 |
| Other Plant, Property & Equipment | 303 | 67 | 189 | 313 | 255 | | 15 |
| Network Operations | 15,718 | 16,688 | 17,188 | 17,218 | 16,752 | | 16 |
| Access Expense | 6,888 | 7,366 | 7,809 | 8,530 | 8,951 | | 17 |
| Depreciation and Amortization | 48,396 | 51,832 | 55,332 | 56,729 | 54,606 | | 18 |
| Total Plant Non-Specific Operations | 71,306 | 75,952 | 80,518 | 82,790 | 80,564 | | 19 |
| Marketing Expense | 8,648 | 9,254 | 10,195 | 7,988 | 7,222 | | 20 |
| Services Expense | 20,814 | 21,959 | 26,113 | 27,257 | 24,318 | | 21 |
| Total Customer Operations | 29,463 | 31,213 | 36,308 | 35,246 | 31,540 | | 22 |
| Executive & Planning | 10,895 | 11,485 | 12,568 | 13,181 | 14,515 | | 23 |
| General & Administrative | 30,545 | 30,140 | 30,915 | 36,462 | 35,733 | | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | | 25 |
| Other | | | | | | | 26 |
| Total Corporate Operations | 41,440 | 41,625 | 43,483 | 49,643 | 50,248 | | 27 |
| Total Operations Expense | 196,470 | 206,861 | 216,780 | 224,661 | 216,096 | | 28 |
| Other Operating Income & Expenses | 24 | 23 | 41 | 622 | 12 | | 29 |
| State & Local Income Taxes | 186 | 195 | 175 | 290 | 171 | | 30 |
| Other Taxes | 16,558 | 16,431 | 17,256 | 17,915 | 16,156 | | 31 |
| Net Operating Income Before FIT | 35,623 | 38,564 | 49,742 | 55,584 | 79,952 | | 32 |
| Investment Tax Credits - Net | | 12 | 2 | 7 | 13 | | 33 |
| Federal Income Taxes | 14,650 | 15,756 | 23,204 | 24,487 | 30,011 | | 34 |
| Provision - Def. Operating Income Taxes - Net | 440 | 1,984 | (3,200) | (4,974) | (3,448) | | 35 |
| Net Operating Income | \$20,532 | \$20,836 | \$29,740 | \$36,078 | \$53,402 | | 36 |

Table 3 BT

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-----------|-----------|-----------|-----------|-----------|
| 37 Net Operating Income | \$20,532 | \$20,836 | \$29,740 | \$36,078 | \$53,402 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | \$84 | \$132 | 482 | 83 | 795 |
| 39 Interest Income | \$3,955 | \$10,732 | 11,518 | 14,402 | 5,536 |
| 40 Income - Sinking and Other Funds | | | - | 236 | 63 |
| 41 Allowance for Funds Used During Construction | \$69 | \$122 | 300 | 227 | 220 |
| 42 Gains/Losses - Disposal of Property | \$97 | \$13 | 75 | 975 | 101 |
| 43 Equity in Earnings of Affiliated Companies | \$122 | \$3,982 | 1,510 | 388 | (739) |
| 44 Other Non-Operating Income | \$9,958 | \$16,554 | 23,437 | 24,750 | 13,010 |
| 45 Special Charges | \$646 | \$896 | 768 | 1,311 | (38) |
| 46 Total Non-Operating Income & Expenses | \$13,639 | \$30,639 | 36,555 | 39,762 | 19,023 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | \$1,738 | \$4,813 | 3,077 | 9,535 | 5,475 |
| 48 Other | \$69 | \$205 | 1,396 | 1,248 | 20 |
| 49 Total Non-Operating Taxes | \$1,807 | \$5,018 | 4,473 | 10,782 | 5,495 |
| 50 Income Available Before Interest Charges | \$32,364 | \$46,457 | 61,822 | 65,057 | 66,930 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | \$1,648 | \$2,068 | 2,676 | 3,607 | 4,534 |
| 52 Other Interest Expense | \$962 | (\$210) | 1,322 | 938 | 1,480 |
| 53 Total Interest Charges | \$2,610 | \$1,858 | 3,999 | 4,545 | 6,014 |
| 54 Income Before Extraordinary & Nonreg Items | \$29,754 | \$44,599 | 57,823 | 60,512 | 60,916 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | \$547 | 19 | 622 | - |
| 56 Nonregulated Revenues | \$5,068 | \$702 | (49) | (39) | (49) |
| 57 Total Extraordinary & Nonregulated Items | \$5,068 | \$1,250 | (30) | 583 | (49) |
| 58 Net Income | \$34,822 | \$45,848 | \$57,793 | \$61,095 | \$60,867 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$376,391 | \$378,379 | \$379,803 | \$346,902 | \$331,916 |
| 60 Transferred from Income | 34,170 | 44,254 | 55,885 | 60,340 | 61,606 |
| 61 Appropriations | | (1,140) | | 720 | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | 49 | 2,049 | 3,149 | 180 | 51 |
| 63 Common Stock | 19,860 | 51,194 | 56,985 | 26,851 | 43,248 |
| 64 Adjustments | (80) | 5,860 | 2,470 | 312 | (310) |
| 65 Ending Year Balance | 392,805 | 376,391 | 378,023 | 379,803 | 349,913 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | 5,149 | 7,703 | 11,127 | 11,004 | 9,903 |
| 67 Total Retained Earnings | \$397,954 | \$384,094 | \$389,150 | \$390,806 | \$359,816 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$26,645,968 | \$29,008,854 | \$19,797,189 | \$4,686,925 | \$5,671,736 |
| 2 Accounts Receivable (Net) | 3,612,095 | 3,577,382 | 4,615,554 | 5,687,632 | 5685823 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 2,598,819 | 1,209,688 | 678,024 | 526,257 | 240,015 |
| 5 Total Current Assets | 32,856,882 | 33,795,924 | 25,090,767 | 10,900,814 | 11,597,574 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | | | | | |
| 7 Unamortized Debt Issuance Costs | | | | | 60,350 |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | | | |
| 11 Other Non-Current Assets | 613,142 | 752,341 | 837,230 | 808,573 | 3,167,390 |
| 12 Total Non-Current Assets | 613,142 | 752,341 | 837,230 | 808,573 | 3,227,740 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 213,305,524 | 210,477,351 | 207,552,726 | 207,245,247 | 199,186,576 |
| 14 Less: Accumulated Depr and Amort. | 153,324,053 | 145,782,209 | 137,844,672 | 129,620,859 | 120,746,036 |
| 15 Net Regulated Plant | 59,981,471 | 64,695,142 | 69,708,054 | 77,624,388 | 78,440,540 |
| 16 Total Assets & Other Debits | \$93,451,495 | \$99,243,407 | \$95,636,051 | \$89,333,775 | \$93,265,854 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$362,274 | \$6,003,318 | \$1,946,825 | \$4,107,084 | \$1,437,016 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 369,506 | 553,202 | 1,677,086 | 1,154,898 | 912,108 |
| 20 Customer Deposits | 1,600 | 1,063 | 4,950 | 21,082 | 24,140 |
| 21 Current Maturities - Long-Term Debt | | | | | 2,272,400 |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 1,413,201 | 2,053,624 | 2,012,036 | 4,036,705 | 1,828,494 |
| 24 Total Current Liabilities | 2,146,581 | 8,611,207 | 5,640,897 | 9,319,769 | 6,474,158 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | | | | | 8,456,800 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 13,903,899 | 13,210,630 | 13,211,798 | 14,643,756 | 16,868,887 |
| 28 Other Deferred Credits | 1,365,341 | 1,393,238 | 1,442,113 | 1,803,130 | 1,244,072 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | | 285,074 | 285,074 | 346,381 | 471,871 |
| 31 Total Other Liab. and Def. Credits | 15,269,240 | 14,888,942 | 14,938,985 | 16,793,267 | 18,584,830 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 16,705,393 | 16,705,393 | 16,705,393 | 16,705,393 | 16,705,393 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 7,310,813 | 7,310,813 | 7,310,813 | 7,310,813 | 4,527,661 |
| 35 Retained Earnings | 52,019,468 | 51,727,052 | 51,039,963 | 39,204,533 | 38,517,012 |
| 36 Total Stockholder's Equity | 76,035,674 | 75,743,258 | 75,056,169 | 63,220,739 | 59,750,066 |
| 37 Total Liab. and Stockholder's Equity | \$93,451,495 | \$99,243,407 | \$95,636,051 | \$89,333,775 | \$93,265,854 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|--------------------|--------------------|--------------------|--------------------|---------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$16,874,261 | \$17,842,159 | \$18,502,938 | \$21,929,075 | \$25,168,635 | 1 |
| Network Access Services | 17,865,333 | 21,465,736 | 24,277,114 | 22,673,630 | 22,079,824 | 2 |
| Long Distance Network Services | 755,583 | 941,151 | 1,077,001 | 1,440,859 | 1,649,941 | 3 |
| Miscellaneous Revenues | 5,824,857 | 4,491,842 | 5,203,497 | 6,018,559 | 6,928,431 | 4 |
| Less: Uncollectible Revenues | 501,526 | 637,848 | 430,589 | 360,629 | 647,983 | 5 |
| Total Operating Revenues | 40,818,508 | 44,103,040 | 48,629,961 | 51,701,494 | 55,178,848 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | (15,005) | 88,545 | 354,345 | 333,635 | 321,959 | 7 |
| General Support Expenses | 1,758,329 | 1,786,159 | 1,798,798 | 2,159,767 | 2,265,146 | 8 |
| Central Office Switching | 2,098,093 | 2,357,170 | 1,737,536 | 1,972,798 | 2,208,233 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 1,436,086 | 1,332,331 | 973,909 | 1,026,668 | 1,060,259 | 11 |
| Info. Origination/Termination | 1,457 | 33,051 | 209,048 | 226,510 | 221,530 | 12 |
| Cable & Wire Facilities | 3,031,883 | 3,370,732 | 3,471,088 | 3,440,480 | 3,578,149 | 13 |
| Total Plant Specific Operations | 8,310,843 | 8,967,988 | 8,544,724 | 9,159,858 | 9,655,276 | 14 |
| Other Plant, Property & Equipment | 56,201 | (62,532) | (9,927) | 7,225 | 4,367 | 15 |
| Network Operations | 2,592,418 | 2,919,776 | 3,161,450 | 3,059,637 | 3,143,152 | 16 |
| Access Expense | 1,607,186 | 1,972,877 | 1,583,898 | 1,657,259 | 1,715,088 | 17 |
| Depreciation and Amortization | 8,385,425 | 8,815,437 | 10,218,267 | 9,887,642 | 9,681,082 | 18 |
| Total Plant Non-Specific Operations | 12,641,230 | 13,645,558 | 14,953,688 | 14,611,763 | 14,543,689 | 19 |
| Marketing Expense | 2,537,508 | 3,119,092 | 3,706,999 | 2,301,812 | 1,781,140 | 20 |
| Services Expense | 1,759,852 | 1,876,246 | 2,597,376 | 2,547,742 | 3,262,046 | 21 |
| Total Customer Operations | 4,297,360 | 4,995,338 | 6,304,375 | 4,849,554 | 5,043,186 | 22 |
| Executive & Planning | 459,516 | 525,022 | 481,060 | 433,640 | 367,528 | 23 |
| General & Administrative | 3,904,901 | 3,497,249 | 3,340,394 | 6,020,856 | 3,712,973 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 4,364,417 | 4,022,271 | 3,821,454 | 6,454,496 | 4,080,501 | 27 |
| Total Operations Expense | 29,613,850 | 31,631,155 | 33,624,241 | 35,075,671 | 33,322,652 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 3,884,753 | 3,299,330 | 4,540,725 | 4,538,931 | 3,158,682 | 31 |
| Net Operating Income Before FIT | 7,319,905 | 9,172,555 | 10,464,995 | 12,086,892 | 18,697,514 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 1,220,776 | 3,499,570 | 5,014,799 | 5,523,446 | 7,644,646 | 34 |
| Provision - Def. Operating Income Taxes - Net | 693,274 | (1,171) | (1,356,320) | (1,279,903) | (1,124,000) | 35 |
| Net Operating Income | \$5,405,855 | \$5,674,156 | \$6,806,516 | \$7,843,349 | \$12,176,868 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| 37 Net Operating Income | \$5,405,855 | \$5,674,156 | \$6,806,516 | \$7,843,349 | \$12,176,868 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | 2,066 |
| 39 Interest Income | 276,609 | 813,610 | 318,779 | 365,835 | 304,874 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | 15,342 | 18,680 | 57,469 | 72,179 | 74,907 |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | | | | | |
| 44 Other Non-Operating Income | (2,155,833) | (19,130) | 11,661,169 | (2,264,554) | (7,033,516) |
| 45 Special Charges | | | | | |
| 46 Total Non-Operating Income & Expenses | (1,863,882) | 813,160 | 12,037,417 | (1,826,540) | (6,651,669) |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | | | 111,573 | (1,074,815) | (2,353,942) |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | | | 111,573 | (1,074,815) | (2,353,942) |
| 50 Income Available Before Interest Charges | 3,541,973 | 6,487,316 | 18,732,360 | 7,091,624 | 7,879,141 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | | 622,045 | 1,156,058 |
| 52 Other Interest Expense | 91 | 227 | 219,468 | 130,058 | 11,749 |
| 53 Total Interest Charges | 91 | 227 | 219,468 | 752,103 | 1,167,807 |
| 54 Income Before Extraordinary & Nonreg Items | 3,541,882 | 6,487,089 | 18,512,892 | 6,339,521 | 6,711,334 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | \$3,541,882 | \$6,487,089 | \$18,512,892 | \$6,339,521 | \$6,711,334 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$51,727,052 | \$51,039,963 | \$39,204,533 | \$38,517,012 | \$37,702,677 |
| 60 Transferred from Income | 3,541,882 | 6,487,089 | 18,512,892 | 6,339,521 | 6,711,334 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | 3,249,466 | 5,800,000 | 6,677,462 | 5,652,000 | 5,896,999 |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 52,019,468 | 51,727,052 | 51,039,963 | 39,204,533 | 38,517,012 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | | | |
| 67 Total Retained Earnings | \$52,019,468 | \$51,727,052 | \$51,039,963 | \$39,204,533 | \$38,517,012 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$1,042,906 | \$829,465 | \$1,031,414 | \$1,361,588 | \$1,641,919 |
| 2 Accounts Receivable (Net) | 619,220 | 671,539 | 693,712 | 694,029 | 696,355 |
| 3 Current Deferred Income Taxes | 20,966 | 20,081 | 19,044 | 17,602 | 15,843 |
| 4 Other Current Assets | 165,648 | 177,511 | 165,881 | 132,105 | 161,777 |
| 5 Total Current Assets | 1,848,740 | 1,698,595 | 1,910,052 | 2,205,324 | 2,515,894 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | | | | | |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 7,124 | 7,124 | 7,124 | 7,124 | 7,124 |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | 7,124 | 7,124 | 7,124 | 7,124 | 7,124 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 14,116,636 | 14,156,777 | 13,931,518 | 13,558,568 | 13,392,455 |
| 14 Less: Accumulated Depr and Amort. | 9,474,784 | 8,993,217 | 8,305,193 | 7,673,029 | 7,184,844 |
| 15 Net Regulated Plant | 4,641,852 | 5,163,560 | 5,626,325 | 5,885,538 | 6,207,611 |
| 16 Total Assets & Other Debits | \$6,497,716 | \$6,869,279 | \$7,543,501 | \$8,097,987 | \$8,730,629 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$308,230 | \$269,796 | \$412,574 | \$330,602 | \$262,699 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 92,663 | 96,828 | 94,520 | 112,556 | 106,922 |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | 162,585 | 154,691 | 149,402 | 145,072 | 140,338 |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 181,468 | 132,220 | 188,412 | 340,074 | 140,811 |
| 24 Total Current Liabilities | 744,946 | 653,535 | 844,908 | 928,304 | 650,770 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 2,887,691 | 3,052,654 | 3,207,377 | 3,353,937 | 3,501,270 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | 4,973 | 4,973 |
| 27 Non-Current Deferred Taxes | 561,833 | 693,465 | 718,566 | 921,379 | 1,119,547 |
| 28 Other Deferred Credits | 59,538 | 57,087 | 54,126 | 50,007 | 44,979 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | | | | | |
| 31 Total Other Liab. and Def. Credits | 621,370 | 750,552 | 772,692 | 976,359 | 1,169,499 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 243,000 | 243,000 | 243,000 | 243,000 | 243,000 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 |
| 35 Retained Earnings | 1,979,709 | 2,148,538 | 2,454,523 | 2,575,386 | 3,145,090 |
| 36 Total Stockholder's Equity | 2,243,709 | 2,412,538 | 2,718,523 | 2,839,386 | 3,409,090 |
| 37 Total Liab. and Stockholder's Equity | \$6,497,716 | \$6,869,279 | \$7,543,501 | \$8,097,987 | \$8,730,629 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|-------------------|--------------------|------------------|------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$632,668 | \$623,872 | \$692,079 | \$821,620 | \$818,686 | 1 |
| Network Access Services | 3,299,090 | 3,212,572 | 3,311,468 | 3,220,005 | 3,106,648 | 2 |
| Long Distance Network Services | 2,383 | 2,860 | 13,910 | 26,703 | 48,464 | 3 |
| Miscellaneous Revenues | 493,057 | 515,521 | 646,532 | 681,570 | 558,005 | 4 |
| Less: Uncollectible Revenues | (232) | 40,083 | 38,627 | 28,500 | 18,041 | 5 |
| Total Operating Revenues | 4,427,430 | 4,314,742 | 4,625,362 | 4,721,398 | 4,513,762 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | | | | | | 7 |
| General Support Expenses | 82,053 | 103,710 | 128,038 | 103,555 | 93,522 | 8 |
| Central Office Switching | 227,766 | 270,798 | 257,248 | 273,672 | 241,369 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 331,483 | 293,840 | 261,258 | 167,069 | 176,968 | 11 |
| Info. Origination/Termination | 349,749 | 404,516 | 422,733 | 363,009 | 394,683 | 12 |
| Cable & Wire Facilities | 332,740 | 372,716 | 421,934 | 417,102 | 401,656 | 13 |
| Total Plant Specific Operations | 1,323,792 | 1,445,580 | 1,491,212 | 1,324,407 | 1,308,198 | 14 |
| Other Plant, Property & Equipment | | | | | 791 | 15 |
| Network Operations | 363,015 | 308,795 | 368,788 | 329,855 | 348,172 | 16 |
| Access Expense | 22,209 | 21,082 | 24,106 | 24,142 | 23,954 | 17 |
| Depreciation and Amortization | 933,528 | 940,595 | 897,049 | 913,896 | 924,596 | 18 |
| Total Plant Non-Specific Operations | 1,318,752 | 1,270,473 | 1,289,942 | 1,267,892 | 1,297,513 | 19 |
| Marketing Expense | 18,160 | 16,566 | 25,761 | 14,748 | 14,814 | 20 |
| Services Expense | 411,089 | 330,077 | 306,258 | 313,076 | 312,925 | 21 |
| Total Customer Operations | 429,249 | 346,644 | 332,018 | 327,824 | 327,739 | 22 |
| Executive & Planning | 488,541 | 478,809 | 470,641 | 456,653 | 484,507 | 23 |
| General & Administrative | 826,561 | 909,632 | 873,062 | 815,705 | 798,790 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 1,315,102 | 1,388,441 | 1,343,703 | 1,272,358 | 1,283,297 | 27 |
| Total Operations Expense | 4,386,895 | 4,451,138 | 4,456,876 | 4,192,482 | 4,216,747 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 260,360 | 239,112 | 226,146 | 263,071 | 236,609 | 31 |
| Net Operating Income Before FIT | (219,825) | (375,507) | (57,660) | 265,844 | 60,406 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | (172,316) | (220,981) | (83,823) | 32,190 | (7,986) | 34 |
| Provision - Def. Operating Income Taxes - Net | | | | | | 35 |
| Net Operating Income | (\$47,509) | (\$154,526) | \$26,163 | \$233,654 | \$68,392 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | |
|---|-------------|-------------|-------------|-------------|-------------|
| 37 Net Operating Income | (\$47,509) | (\$154,526) | \$26,163 | \$233,654 | \$68,392 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | 4,303 | 17,147 | 33,381 | 37,425 | 29,943 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | | | | | |
| 44 Other Non-Operating Income | 55,262 | | | 1,360 | 3,970 |
| 45 Special Charges | 780 | 1,100 | 2,360 | 2,425 | 1,204 |
| 46 Total Non-Operating Income & Expenses | 58,785 | 16,047 | 31,021 | 36,360 | 32,709 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 23,606 | 3,388 | 6,704 | 5,400 | 7,566 |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | 23,606 | 3,388 | 6,704 | 5,400 | 7,566 |
| 50 Income Available Before Interest Charges | (12,330) | (141,867) | 50,480 | 264,614 | 93,535 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 156,500 | 164,118 | 171,343 | 178,319 | 185,024 |
| 52 Other Interest Expense | | | | | |
| 53 Total Interest Charges | 156,500 | 164,118 | 171,343 | 178,319 | 185,024 |
| 54 Income Before Extraordinary & Nonreg Items | (168,829) | (305,985) | (120,863) | 86,295 | (91,489) |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | (\$168,829) | (\$305,985) | (\$120,863) | \$86,295 | (\$91,489) |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$2,148,538 | \$2,454,523 | \$2,575,386 | \$2,620,091 | \$3,236,579 |
| 60 Transferred from Income | (168,829) | (305,985) | (120,863) | 86,295 | (91,489) |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | 131,000 | |
| 63 Common Stock | | | | | |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 1,979,709 | 2,148,538 | 2,454,523 | 2,575,386 | 3,145,090 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | | | |
| 67 Total Retained Earnings | \$1,979,709 | \$2,148,538 | \$2,454,523 | \$2,575,386 | \$3,145,090 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|---------------|-------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$14,731 | \$34,411 | \$15,234 | \$105,268 | \$1,439,927 |
| 2 Accounts Receivable (Net) | 675,666 | 723,286 | 908,139 | 1,026,179 | 850,156 |
| 3 Current Deferred Income Taxes | 11,048 | 13,350 | 18,699 | 6,227 | 75,875 |
| 4 Other Current Assets | 66,610 | 97,133 | 28,461 | 186,340 | 394,061 |
| 5 Total Current Assets | 768,055 | 868,180 | 970,534 | 1,324,014 | 2,760,020 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 1,419,038 | 1,661,433 | 1,515,456 | 1,217,352 | 1,633,127 |
| 7 Unamortized Debt Issuance Costs | | | 16,749 | 19,540 | 23,262 |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 2,224 | 2,224 | 660,959 | 646,615 | 140,897 |
| 11 Other Non-Current Assets | 649,664 | 646,226 | 634,459 | 630,408 | (5,402) |
| 12 Total Non-Current Assets | 2,070,926 | 2,309,883 | 2,827,623 | 2,513,915 | 1,791,884 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 16,965,175 | 16,919,304 | 15,966,007 | 15,437,328 | 15,344,140 |
| 14 Less: Accumulated Depr and Amort. | 10,989,317 | 10,780,015 | 10,418,868 | 9,364,592 | 8,399,351 |
| 15 Net Regulated Plant | 5,975,858 | 6,139,289 | 5,547,139 | 6,072,735 | 6,944,789 |
| 16 Total Assets & Other Debits | \$8,814,839 | \$9,317,352 | \$9,345,295 | \$9,910,665 | \$11,496,693 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | (\$932,014) | (\$138,293) | (\$1,259,152) | (\$404,582) | \$3,664,933 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 14,591 | | | | 1,064 |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | | | 141,576 | 132,997 | 124,938 |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 33,327 | (619,912) | 183,299 | 1,000,473 | (19,651) |
| 24 Total Current Liabilities | (884,096) | (758,205) | (934,277) | 728,888 | 3,771,283 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | | | 958,620 | 1,100,196 | 1,233,193 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 1,018,013 | 873,945 | 797,027 | 985,823 | 853,632 |
| 28 Other Deferred Credits | 6,355 | 6,355 | 1,888,454 | 1,977,624 | 333,377 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 171,142 | | 10,000 | 30,000 | 424,009 |
| 31 Total Other Liab. and Def. Credits | 1,195,510 | 880,300 | 2,695,481 | 2,993,447 | 1,611,018 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 81,160 | 81,160 | 81,160 | 81,160 | 81,160 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | (803,000) | 195,000 | 1,140,000 | | |
| 35 Retained Earnings | 9,225,265 | 8,919,098 | 5,404,311 | 5,006,975 | 4,800,039 |
| 36 Total Stockholder's Equity | 8,503,425 | 9,195,258 | 6,625,471 | 5,088,135 | 4,881,199 |
| 37 Total Liab. and Stockholder's Equity | \$8,814,839 | \$9,317,353 | \$9,345,295 | \$9,910,665 | \$11,496,693 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|------------------|------------------|------------------|------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$948,908 | \$1,015,144 | \$1,177,147 | \$1,206,253 | \$1,264,620 | 1 |
| Network Access Services | 2,074,998 | 2,076,863 | 2,671,872 | 2,460,939 | 2,608,241 | 2 |
| Long Distance Network Services | 5,144 | 9,254 | 10,428 | 11,427 | 10,320 | 3 |
| Miscellaneous Revenues | 346,701 | 356,005 | 416,541 | 405,532 | 464,252 | 4 |
| Less: Uncollectible Revenues | 63,625 | 78,821 | 65,299 | (12,006) | (9,966) | 5 |
| Total Operating Revenues | 3,312,126 | 3,378,445 | 4,210,689 | 4,096,157 | 4,357,399 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | | | 1 | 5,866 | 11,420 | 7 |
| General Support Expenses | 275,477 | 231,365 | 304,074 | 426,438 | 386,913 | 8 |
| Central Office Switching | 305,905 | 310,021 | 234,816 | 172,157 | 230,366 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 7,700 | 16,446 | 15,852 | 13,418 | 39,496 | 11 |
| Info. Origination/Termination | | | | 61,503 | 30,143 | 12 |
| Cable & Wire Facilities | 355,880 | 274,076 | 176,994 | 258,456 | 303,319 | 13 |
| Total Plant Specific Operations | 944,962 | 831,908 | 731,736 | 937,838 | 1,001,658 | 14 |
| Other Plant, Property & Equipment | | 2,213 | 426 | | 13,466 | 15 |
| Network Operations | 245,134 | 258,969 | 254,011 | 143,280 | 147,917 | 16 |
| Access Expense | 80,184 | 78,621 | 114,959 | 46,724 | 60,237 | 17 |
| Depreciation and Amortization | 814,390 | 838,322 | 1,051,085 | 965,242 | 932,036 | 18 |
| Total Plant Non-Specific Operations | 1,139,708 | 1,178,125 | 1,420,482 | 1,155,246 | 1,153,657 | 19 |
| Marketing Expense | 86,203 | 44,192 | 61,971 | 69,394 | 96,787 | 20 |
| Services Expense | 360,619 | 388,593 | 654,312 | 654,030 | 612,866 | 21 |
| Total Customer Operations | 446,822 | 432,785 | 716,283 | 723,424 | 709,653 | 22 |
| Executive & Planning | 150,010 | 202,666 | 226,660 | 138,567 | 446,456 | 23 |
| General & Administrative | 641,404 | 519,519 | 495,619 | 514,222 | 1,004,544 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 791,414 | 722,186 | 722,279 | 652,789 | 1,451,000 | 27 |
| Total Operations Expense | 3,322,906 | 3,165,004 | 3,590,779 | 3,469,297 | 4,315,968 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 179,120 | 239,717 | 204,183 | 551,392 | 171,893 | 31 |
| Net Operating Income Before FIT | (189,900) | (26,276) | 415,727 | 75,468 | (130,462) | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | (24,946) | (657,800) | 426,046 | 133,601 | (158,667) | 34 |
| Provision - Def. Operating Income Taxes - Net | (233,176) | 108,237 | (306,502) | (449,400) | (10,326) | 35 |
| Net Operating Income | \$68,222 | \$523,287 | \$296,183 | \$391,267 | \$38,530 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| 37 Net Operating Income | \$68,222 | \$523,287 | \$296,183 | \$391,267 | \$38,530 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | 114,873 |
| 39 Interest Income | | | 3,329 | 8,256 | 4,960 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | 21,093 | 971,482 | |
| 43 Equity in Earnings of Affiliated Companies | | | 176,028 | 179,164 | 214,492 |
| 44 Other Non-Operating Income | | | | | (1,901) |
| 45 Special Charges | | 191,660 | 575 | 835 | 2,640 |
| 46 Total Non-Operating Income & Expenses | | (191,660) | 199,875 | 1,158,067 | 329,784 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 406,505 | 646,479 | | (142,595) | (78,531) |
| 48 Other | | | (98,125) | 943,725 | |
| 49 Total Non-Operating Taxes | 406,505 | 646,479 | (98,125) | 801,130 | (78,531) |
| 50 Income Available Before Interest Charges | (338,283) | (314,852) | 594,183 | 748,204 | 446,845 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | 18,039 | 94,820 | 114,546 | 168,641 |
| 52 Other Interest Expense | | 7,405 | 99,882 | 3,722 | 6,027 |
| 53 Total Interest Charges | | 25,444 | 194,702 | 118,268 | 174,668 |
| 54 Income Before Extraordinary & Nonreg Items | (338,283) | (340,296) | 399,481 | 629,936 | 272,177 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | 1,764,323 | | | |
| 56 Nonregulated Revenues | 644,450 | (1,146,937) | (2,145) | | |
| 57 Total Extraordinary & Nonregulated Items | 644,450 | 617,386 | (2,145) | | |
| 58 Net Income | \$306,167 | \$277,090 | \$397,336 | \$629,936 | \$272,177 |
| <hr/> | | | | | |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$8,919,098 | \$5,404,311 | \$4,827,811 | \$4,800,039 | \$9,590,809 |
| 60 Transferred from Income | 306,167 | 277,090 | 221,308 | 450,772 | 57,684 |
| 61 Appropriations | | (1,140,000) | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | | | 423,000 | 4,782,536 |
| 64 Adjustments | | 2,097,698 | | | |
| 65 Ending Year Balance | 9,225,265 | 8,919,098 | \$5,049,119 | 4,827,811 | 4,865,957 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | 355,192 | 179,164 | (65,918) |
| 67 Total Retained Earnings | \$9,225,265 | \$8,919,098 | \$5,404,311 | \$5,006,975 | \$4,800,039 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$4,172 | \$4,397 | \$1,044 | \$2,718 | \$4,700 |
| 2 Accounts Receivable (Net) | 48,574 | 59,672 | 59,655 | 83,767 | 90,197 |
| 3 Current Deferred Income Taxes | 4,471 | 4,098 | 3,714 | 3,300 | 2,898 |
| 4 Other Current Assets | 566,601 | 400,478 | 395,558 | 274,136 | 109,580 |
| 5 Total Current Assets | 623,818 | 468,645 | 459,971 | 363,921 | 207,375 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | (2,372) | (20,665) | (9,565) | 23,598 | 519 |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 73,463 | 73,193 | 56,665 | 56,552 | 54,743 |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | 71,091 | 52,528 | 47,100 | 80,150 | 55,262 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 2,985,022 | 2,882,205 | 2,743,380 | 2,704,137 | 2,661,167 |
| 14 Less: Accumulated Depr and Amort. | 1,768,048 | 1,659,158 | 1,518,940 | 1,379,314 | 1,227,415 |
| 15 Net Regulated Plant | 1,216,974 | 1,223,047 | 1,224,440 | 1,324,823 | 1,433,752 |
| 16 Total Assets & Other Debits | \$1,911,883 | \$1,744,220 | \$1,731,511 | \$1,768,894 | \$1,696,389 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$56,888 | \$1,886 | \$40,321 | \$33,292 | \$20,319 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | | 1,600 | | | |
| 20 Customer Deposits | 930 | 1,620 | 3,157 | 4,295 | 8,345 |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 3,784 | 17,953 | 15,435 | 15,208 | 10,934 |
| 24 Total Current Liabilities | 61,602 | 23,059 | 58,913 | 52,795 | 39,598 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | | | | | |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 316,514 | 300,113 | 280,128 | 293,305 | 262,785 |
| 28 Other Deferred Credits | 19,935 | 18,838 | 17,708 | 16,492 | 15,307 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | | | | | |
| 31 Total Other Liab. and Def. Credits | 336,449 | 318,951 | 297,836 | 309,797 | 278,092 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 27,800 | 27,800 | 27,800 | 27,800 | 27,800 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | | | | | |
| 35 Retained Earnings | 1,486,032 | 1,374,410 | 1,346,962 | 1,378,502 | 1,350,899 |
| 36 Total Stockholder's Equity | 1,513,832 | 1,402,210 | 1,374,762 | 1,406,302 | 1,378,699 |
| 37 Total Liab. and Stockholder's Equity | \$1,911,883 | \$1,744,220 | \$1,731,511 | \$1,768,894 | \$1,696,389 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|-----------------|-----------------|-------------------|------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$248,406 | \$242,278 | \$230,917 | \$233,149 | \$231,694 | 1 |
| Network Access Services | 587,503 | 601,950 | 618,505 | 672,025 | 690,150 | 2 |
| Long Distance Network Services | 569 | 649 | 982 | 1,360 | 1,923 | 3 |
| Miscellaneous Revenues | 80,811 | 83,658 | 88,929 | 96,524 | 94,135 | 4 |
| Less: Uncollectible Revenues | 1,287 | 1,371 | 2,958 | 1,617 | (11,841) | 5 |
| Total Operating Revenues | 916,002 | 927,164 | 936,375 | 1,001,441 | 1,029,743 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | | | | | 222 | 7 |
| General Support Expenses | 59,762 | 90,713 | 73,539 | 73,355 | 76,181 | 8 |
| Central Office Switching | 20,436 | 22,734 | 19,958 | 29,509 | 20,976 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 44,698 | 102,039 | 55,247 | 58,289 | 54,191 | 11 |
| Info. Origination/Termination | | | | | | 12 |
| Cable & Wire Facilities | 43,053 | 53,904 | 48,304 | 35,250 | 39,828 | 13 |
| Total Plant Specific Operations | 167,949 | 269,390 | 197,048 | 196,403 | 191,398 | 14 |
| Other Plant, Property & Equipment | 5,583 | 3,755 | 492 | 519 | 608 | 15 |
| Network Operations | 54,900 | 56,067 | 102,118 | 97,917 | 96,635 | 16 |
| Access Expense | 19,072 | 17,514 | 10,690 | 11,147 | 11,285 | 17 |
| Depreciation and Amortization | 142,181 | 154,886 | 157,022 | 154,594 | 153,439 | 18 |
| Total Plant Non-Specific Operations | 221,736 | 232,222 | 270,322 | 264,177 | 261,967 | 19 |
| Marketing Expense | 36,421 | 26,725 | 21,977 | 18,810 | 16,174 | 20 |
| Services Expense | 121,131 | 105,461 | 112,680 | 102,574 | 104,709 | 21 |
| Total Customer Operations | 157,552 | 132,186 | 134,657 | 121,384 | 120,883 | 22 |
| Executive & Planning | 163,320 | 158,766 | 259,537 | 307,928 | 187,678 | 23 |
| General & Administrative | 60,547 | 66,869 | 67,969 | 67,203 | 64,651 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 223,867 | 225,636 | 327,506 | 375,131 | 252,329 | 27 |
| Total Operations Expense | 771,104 | 859,434 | 929,533 | 957,095 | 826,577 | 28 |
| Other Operating Income & Expenses | 7,879 | 754 | 28 | 10 | 101 | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 36,053 | 36,987 | 37,189 | 38,692 | 33,267 | 31 |
| Net Operating Income Before FIT | 116,724 | 31,497 | (30,319) | 5,664 | 170,000 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 31,754 | 16,827 | 7,719 | 6,242 | 27,470 | 34 |
| Provision - Def. Operating Income Taxes - Net | 15,758 | 3,073 | (13,703) | (9,322) | 19,770 | 35 |
| Net Operating Income | \$69,212 | \$11,597 | (\$24,335) | \$8,744 | \$122,760 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| 37 Net Operating Income | \$69,212 | \$11,597 | (\$24,335) | \$8,744 | \$122,760 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | | | | | |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | (256) | 4,155 | 1,415 | 212 | 222 |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | 18,293 | (11,100) | (33,163) | 23,079 | (66,343) |
| 44 Other Non-Operating Income | | | | | |
| 45 Special Charges | | | | | 377 |
| 46 Total Non-Operating Income & Expenses | 18,037 | (6,945) | (31,748) | 23,291 | (66,498) |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | | | | 16,593 | |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | | | | 16,593 | |
| 50 Income Available Before Interest Charges | 87,249 | 4,652 | (56,083) | 15,442 | 56,262 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | | | |
| 52 Other Interest Expense | (24,373) | (22,796) | (24,543) | (12,161) | (2,215) |
| 53 Total Interest Charges | (24,373) | (22,796) | (24,543) | (12,161) | (2,215) |
| 54 Income Before Extraordinary & Nonreg Items | 111,622 | 27,448 | (31,540) | 27,603 | 58,477 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | \$111,622 | \$27,448 | (\$31,540) | \$27,603 | \$58,477 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$1,175,075 | \$1,136,527 | \$1,134,904 | \$1,130,380 | \$1,137,610 |
| 60 Transferred from Income | 93,329 | 38,548 | 1,623 | 4,524 | 124,820 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | | | | 132,050 |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 1,268,404 | 1,175,075 | 1,136,527 | 1,134,904 | 1,130,380 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | 217,628 | 199,335 | 210,435 | 243,598 | 220,519 |
| 67 Total Retained Earnings | \$1,486,032 | \$1,374,410 | \$1,346,962 | \$1,378,502 | \$1,350,899 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$183,884 | \$21,253 | \$373,204 | \$343,955 | \$118,860 |
| 2 Accounts Receivable (Net) | 2,019,210 | 2,109,981 | 1,582,393 | 1,442,987 | 874,750 |
| 3 Current Deferred Income Taxes | 24,240 | 22,493 | 20,781 | 19,143 | 17,374 |
| 4 Other Current Assets | 309,513 | 308,386 | 307,411 | 363,814 | 307,924 |
| 5 Total Current Assets | 2,536,847 | 2,462,113 | 2,283,789 | 2,169,899 | 1,318,908 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 25,514 | 87,598 | 135,293 | 204,274 | 148,730 |
| 7 Unamortized Debt Issuance Costs | 8,329 | 9,778 | 11,227 | 12,676 | 14,125 |
| 8 Deferred Charges | | 105,846 | 114,681 | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 1,235,684 | 1,147,334 | 1,125,066 | 1,144,134 | 1,054,780 |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | 1,269,527 | 1,350,556 | 1,386,267 | 1,361,084 | 1,217,635 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 13,139,928 | 12,997,999 | 13,114,657 | 13,250,749 | 13,209,321 |
| 14 Less: Accumulated Depr and Amort. | 8,075,363 | 7,619,496 | 7,415,128 | 7,262,420 | 6,881,075 |
| 15 Net Regulated Plant | 5,064,565 | 5,378,503 | 5,699,529 | 5,988,329 | 6,328,246 |
| 16 Total Assets & Other Debits | \$8,870,939 | \$9,191,172 | \$9,369,585 | \$9,519,312 | \$8,864,789 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$584,874 | \$676,871 | \$306,169 | \$224,650 | \$249,477 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 11,175 | 2,964 | 188 | 9,429 | 7,100 |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | 162,081 | 154,313 | 146,747 | 139,634 | 132,866 |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 19,043 | 564,128 | 653,397 | 755,190 | 368,430 |
| 24 Total Current Liabilities | 777,173 | 1,398,276 | 1,106,501 | 1,128,903 | 757,873 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 902,033 | 1,064,069 | 1,218,363 | 1,365,121 | 1,504,773 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 813,441 | 821,868 | 809,217 | 816,813 | 840,844 |
| 28 Other Deferred Credits | 2,428,542 | 2,423,297 | 2,418,261 | 2,413,443 | 2,408,240 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 790,918 | | | | |
| 31 Total Other Liab. and Def. Credits | 4,032,901 | 3,245,165 | 3,227,478 | 3,230,256 | 3,249,084 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 |
| 33 Preferred Stock | 137,350 | 138,850 | 138,850 | 138,850 | 138,850 |
| 34 Other Paid in Capital | (26,533) | 13,410 | | | |
| 35 Retained Earnings | 2,838,015 | 3,121,402 | 3,468,393 | 3,446,182 | 3,004,209 |
| 36 Total Stockholder's Equity | 3,158,832 | 3,483,662 | 3,817,243 | 3,795,032 | 3,353,059 |
| 37 Total Liab. and Stockholder's Equity | \$8,870,939 | \$9,191,172 | \$9,369,585 | \$9,519,312 | \$8,864,789 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|-------------------|--------------------|------------------|------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$1,183,604 | \$1,274,564 | \$1,430,372 | \$1,469,448 | \$1,495,939 | 1 |
| Network Access Services 1 | 3,808,154 | 3,916,389 | 3,927,767 | 4,399,797 | 4,259,818 | 2 |
| Long Distance Network Services | | | | | | 3 |
| Miscellaneous Revenues | 76,382 | 98,081 | 101,451 | 115,968 | 135,013 | 4 |
| Less: Uncollectible Revenues | 5,000 | 17,500 | 15,671 | 5,704 | 16,800 | 5 |
| Total Operating Revenues | 5,063,140 | 5,271,534 | 5,443,919 | 5,979,509 | 5,873,970 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 27,253 | 31,963 | 17,979 | 20,975 | 22,441 | 7 |
| General Support Expenses | 484,858 | 534,876 | 523,414 | 563,802 | 565,625 | 8 |
| Central Office Switching | 273,560 | 315,912 | 364,025 | 370,039 | 365,046 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 436,826 | 342,015 | 386,224 | 334,362 | 212,765 | 11 |
| Info. Origination/Termination | | | | | | 12 |
| Cable & Wire Facilities | 289,525 | 342,644 | 389,926 | 342,411 | 321,572 | 13 |
| Total Plant Specific Operations | 1,512,022 | 1,567,410 | 1,681,568 | 1,631,589 | 1,487,449 | 14 |
| Other Plant, Property & Equipment | | | | | | 15 |
| Network Operations | 237,271 | 316,828 | 405,440 | 449,958 | 450,606 | 16 |
| Access Expense | 63,261 | 69,040 | 67,418 | 46,009 | 48,835 | 17 |
| Depreciation and Amortization | 551,547 | 586,952 | 657,119 | 764,954 | 702,850 | 18 |
| Total Plant Non-Specific Operations | 852,079 | 972,820 | 1,129,977 | 1,260,921 | 1,202,291 | 19 |
| Marketing Expense | 24,839 | 21,727 | 14,489 | 17,423 | 22,131 | 20 |
| Services Expense | 284,543 | 292,067 | 315,613 | 300,395 | 309,069 | 21 |
| Total Customer Operations | 309,382 | 313,794 | 330,102 | 317,818 | 331,200 | 22 |
| Executive & Planning | 804,857 | 837,057 | 566,073 | 554,667 | 675,662 | 23 |
| General & Administrative | 1,507,239 | 1,614,598 | 1,153,665 | 1,171,471 | 793,262 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 2,312,096 | 2,451,655 | 1,719,738 | 1,726,138 | 1,468,924 | 27 |
| Total Operations Expense | 4,985,579 | 5,305,679 | 4,861,385 | 4,936,466 | 4,489,864 | 28 |
| Other Operating Income & Expenses | (5) | | | 5 | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 235,312 | 250,060 | 245,339 | 253,108 | 171,128 | 31 |
| Net Operating Income Before FIT | (157,756) | (284,205) | 337,195 | 789,940 | 1,212,978 | 32 |
| Investment Tax Credits - Net | | | | | 3,768 | 33 |
| Federal Income Taxes 1 | 12,015 | (94,881) | 109,878 | 372,699 | 298,900 | 34 |
| Provision - Def. Operating Income Taxes - Net | (77,943) | (18,275) | 10,255 | (115,322) | 106,578 | 35 |
| Net Operating Income | (\$91,828) | (\$171,049) | \$217,062 | \$532,563 | \$811,268 | 36 |

1 Restated in 2001

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| 37 Net Operating Income | (\$91,828) | (\$171,049) | \$217,062 | \$532,563 | \$811,268 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | 645 | 2,587 | 17,162 | 10,733 | 6,355 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | (62,084) | (47,695) | (68,981) | 55,544 | 148,730 |
| 44 Other Non-Operating Income | 18,100 | 27,100 | 22,600 | 20,800 | 17,750 |
| 45 Special Charges | 24,241 | 22,145 | 16,512 | 28,656 | 10,200 |
| 46 Total Non-Operating Income & Expenses | (67,580) | (40,153) | (45,731) | 58,421 | 162,635 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | (1,930) | 2,575 | 7,905 | 978 | 4,625 |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | (1,930) | 2,575 | 7,905 | 978 | 4,625 |
| 50 Income Available Before Interest Charges | (157,478) | (213,777) | 163,426 | 590,006 | 969,278 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 55,672 | 62,876 | 70,869 | 77,685 | 84,073 |
| 52 Other Interest Expense | 1,422 | 1,426 | 1,434 | 1,436 | 22,014 |
| 53 Total Interest Charges | 57,094 | 64,302 | 72,303 | 79,121 | 106,087 |
| 54 Income Before Extraordinary & Nonreg Items | (214,572) | (278,079) | 91,123 | 510,885 | 863,191 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | (\$214,572) | (\$278,079) | \$91,123 | \$510,885 | \$863,191 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$3,121,402 | \$3,468,393 | \$3,446,182 | \$3,004,209 | \$2,880,931 |
| 60 Transferred from Income | (152,488) | (278,079) | 91,123 | 510,885 | 714,461 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | 8,927 | 9,024 | 9,024 | 9,024 | 9,024 |
| 63 Common Stock | 59,888 | 59,888 | 59,888 | 59,888 | 59,888 |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 2,900,099 | 3,121,402 | 3,468,393 | 3,446,182 | 3,526,480 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | (62,084) | | | | (522,271) |
| 67 Total Retained Earnings | \$2,838,015 | \$3,121,402 | \$3,468,393 | \$3,446,182 | \$3,004,209 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$5,206 | \$17,435 | \$19,101 | \$19,476 | \$19,028 |
| 2 Accounts Receivable (Net) | 2,206,483 | 2,677,555 | 1,943,218 | 2,493,500 | 2,004,183 |
| 3 Current Deferred Income Taxes | 24,283 | 30,606 | 16,611 | 22,138 | 7,555 |
| 4 Other Current Assets | 381,199 | 415,888 | 404,808 | 522,228 | 445,990 |
| 5 Total Current Assets | 2,617,171 | 3,141,484 | 2,383,738 | 3,057,342 | 2,476,756 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 559,414 | 480,003 | 481,516 | 440,285 | 377,747 |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 8,220 | 15,032 | 19,883 | 26,927 | 32,329 |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | 567,634 | 495,035 | 501,399 | 467,212 | 410,076 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 30,186,736 | 30,093,303 | 29,778,357 | 30,017,308 | 29360777.15 |
| 14 Less: Accumulated Depr and Amort. | 21,355,773 | 21,054,799 | 20,553,791 | 19,094,657 | 16993392.98 |
| 15 Net Regulated Plant | 8,830,963 | 9,038,504 | 9,224,566 | 10,922,651 | 12,367,384 |
| 16 Total Assets & Other Debits | \$12,015,768 | \$12,675,023 | \$12,109,704 | \$14,447,205 | \$15,254,216 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$1,806,703 | \$2,938,731 | \$1,225,301 | 1,597,395 | \$1,430,897 |
| 18 Notes Payable | | | 257,500 | 312,500 | 338,000 |
| 19 Advanced Billings | 22,745 | 24,555 | 22,448 | (2,710) | 33,184 |
| 20 Customer Deposits | | 31,988 | 50,821 | 55,485 | 56,074 |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 45,666 | 11,892 | 213,937 | 176,116 | 124,913 |
| 24 Total Current Liabilities | 1,875,114 | 3,007,165 | 1,770,007 | 2,138,786 | 1,983,067 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | | | | | |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 1,835,934 | 1,646,981 | 1,461,296 | 1,751,686 | 2,023,989 |
| 28 Other Deferred Credits | | | | - | |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 671,194 | | | - | |
| 31 Total Other Liab. and Def. Credits | 2,507,128 | 1,646,981 | 1,461,296 | 1,751,686 | 2,023,989 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 775,320 | 775,320 | 775,320 | 775,320 | 775,320 |
| 33 Preferred Stock | | | | - | |
| 34 Other Paid in Capital | 3,922,500 | 3,922,500 | 3,922,500 | 3,922,500 | 3,922,500 |
| 35 Retained Earnings | 2,935,706 | 3,323,057 | 4,180,581 | 5,858,913 | 6,549,340 |
| 36 Total Stockholder's Equity | 7,633,526 | 8,020,877 | 8,878,401 | 10,556,733 | 11,247,160 |
| 37 Total Liab. and Stockholder's Equity | \$12,015,768 | \$12,675,023 | \$12,109,704 | \$14,447,205 | \$15,254,216 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|------------------|--------------------|------------------|-------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$1,688,714 | \$1,858,345 | \$2,022,737 | \$2,034,378 | \$1,939,191 | 1 |
| Network Access Services | 4,233,122 | 4,198,127 | 5,075,334 | 5,003,427 | 5,837,573 | 2 |
| Long Distance Network Services | 24,825 | 44,319 | 54,317 | 108,102 | 126,460 | 3 |
| Miscellaneous Revenues | 425,296 | 465,094 | 476,177 | 484,235 | 451,038 | 4 |
| Less: Uncollectible Revenues | 30,805 | 52,123 | 60,518 | 13,120 | 14,079 | 5 |
| Total Operating Revenues | 6,341,152 | 6,513,762 | 7,568,047 | 7,617,022 | 8,340,183 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | (3,739) | | 3,266 | 11,406 | | 7 |
| General Support Expenses | 510,716 | 466,712 | 489,826 | 515,165 | 345,581 | 8 |
| Central Office Switching | 405,279 | 475,244 | 547,078 | 509,823 | 545,435 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 611 | | 64 | | 2,219 | 11 |
| Info. Origination/Termination | | | | | | 12 |
| Cable & Wire Facilities | 660,826 | 643,382 | 655,235 | 735,587 | 586,800 | 13 |
| Total Plant Specific Operations | 1,573,693 | 1,585,338 | 1,695,469 | 1,771,981 | 1,480,035 | 14 |
| Other Plant, Property & Equipment | 16,189 | 27,656 | 41,254 | | | 15 |
| Network Operations | 334,600 | 382,461 | 394,895 | 418,601 | 365,741 | 16 |
| Access Expense | 175,313 | 178,346 | 215,413 | 168,122 | 174,917 | 17 |
| Depreciation and Amortization | 1,895,781 | 1,805,397 | 1,856,946 | 1,867,543 | 1,837,718 | 18 |
| Total Plant Non-Specific Operations | 2,421,883 | 2,393,860 | 2,508,508 | 2,454,266 | 2,378,376 | 19 |
| Marketing Expense | 337,724 | 325,930 | 426,837 | 346,966 | 336,184 | 20 |
| Services Expense | 487,027 | 595,655 | 761,798 | 869,502 | 818,699 | 21 |
| Total Customer Operations | 824,751 | 921,585 | 1,188,635 | 1,216,468 | 1,154,883 | 22 |
| Executive & Planning | 214,718 | 235,011 | 252,859 | 354,528 | 280,760 | 23 |
| General & Administrative | 1,294,337 | 1,363,437 | 1,345,051 | 1,493,492 | 1,687,294 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 1,509,055 | 1,598,448 | 1,597,910 | 1,848,020 | 1,968,054 | 27 |
| Total Operations Expense | 6,329,382 | 6,499,231 | 6,990,522 | 7,290,735 | 6,981,348 | 28 |
| Other Operating Income & Expenses | | | | 5,889 | 9,410 | 29 |
| State & Local Income Taxes | | 14,832 | 5,739 | 16,130 | 16,835 | 30 |
| Other Taxes | 549,868 | 458,928 | 473,935 | 434,972 | 500,358 | 31 |
| Net Operating Income Before FIT | (538,098) | (459,229) | 97,850 | (118,926) | 851,052 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 108,325 | 52,313 | 299,143 | 240,390 | 443,013 | 34 |
| Provision - Def. Operating Income Taxes - Net | (730,068) | 176,540 | (277,819) | (275,601) | (85,796) | 35 |
| Net Operating Income | \$83,645 | (\$688,082) | \$76,527 | (\$83,715) | \$493,835 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| 37 Net Operating Income | \$83,645 | (\$688,082) | \$76,527 | (\$83,715) | \$493,835 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | | | 893 | 71 | 72 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | | 297,486 | 303,232 | 109,538 | 16,028 |
| 44 Other Non-Operating Income | | | (8,137) | 31,504 | 52,600 |
| 45 Special Charges | 100 | 154 | 6,568 | 8,509 | 10,747 |
| 46 Total Non-Operating Income & Expenses | (100) | 297,332 | 289,420 | 132,604 | 57,953 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 966,097 | 988 | (883) | | 10,508 |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | 966,097 | 988 | (883) | | 10,508 |
| 50 Income Available Before Interest Charges | (882,552) | (391,738) | 366,830 | 48,889 | 541,281 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | | | |
| 52 Other Interest Expense | 4,607 | 9,566 | 17,018 | 19,316 | 21,308 |
| 53 Total Interest Charges | 4,607 | 9,566 | 17,018 | 19,316 | 21,308 |
| 54 Income Before Extraordinary & Nonreg Items | (887,159) | (401,304) | 349,812 | 29,573 | 519,973 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | 1,884,807 | 1,123,778 | (11,145) | | |
| 57 Total Extraordinary & Nonregulated Items | 1,884,807 | 1,123,778 | (11,145) | | |
| 58 Net Income | \$997,648 | \$722,474 | \$338,667 | \$29,573 | \$519,973 |
| <hr/> | | | | | |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$5,554,240 | \$5,129,250 | \$5,093,814 | \$5,893,779 | \$7,287,846 |
| 60 Transferred from Income | 997,650 | 424,990 | 35,436 | (79,965) | 503,945 |
| 61 Appropriations | | | | 720,000 | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | | | | |
| 64 Adjustments | 1,365,816 | | | | |
| 65 Ending Year Balance | 7,917,706 | 5,554,240 | 5,129,250 | 5,093,814 | 7,791,791 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | (4,982,000) | (2,231,183) | (948,669) | 765,099 | (1,242,451) |
| 67 Total Retained Earnings | \$2,935,706 | \$3,323,057 | \$4,180,581 | \$5,858,913 | \$6,549,340 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$79,646 | \$87,115 | \$65,002 | \$21,953 | \$75,875 |
| 2 Accounts Receivable (Net) | 3,591,585 | 3,288,247 | 3,333,165 | 3,285,401 | 2,771,177 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 237,686 | 220,056 | 250,653 | 204,119 | 231,374 |
| 5 Total Current Assets | 3,908,917 | 3,595,418 | 3,648,820 | 3,511,473 | 3,078,426 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | (217,922) | 230,666 | (122,801) | 1,332,446 | 1,229,316 |
| 7 Unamortized Debt Issuance Costs | 16 | 579 | 1,144 | 1,709 | 2,274 |
| 8 Deferred Charges | | | 3,000 | 6,000 | 14,793 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 323,438 | 464,748 | 534,698 | 616,937 | 282,333 |
| 11 Other Non-Current Assets | 724,589 | 750,968 | 747,071 | 743,382 | 739,889 |
| 12 Total Non-Current Assets | 830,121 | 1,446,961 | 1,163,112 | 2,700,474 | 2,268,605 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 14,796,329 | 14,733,864 | 14,559,988 | 13,548,280 | 13,247,072 |
| 14 Less: Accumulated Depr and Amort. | 9,962,878 | 9,336,635 | 8,740,535 | 8,102,282 | 7,542,775 |
| 15 Net Regulated Plant | 4,833,451 | 5,397,229 | 5,819,453 | 5,445,998 | 5,704,297 |
| 16 Total Assets & Other Debits | \$9,572,489 | \$10,439,608 | \$10,631,385 | \$11,657,945 | \$11,051,328 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$574,709 | \$403,005 | \$605,667 | \$497,131 | \$196,000 |
| 18 Notes Payable | 322,908 | 430,000 | 250,000 | 53,584 | 418,145 |
| 19 Advanced Billings | 14,282 | 25,037 | 16,766 | 14,561 | 14,730 |
| 20 Customer Deposits | 2,055 | 3,485 | 4,361 | 4,111 | 4,101 |
| 21 Current Maturities - Long-Term Debt | 133,447 | 164,736 | 200,540 | 190,825 | 202,400 |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | (38,109) | (97,334) | 59,473 | 568,039 | 196,507 |
| 24 Total Current Liabilities | 1,009,292 | 928,929 | 1,136,807 | 1,328,251 | 1,031,883 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 322,906 | 456,362 | 621,098 | 821,643 | 1012445 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 1,101,569 | 1,114,803 | 1,055,341 | 1,095,146 | 1,157,667 |
| 28 Other Deferred Credits | 632,665 | 1,012,262 | 1,389,249 | 1,608,125 | 714,000 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 349,000 | 385,000 | 215,000 | 238,000 | 148,000 |
| 31 Total Other Liab. and Def. Credits | 2,083,234 | 2,512,065 | 2,659,590 | 2,941,271 | 2,019,667 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 62,100 | 62,100 | 62,100 | 62,100 | 62,100 |
| 33 Preferred Stock | 130,000 | 130,000 | 130,000 | 130,000 | 130,000 |
| 34 Other Paid in Capital | 9,834 | (11,832) | 22,502 | 18,577 | 11,877 |
| 35 Retained Earnings | 5,955,123 | 6,361,984 | 5,999,288 | 6,356,103 | 6,783,356 |
| 36 Total Stockholder's Equity | 6,157,057 | 6,542,252 | 6,213,890 | 6,566,780 | 6,987,333 |
| 37 Total Liab. and Stockholder's Equity | \$9,572,489 | \$10,439,608 | \$10,631,385 | \$11,657,945 | \$11,051,328 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|------------------|------------------|------------------|------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$808,304 | \$838,183 | \$850,846 | \$991,676 | \$978,490 | 1 |
| Network Access Services | 1,495,528 | 1,581,152 | 1,655,074 | 1,680,438 | 1,855,401 | 2 |
| Long Distance Network Services | 42,420 | 23,605 | 30,128 | 31,377 | 35,150 | 3 |
| Miscellaneous Revenues | 527,103 | 516,186 | 424,289 | 277,114 | 208,679 | 4 |
| Less: Uncollectible Revenues | 4,150 | 10,275 | 8,611 | 452 | 28,120 | 5 |
| Total Operating Revenues | 2,869,205 | 2,948,851 | 2,951,726 | 2,980,153 | 3,049,600 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 9,226 | 11,261 | 11,183 | 10,115 | 10,297 | 7 |
| General Support Expenses | 93,461 | 100,568 | 106,406 | 100,114 | 91,526 | 8 |
| Central Office Switching | 206,718 | 191,309 | 201,688 | 203,186 | 220,490 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 1,802 | 4,721 | 6,357 | 7,150 | 7,515 | 11 |
| Info. Origination/Termination | | | | | | 12 |
| Cable & Wire Facilities | 258,441 | 361,286 | 309,814 | 309,159 | 246,959 | 13 |
| Total Plant Specific Operations | 569,648 | 669,145 | 635,448 | 629,724 | 576,787 | 14 |
| Other Plant, Property & Equipment | | | | | | 15 |
| Network Operations | 92,917 | 80,791 | 68,906 | 72,218 | 35,782 | 16 |
| Access Expense | 58,926 | 54,519 | 37,798 | 37,173 | 36,184 | 17 |
| Depreciation and Amortization | 662,117 | 651,777 | 654,875 | 669,185 | 634,420 | 18 |
| Total Plant Non-Specific Operations | 813,960 | 787,087 | 761,579 | 778,576 | 706,386 | 19 |
| Marketing Expense | 55,402 | 50,597 | 33,499 | 34,475 | 28,393 | 20 |
| Services Expense | 231,083 | 264,877 | 282,160 | 315,319 | 352,294 | 21 |
| Total Customer Operations | 286,485 | 315,474 | 315,659 | 349,794 | 380,687 | 22 |
| Executive & Planning | 321,995 | 331,780 | 346,419 | 402,573 | 378,188 | 23 |
| General & Administrative | 493,569 | 621,443 | 454,700 | 555,160 | 453,466 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 815,564 | 953,223 | 801,119 | 957,733 | 831,654 | 27 |
| Total Operations Expense | 2,485,657 | 2,724,929 | 2,513,805 | 2,715,827 | 2,495,514 | 28 |
| Other Operating Income & Expenses | 787 | 762 | 402 | 800 | 119 | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 152,487 | 155,134 | 160,113 | 203,986 | 168,348 | 31 |
| Net Operating Income Before FIT | 231,848 | 69,550 | 278,210 | 61,140 | 385,857 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | (47,527) | (115,923) | 23,843 | 77,175 | 182,585 | 34 |
| Provision - Def. Operating Income Taxes - Net | 116,913 | 147,100 | 40,412 | (400,577) | (103,697) | 35 |
| Net Operating Income | \$162,462 | \$38,373 | \$213,955 | \$384,542 | \$306,969 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-----------|-------------|-------------|------------|
| 37 Net Operating Income | \$162,462 | \$38,373 | \$213,955 | \$384,542 | \$306,969 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | 1,261 | 1,853 | 3,255 | 4,185 | 57,238 |
| 39 Interest Income | 884 | 570 | 16,548 | 25,768 | 2,896 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | (472,409) | 402,374 | (495,557) | (595,833) | (267,151) |
| 44 Other Non-Operating Income | (11,451) | 2,400 | 30,783 | 487,626 | 1,563 |
| 45 Special Charges | 42,289 | 13,585 | 11,887 | 12,314 | 80,120 |
| 46 Total Non-Operating Income & Expenses | (524,004) | 393,612 | (456,858) | (90,568) | (285,574) |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | (8,639) | (8,689) | 11,088 | 460,968 | 14,854 |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | (8,639) | (8,689) | 11,088 | 460,968 | 14,854 |
| 50 Income Available Before Interest Charges | (352,903) | 440,674 | (253,991) | (166,994) | 6,541 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 26,761 | 36,466 | 46,197 | 55,974 | 69,202 |
| 52 Other Interest Expense | 20,697 | 35,012 | 50,127 | 44,344 | 3,609 |
| 53 Total Interest Charges | 47,458 | 71,478 | 96,324 | 100,318 | 72,811 |
| 54 Income Before Extraordinary & Nonreg Items | (400,361) | 369,196 | (350,315) | (267,312) | (66,270) |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | (\$400,361) | \$369,196 | (\$350,315) | (\$267,312) | (\$66,270) |

RETAINED EARNINGS STATEMENT

| | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$6,684,022 | \$6,723,700 | \$6,584,958 | \$6,262,937 | \$6,068,556 |
| 60 Transferred from Income | 72,048 | (33,178) | 145,242 | 328,521 | 200,881 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 |
| 63 Common Stock | | | | | |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 6,749,570 | 6,684,022 | 6,723,700 | 6,584,958 | 6,262,937 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | (794,447) | (322,038) | (724,412) | (228,855) | 520,419 |
| 67 Total Retained Earnings | \$5,955,123 | \$6,361,984 | \$5,999,288 | \$6,356,103 | \$6,783,356 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$168,716 | \$183,372 | \$266,635 | \$631,881 | \$249,748 |
| 2 Accounts Receivable (Net) | 1,431,543 | 1,307,947 | 1,280,142 | 1,009,617 | 907,116 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 178,985 | 189,162 | 229,888 | 356,390 | 344,380 |
| 5 Total Current Assets | 1,779,244 | 1,680,482 | 1,776,665 | 1,997,887 | 1,501,243 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 5,280,425 | 4,867,074 | 4,703,415 | 4,588,743 | 4,294,296 |
| 7 Unamortized Debt Issuance Costs | 62,178 | 66,985 | 71,793 | 75,420 | 50,287 |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 1,227,805 | 1,116,178 | 958,202 | 835,987 | 560,242 |
| 11 Other Non-Current Assets | | 233,077 | 245,344 | | |
| 12 Total Non-Current Assets | 6,570,408 | 6,283,315 | 5,978,754 | 5,500,150 | 4,904,824 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 8,907,927 | 8,626,657 | 9,287,377 | 10,276,429 | 10,424,693 |
| 14 Less: Accumulated Depr and Amort. | 4,813,494 | 4,534,233 | 5,026,316 | 6,046,415 | 5,697,428 |
| 15 Net Regulated Plant | 4,094,433 | 4,092,423 | 4,261,061 | 4,230,014 | 4,727,265 |
| 16 Total Assets & Other Debits | \$12,444,085 | \$12,056,220 | \$12,016,480 | \$11,728,051 | \$11,133,333 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$138,213 | \$199,367 | \$373,829 | \$494,643 | \$627,578 |
| 18 Notes Payable | 124,209 | 124,642 | | | 914,412 |
| 19 Advanced Billings | 17,555 | 15,864 | 14,540 | 14,934 | 15,153 |
| 20 Customer Deposits | 3,610 | 2,754 | 2,238 | 2,229 | 3,202 |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | (238,353) | (285,083) | (262,742) | 357,773 | (108,564) |
| 24 Total Current Liabilities | 45,233 | 57,544 | 127,865 | 869,579 | 1,451,781 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 3,399,939 | 3,222,938 | 3,250,063 | 2,645,159 | 2,821,486 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 408,160 | 571,541 | 545,993 | 449,349 | 565,353 |
| 28 Other Deferred Credits | 1,261,177 | 1,257,660 | 1,280,358 | 1,204,576 | 127,938 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 2,092,480 | 1,746,745 | 1,639,820 | 1,325,936 | 1,234,300 |
| 31 Total Other Liab. and Def. Credits | 3,761,817 | 3,575,946 | 3,466,171 | 2,979,861 | 1,927,591 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 42,000 | 42,000 | 42,000 | 42,000 | 42,000 |
| 33 Preferred Stock | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 |
| 34 Other Paid in Capital | (213,409) | (23,130) | (9,359) | (18,984) | (19,211) |
| 35 Retained Earnings | 5,385,505 | 5,157,922 | 5,116,741 | 5,187,436 | 4,886,685 |
| 36 Total Stockholder's Equity | 5,237,096 | 5,199,792 | 5,172,382 | 5,233,452 | 4,932,475 |
| 37 Total Liab. and Stockholder's Equity | \$12,444,085 | \$12,056,220 | \$12,016,480 | \$11,728,051 | \$11,133,333 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|-------------------|------------------|------------------|------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$238,376 | \$216,047 | \$188,739 | \$191,946 | \$199,042 | 1 |
| Network Access Services | 1,731,528 | 1,938,080 | 2,174,427 | 2,337,694 | 2,602,640 | 2 |
| Long Distance Network Services | | | | | | 3 |
| Miscellaneous Revenues | 135,773 | 191,976 | 179,337 | 251,657 | 346,158 | 4 |
| Less: Uncollectible Revenues | 17,655 | 3,393 | 6,804 | 4,000 | 4,000 | 5 |
| Total Operating Revenues | 2,088,021 | 2,342,709 | 2,535,700 | 2,777,297 | 3,143,839 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 1,484 | 185 | 1,023 | 12,040 | 16,966 | 7 |
| General Support Expenses | 140,093 | 181,412 | 172,168 | 164,790 | 188,925 | 8 |
| Central Office Switching | 117,926 | 115,572 | 134,532 | 95,398 | 171,903 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 102,581 | 130,013 | 184,740 | 132,030 | 99,135 | 11 |
| Info. Origination/Termination | 31,106 | 71,066 | 70,219 | 111,708 | 156,432 | 12 |
| Cable & Wire Facilities | 81,135 | 94,022 | 107,791 | 90,334 | 113,118 | 13 |
| Total Plant Specific Operations | 474,324 | 592,271 | 670,473 | 606,299 | 746,479 | 14 |
| Other Plant, Property & Equipment | | 194 | 880 | 904 | 2,514 | 15 |
| Network Operations | 121,952 | 198,800 | 311,362 | 281,884 | 328,719 | 16 |
| Access Expense | 42,833 | 37,814 | 32,589 | 38,045 | 23,908 | 17 |
| Depreciation and Amortization | 454,800 | 462,908 | 488,380 | 506,548 | 596,443 | 18 |
| Total Plant Non-Specific Operations | 619,585 | 699,716 | 833,211 | 827,380 | 951,585 | 19 |
| Marketing Expense | 38,734 | 43,875 | 15,334 | 2,194 | 4,584 | 20 |
| Services Expense | 164,662 | 165,063 | 157,343 | 151,647 | 297,349 | 21 |
| Total Customer Operations | 203,396 | 208,938 | 172,677 | 153,840 | 301,933 | 22 |
| Executive & Planning | 322,389 | 264,745 | 380,720 | 327,134 | 337,242 | 23 |
| General & Administrative | 529,983 | 420,925 | 436,751 | 484,020 | 401,353 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 852,372 | 685,670 | 817,471 | 811,154 | 738,596 | 27 |
| Total Operations Expense | 2,149,678 | 2,186,595 | 2,493,832 | 2,398,673 | 2,738,591 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 124,650 | 121,120 | 107,149 | 135,104 | 136,616 | 31 |
| Net Operating Income Before FIT | (186,306) | 34,994 | (65,281) | 243,519 | 268,632 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | (23,696) | (52,214) | (105,975) | 264,234 | 1,141 | 34 |
| Provision - Def. Operating Income Taxes - Net | (110,334) | 1,275 | (7,344) | (270,598) | (5,708) | 35 |
| Net Operating Income | (\$52,277) | \$85,933 | \$48,038 | \$249,884 | \$273,199 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|------------|-----------|----------|-----------|-----------|
| 37 Net Operating Income | (\$52,277) | \$85,933 | \$48,038 | \$249,884 | \$273,199 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | 1,334 | 2,036 | 73,953 | 2,600 | 2,869 |
| 39 Interest Income | 17,588 | 1,876 | 21,806 | 31,373 | 16,997 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | 377,303 | 298,936 | 153,934 | 226,115 | 256,476 |
| 44 Other Non-Operating Income | 31,544 | 43,331 | 38,793 | 512,565 | 37,554 |
| 45 Special Charges | 24,112 | 25,498 | 31,324 | 83,183 | 5,109 |
| 46 Total Non-Operating Income & Expenses | 403,657 | 320,680 | 257,163 | 689,470 | 308,787 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 7,635 | 9,148 | (3,706) | 185,822 | |
| 48 Other | | | | 13,888 | |
| 49 Total Non-Operating Taxes | 7,635 | 9,148 | (3,706) | 199,710 | |
| 50 Income Available Before Interest Charges | 343,745 | 397,465 | 308,907 | 739,644 | 581,986 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 153,643 | 146,627 | 142,411 | 208,504 | 173,308 |
| 52 Other Interest Expense | 30,528 | 93,047 | 132,194 | 99,163 | 127,262 |
| 53 Total Interest Charges | 184,171 | 239,674 | 274,605 | 307,667 | 300,571 |
| 54 Income Before Extraordinary & Nonreg Items | 159,574 | 157,791 | 34,302 | 431,977 | 281,415 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | \$159,574 | \$157,791 | \$34,302 | \$431,977 | \$281,415 |

RETAINED EARNINGS STATEMENT

| | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$2,931,385 | \$3,076,530 | \$3,301,159 | \$3,226,524 | \$3,432,585 |
| 60 Transferred from Income | (217,728) | (141,145) | (119,629) | 205,862 | 24,940 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | 4,000 | 105,000 | 117,350 | 231,000 |
| 64 Adjustments | (6,314) | | | (13,877) | |
| 65 Ending Year Balance | 2,707,343 | 2,931,385 | 3,076,530 | 3,301,159 | 3,226,524 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | 2,678,162 | 2,226,537 | 2,040,211 | 1,886,276 | 1,660,161 |
| 67 Total Retained Earnings | \$5,385,505 | \$5,157,922 | \$5,116,741 | \$5,187,436 | \$4,886,686 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---------------|---------------|---------------|---------------|---------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | (\$340,535) | \$222,711 | (\$459,460) | (\$336,353) | (\$94,241) |
| 2 Accounts Receivable (Net) | 48,208,798 | 51,438,832 | 55,456,335 | 55,823,061 | 66,311,515 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 206,468 | 145,834 | 170,341 | 794,258 | 1,165,359 |
| 5 Total Current Assets | 48,074,730 | 51,807,377 | 55,167,216 | 56,280,965 | 67,382,633 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | (9,485,289) | 49,707,378 | 23,768,275 | 181,733 | (94,155,887) |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | (273) | (273) | (272) | 272 | 4,814,976 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | | | |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | (9,485,561) | 49,707,105 | 23,768,003 | 182,005 | (89,340,911) |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 1,130,417,135 | 1,112,226,721 | 1,093,941,478 | 1,072,072,204 | 1,049,905,332 |
| 14 Less: Accumulated Depr and Amort. | 811,820,320 | 772,302,675 | 729,927,311 | 674,970,125 | 620,953,844 |
| 15 Net Regulated Plant | 318,596,815 | 339,924,046 | 364,014,166 | 397,102,079 | 428,951,488 |
| 16 Total Assets & Other Debits | \$357,185,984 | \$441,438,528 | \$442,949,385 | \$453,565,049 | \$406,993,210 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$24,568,387 | \$27,104,192 | \$27,068,974 | \$26,932,459 | \$39,795,546 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 5,685,693 | 5,585,884 | 5,481,313 | 6,876,667 | 5,391,840 |
| 20 Customer Deposits | 1,326 | (45,609) | (41,013) | (45,634) | (44,493) |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 2,618,047 | 1,003,343 | 656,770 | 645,750 | 251,472 |
| 24 Total Current Liabilities | 32,873,453 | 33,647,809 | 33,166,044 | 34,409,242 | 45,394,365 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | | | | | |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 83,981,515 | 78,617,888 | 77,332,883 | 76,882,873 | 77,267,784 |
| 28 Other Deferred Credits | 12,138,498 | 12,637,181 | 13,277,822 | 13,081,722 | 13,346,581 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | | | | | |
| 31 Total Other Liab. and Def. Credits | 96,120,014 | 91,255,069 | 90,610,705 | 89,964,595 | 90,614,365 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | | | | | |
| 35 Retained Earnings | 228,191,518 | 316,534,650 | 319,171,636 | 329,190,212 | 270,983,480 |
| 36 Total Stockholder's Equity | 228,192,518 | 316,535,650 | 319,172,636 | 329,191,212 | 270,984,480 |
| 37 Total Liab. and Stockholder's Equity | \$357,185,984 | \$441,438,528 | \$442,949,385 | \$453,565,049 | \$406,993,210 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$70,604,566 | \$75,647,441 | \$79,879,509 | \$83,627,655 | \$86,875,168 | 1 |
| Network Access Services | 98,342,953 | 103,808,177 | 115,702,130 | 123,465,712 | 138,855,299 | 2 |
| Long Distance Network Services | (1,225) | (187) | (1,234) | 23,830 | (58,611) | 3 |
| Miscellaneous Revenues | 55,310,576 | 57,020,390 | 54,868,078 | 50,102,105 | 31,867,497 | 4 |
| Less: Uncollectible Revenues | 4,015,728 | 3,399,801 | 3,570,242 | 2,572,319 | 1,038,593 | 5 |
| Total Operating Revenues | 220,241,142 | 233,076,020 | 246,878,241 | 254,646,983 | 256,500,760 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 274 | 3,050 | 114,040 | 70 | 5,255 | 7 |
| General Support Expenses | 9,293,831 | 9,642,927 | 8,509,642 | 9,647,177 | 12,150,214 | 8 |
| Central Office Switching | 5,340,714 | 5,489,499 | 5,459,255 | 5,576,544 | 5,757,918 | 9 |
| Operator Systems Expense | 104,852 | 75,603 | 70,763 | 84,272 | 26,083 | 10 |
| Central Office Transmission | 1,551,583 | 1,524,627 | 1,354,382 | 1,764,539 | 1,725,457 | 11 |
| Info. Origination/Termination | 7,586,948 | 7,627,496 | 8,997,864 | 8,770,477 | 7,962,023 | 12 |
| Cable & Wire Facilities | 13,493,068 | 13,179,094 | 13,050,063 | 12,513,541 | 13,985,901 | 13 |
| Total Plant Specific Operations | 37,371,272 | 37,542,296 | 37,556,010 | 38,356,620 | 41,612,851 | 14 |
| Other Plant, Property & Equipment | 2,952 | 5,511 | 114 | (3,461) | 95 | 15 |
| Network Operations | 11,937,482 | 12,338,571 | 11,901,558 | 13,082,148 | 13,966,416 | 16 |
| Access Expense | 2,925,071 | 3,335,015 | 3,566,861 | 4,948,370 | 5,615,133 | 17 |
| Depreciation and Amortization | 38,865,922 | 44,313,834 | 52,523,570 | 51,662,661 | 52,155,491 | 18 |
| Total Plant Non-Specific Operations | 53,731,427 | 59,992,931 | 67,992,103 | 69,689,718 | 71,737,135 | 19 |
| Marketing Expense | 5,890,245 | 5,169,752 | 4,928,176 | 4,947,708 | 3,872,866 | 20 |
| Services Expense | 9,611,905 | 8,590,711 | 9,369,908 | 10,327,717 | 10,099,755 | 21 |
| Total Customer Operations | 15,502,150 | 13,760,463 | 14,298,084 | 15,275,425 | 13,972,621 | 22 |
| Executive & Planning | 2,188,101 | 1,568,990 | 2,130,842 | 2,396,019 | 2,511,640 | 23 |
| General & Administrative | 12,411,503 | 11,520,889 | 7,847,813 | 12,874,622 | 14,423,599 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 14,599,604 | 13,089,879 | 9,978,655 | 15,270,640 | 16,935,239 | 27 |
| Total Operations Expense | 121,204,454 | 124,385,569 | 129,824,852 | 138,592,403 | 144,257,846 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | 4,814,704 | | 30 |
| Other Taxes | 12,843,386 | 14,296,918 | 12,402,373 | 13,620,315 | 13,308,760 | 31 |
| Net Operating Income Before FIT | 86,193,302 | 94,393,534 | 104,651,015 | 97,619,561 | 98,934,154 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 16,110,067 | 20,118,945 | 27,925,867 | 34,012,116 | 36,596,079 | 34 |
| Provision - Def. Operating Income Taxes - Net | 5,017,032 | 4,047,714 | 1,384,645 | 154,730 | (1,968,360) | 35 |
| Net Operating Income | \$65,066,203 | \$70,226,875 | \$75,340,503 | \$63,452,715 | \$64,306,435 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| 37 Net Operating Income | \$65,066,203 | \$70,226,875 | \$75,340,503 | \$63,452,715 | \$64,306,435 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | | | | | |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | 277,840 | 396,990 | 222,445 | 193,844 | 68,953 |
| 42 Gains/Losses - Disposal of Property | | 18,750 | 7,028 | 96,607 | |
| 43 Equity in Earnings of Affiliated Companies | | | | | |
| 44 Other Non-Operating Income | (5,849,773) | (5,849,531) | (5,849,773) | (5,804,389) | (5,848,118) |
| 45 Special Charges | 45,944 | 100,309 | 42,085 | 1,543,723 | 62,360 |
| 46 Total Non-Operating Income & Expenses | (5,617,877) | (5,534,100) | (5,662,386) | (7,057,660) | (5,841,525) |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 7,791,409 | 7,329,536 | 4,686,248 | (1,812,598) | (2,399,310) |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | 7,791,409 | 7,329,536 | 4,686,248 | (1,812,598) | (2,399,310) |
| 50 Income Available Before Interest Charges | 51,656,917 | 57,363,239 | 64,991,869 | 58,207,652 | 60,864,221 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | | | |
| 52 Other Interest Expense | 49 | 225 | 10,446 | 3,112 | 16 |
| 53 Total Interest Charges | 49 | 225 | 10,446 | 3,112 | 16 |
| 54 Income Before Extraordinary & Nonreg Items | 51,656,868 | 57,363,014 | 64,981,423 | 58,204,540 | 60,864,205 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | 25,829,921 | 25,345,935 | 20,906,695 | | |
| 57 Total Extraordinary & Nonregulated Items | 25,829,921 | 25,345,935 | 20,906,695 | | |
| 58 Net Income | \$77,486,789 | \$82,708,949 | \$85,888,118 | \$58,204,540 | \$60,864,205 |

RETAINED EARNINGS STATEMENT

| | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$316,534,650 | \$319,171,636 | \$329,190,212 | \$270,985,666 | \$272,619,276 |
| 60 Transferred from Income | 51,656,868 | 57,363,014 | 64,981,423 | 58,204,546 | 60,864,205 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | 140,000,000 | 60,000,000 | 75,000,000 | | 62,500,000 |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 228,191,518 | 316,534,650 | 319,171,636 | 329,190,212 | 270,983,481 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | | | |
| 67 Total Retained Earnings | \$228,191,518 | \$316,534,650 | \$319,171,636 | \$329,190,212 | \$270,983,481 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$98,230 | \$142,995 | \$221,030 | \$451,870 | \$771,833 |
| 2 Accounts Receivable (Net) | 243,661 | 278,929 | 250,546 | 277,162 | 289,200 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 190,364 | 230,120 | 178,025 | 200,869 | 297,482 |
| 5 Total Current Assets | 532,256 | 652,043 | 649,601 | 929,901 | 1,358,515 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 153,052 | 185,856 | 357,622 | 552,642 | 641,110 |
| 7 Unamortized Debt Issuance Costs | 3,034 | 3,470 | 3,905 | 4,341 | 4,777 |
| 8 Deferred Charges | | | 7,118 | 14,235 | 22,686 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 579,580 | 534,390 | 551,415 | 499,193 | 224,476 |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | 735,666 | 723,715 | 920,060 | 1,070,411 | 893,049 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 7,052,722 | 6,925,292 | 7,090,646 | 6,995,763 | 7,524,996 |
| 14 Less: Accumulated Depr and Amort. | 4,193,212 | 3,919,591 | 3,811,220 | 3,592,390 | 3,395,869 |
| 15 Net Regulated Plant | 2,859,510 | 3,005,701 | 3,279,427 | 3,403,373 | 4,129,127 |
| 16 Total Assets & Other Debits | \$4,127,431 | \$4,381,459 | \$4,849,087 | \$5,403,686 | \$6,380,691 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$325,706 | \$176,996 | \$118,722 | \$60,542 | \$51,524 |
| 18 Notes Payable | 11,036 | 11,669 | 29,972 | 62,041 | 87,451 |
| 19 Advanced Billings | 4,400 | 4,400 | 4,400 | 4,400 | 4,400 |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 3,095 | 2,513 | 4,337 | 169,941 | 50,487 |
| 24 Total Current Liabilities | 344,236 | 195,578 | 157,430 | 296,924 | 193,863 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 3,226,266 | 3,387,032 | 3,540,007 | 3,685,523 | 3,775,909 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 480,057 | 508,425 | 543,896 | 512,180 | 489,358 |
| 28 Other Deferred Credits | | 1 | 5,790 | 11,566 | 636,697 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | | | | | |
| 31 Total Other Liab. and Def. Credits | 480,057 | 508,426 | 549,686 | 523,746 | 1,126,055 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 24,300 | 24,300 | 24,300 | 24,300 | 24,300 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 29,158 | 23,383 | 44,124 | 4,863 | 4,863 |
| 35 Retained Earnings | 23,414 | 242,740 | 533,540 | 868,330 | 1,255,702 |
| 36 Total Stockholder's Equity | 76,872 | 290,423 | 601,964 | 897,493 | 1,284,865 |
| 37 Total Liab. and Stockholder's Equity | \$4,127,431 | \$4,381,459 | \$4,849,087 | \$5,403,686 | \$6,380,692 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|-------------------|------------------|------------------|------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$262,493 | \$222,565 | \$272,122 | \$283,501 | \$239,965 | 1 |
| Network Access Services | 914,400 | 1,265,206 | 1,287,337 | 1,304,166 | 1,431,462 | 2 |
| Long Distance Network Services | 160,140 | 189,833 | 193,664 | 224,796 | 286,014 | 3 |
| Miscellaneous Revenues | 85,437 | 74,932 | 57,360 | 43,362 | 73,965 | 4 |
| Less: Uncollectible Revenues | 6,600 | 3,000 | 6,600 | 3,000 | 3,000 | 5 |
| Total Operating Revenues | 1,415,870 | 1,749,536 | 1,803,883 | 1,852,826 | 2,028,407 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 3,365 | 7,905 | 6,042 | 8,810 | 5,413 | 7 |
| General Support Expenses | 55,631 | 64,716 | 105,091 | 97,744 | 88,277 | 8 |
| Central Office Switching | 116,631 | 110,594 | 137,053 | 100,150 | 98,902 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 63,393 | | 19,853 | 21,982 | 20,258 | 11 |
| Info. Origination/Termination | 11,307 | 12,286 | 1,605 | 955 | 3,467 | 12 |
| Cable & Wire Facilities | 176,179 | 230,788 | 272,100 | 342,999 | 285,052 | 13 |
| Total Plant Specific Operations | 426,507 | 426,288 | 541,742 | 572,639 | 501,370 | 14 |
| Other Plant, Property & Equipment | | | | | | 15 |
| Network Operations | 61,246 | 28,546 | 102,682 | 100,375 | 97,953 | 16 |
| Access Expense | 29,099 | 12,462 | 15,413 | 25,268 | | 17 |
| Depreciation and Amortization | 291,226 | 292,991 | 250,138 | 243,880 | 232,869 | 18 |
| Total Plant Non-Specific Operations | 381,571 | 333,999 | 368,234 | 369,523 | 330,822 | 19 |
| Marketing Expense | 9,737 | 77,235 | 8,161 | 8,059 | 7,624 | 20 |
| Services Expense | 201,837 | 181,096 | 165,726 | 178,862 | 242,074 | 21 |
| Total Customer Operations | 211,574 | 258,331 | 173,887 | 186,921 | 249,698 | 22 |
| Executive & Planning | 190,481 | 238,338 | 130,256 | 134,010 | 128,441 | 23 |
| General & Administrative | 283,329 | 319,997 | 440,502 | 489,902 | 561,371 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 473,810 | 558,336 | 570,758 | 623,912 | 689,812 | 27 |
| Total Operations Expense | 1,493,462 | 1,576,954 | 1,654,621 | 1,752,994 | 1,771,702 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 72,289 | 94,215 | 103,477 | 111,019 | 106,629 | 31 |
| Net Operating Income Before FIT | (149,881) | 78,367 | 45,784 | (11,187) | 150,076 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | | 2,233 | 924 | 222,725 | 2,560 | 34 |
| Provision - Def. Operating Income Taxes - Net | (71,421) | (7,761) | (40,731) | (296,320) | (23,911) | 35 |
| Net Operating Income | (\$78,460) | \$83,895 | \$85,591 | \$62,408 | \$171,427 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|---------------|
| 37 Net Operating Income | (\$78,460) | \$83,895 | \$85,591 | \$62,408 | \$171,427 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | | 239 | 4,232 | 237 | |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | 3,527 |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | (41,555) | (178,528) | (220,663) | (218,405) | (1,520,765) |
| 44 Other Non-Operating Income | 29 | 12 | 3,259 | 629,000 | |
| 45 Special Charges | (70,071) | 14,891 | 17,763 | 672,865 | 15,083 |
| 46 Total Non-Operating Income & Expenses | 28,545 | (193,168) | (230,935) | (262,034) | (1,532,321) |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | (5,113) | (2,233) | (924) | (12,265) | (2,560) |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | (5,113) | (2,233) | (924) | (12,265) | (2,560) |
| 50 Income Available Before Interest Charges | (44,802) | (107,039) | (144,420) | (187,361) | (1,358,334) |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 171,467 | 179,469 | 189,876 | 199,694 | 203,990 |
| 52 Other Interest Expense | 3,058 | 4,292 | 494 | 316 | 676 |
| 53 Total Interest Charges | 174,525 | 183,761 | 190,370 | 200,010 | 204,666 |
| 54 Income Before Extraordinary & Nonreg Items | (219,326) | (290,800) | (334,790) | (387,371) | (1,562,999) |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | (\$219,326) | (\$290,800) | (\$334,790) | (\$387,371) | (\$1,562,999) |

RETAINED EARNINGS STATEMENT

| | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$4,305,577 | \$4,417,849 | \$4,531,976 | \$4,700,942 | \$4,633,245 |
| 60 Transferred from Income | (177,771) | (112,272) | (114,127) | (168,966) | (42,234) |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | | | | |
| 64 Adjustments | | | (1) | | 109,931 |
| 65 Ending Year Balance | 4,127,806 | 4,305,577 | 4,417,849 | 4,531,976 | 4,700,942 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | (4,104,392) | (4,062,836) | (3,884,309) | (3,663,646) | (3,445,241) |
| 67 Total Retained Earnings | \$23,414 | \$242,740 | \$533,540 | \$868,330 | \$1,255,702 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$2,609,211 | \$3,953,902 | \$3,259,823 | \$4,314,475 | \$2,308,855 |
| 2 Accounts Receivable (Net) | 1,560,652 | 1,290,280 | 1,377,574 | 1,558,425 | 1,916,529 |
| 3 Current Deferred Income Taxes | 5,252 | 4,360 | 3,523 | 2,751 | 9,227 |
| 4 Other Current Assets | 257,979 | 296,706 | 185,089 | 193,760 | 299,946 |
| 5 Total Current Assets | 4,433,094 | 5,545,248 | 4,826,009 | 6,069,410 | 4,534,557 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 632,665 | 622,768 | 604,976 | 651,046 | 1,284,669 |
| 7 Unamortized Debt Issuance Costs | 1,722 | 2,460 | 3,198 | 3,936 | 4,674 |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 791,252 | 833,346 | 769,849 | 793,346 | 241,137 |
| 11 Other Non-Current Assets | 311,883 | 288,533 | 338,097 | 292,392 | 249,039 |
| 12 Total Non-Current Assets | 1,737,522 | 1,747,107 | 1,716,120 | 1,740,721 | 1,779,519 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 16,315,770 | 15,374,007 | 14,169,524 | 13,153,512 | 11,807,528 |
| 14 Less: Accumulated Depr and Amort. | 8,833,557 | 8,423,174 | 8,067,525 | 7,501,545 | 7,008,004 |
| 15 Net Regulated Plant | 7,482,213 | 6,950,833 | 6,101,999 | 5,651,967 | 4,799,524 |
| 16 Total Assets & Other Debits | \$13,652,829 | \$14,243,187 | \$12,644,128 | \$13,462,098 | \$11,113,600 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$367,624 | 1,221,368 | 140,967 | 598,092 | \$136,362 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | | | | | |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 192,312 | 22,800 | 200,841 | 366,726 | 679,776 |
| 24 Total Current Liabilities | 559,936 | 1,244,168 | 341,808 | 964,818 | 816,138 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 504,479 | 679,981 | 842,829 | 994,030 | 1,134,278 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 1,142,937 | 964,861 | 709,704 | 757,352 | 851,815 |
| 28 Other Deferred Credits | 1,491,675 | 1,623,459 | 1,731,476 | 1,775,879 | 55,621 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 792,106 | 789,564 | 467,217 | 492,368 | 431,243 |
| 31 Total Other Liab. and Def. Credits | 3,426,718 | 3,377,884 | 2,908,397 | 3,025,599 | 1,338,678 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 110,000 | 110,000 | 110,000 | 110,000 | 110,000 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | | | | | |
| 35 Retained Earnings | 9,051,696 | 8,831,155 | 8,441,094 | 8,367,651 | 7,714,506 |
| 36 Total Stockholder's Equity | 9,161,696 | 8,941,155 | 8,551,094 | 8,477,651 | 7,824,506 |
| 37 Total Liab. and Stockholder's Equity | \$13,652,829 | \$14,243,187 | \$12,644,128 | \$13,462,098 | \$11,113,600 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|------------------|------------------|------------------|------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$821,714 | \$818,758 | \$864,799 | \$972,861 | \$961,872 | 1 |
| Network Access Services | 2,538,140 | 2,615,096 | 2,380,807 | 2,405,024 | 2,599,061 | 2 |
| Long Distance Network Services | 2,402 | 2,838 | 4,135 | 5,383 | 5,184 | 3 |
| Miscellaneous Revenues | 302,552 | 368,707 | 426,945 | 439,723 | 490,386 | 4 |
| Less: Uncollectible Revenues | 4,802 | 34,288 | 7,025 | 3,500 | 40,075 | 5 |
| Total Operating Revenues | 3,660,006 | 3,771,111 | 3,669,661 | 3,819,491 | 4,016,427 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 3,094 | 1,352 | 2,528 | 92 | | 7 |
| General Support Expenses | 164,704 | 206,818 | 225,782 | 207,133 | 183,192 | 8 |
| Central Office Switching | 163,450 | 167,561 | 164,176 | 173,627 | 137,455 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 63,127 | 121,664 | 83,011 | 61,284 | 52,768 | 11 |
| Info. Origination/Termination | 13,937 | 22,838 | 23,905 | 26,355 | 35,879 | 12 |
| Cable & Wire Facilities | 231,422 | 233,661 | 256,294 | 245,279 | 278,324 | 13 |
| Total Plant Specific Operations | 639,735 | 753,895 | 755,697 | 713,769 | 687,617 | 14 |
| Other Plant, Property & Equipment | 47,391 | (42,454) | 2,211 | (198) | | 15 |
| Network Operations | 453,592 | 483,374 | 461,169 | 338,251 | 238,667 | 16 |
| Access Expense | 66,457 | 54,019 | 51,200 | 62,817 | 64,545 | 17 |
| Depreciation and Amortization | 641,075 | 732,581 | 741,306 | 681,327 | 690,534 | 18 |
| Total Plant Non-Specific Operations | 1,208,515 | 1,227,520 | 1,255,885 | 1,082,196 | 993,746 | 19 |
| Marketing Expense | 26,562 | 26,120 | 40,099 | 24,658 | 23,162 | 20 |
| Services Expense | 431,357 | 438,946 | 427,420 | 467,540 | 572,991 | 21 |
| Total Customer Operations | 457,918 | 465,066 | 467,519 | 492,198 | 596,153 | 22 |
| Executive & Planning | 167,894 | 206,292 | 255,073 | 379,303 | 516,329 | 23 |
| General & Administrative | 414,720 | 753,329 | 530,630 | 593,180 | 755,758 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 582,614 | 959,621 | 785,703 | 972,482 | 1,272,087 | 27 |
| Total Operations Expense | 2,888,782 | 3,406,101 | 3,264,804 | 3,260,646 | 3,549,603 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 207,138 | 190,287 | 206,769 | 213,259 | 215,294 | 31 |
| Net Operating Income Before FIT | 564,086 | 174,722 | 198,088 | 345,586 | 251,530 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | (17,389) | (131,578) | 68,316 | 126,608 | 155,041 | 34 |
| Provision - Def. Operating Income Taxes - Net | 219,278 | 190,824 | (24,759) | (48,832) | (96,781) | 35 |
| Net Operating Income | \$362,197 | \$115,476 | \$154,531 | \$267,810 | \$193,270 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| 37 Net Operating Income | \$362,197 | \$115,476 | \$154,531 | \$267,810 | \$193,270 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | 113,734 | 6 | 565 |
| 39 Interest Income | 11,001 | 111,779 | 106,173 | 158,747 | 38,709 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | 9,897 | 17,792 | (46,070) | 82,754 | 105,646 |
| 44 Other Non-Operating Income | | 333,439 | 13,318 | 728,806 | 38,627 |
| 45 Special Charges | 4,760 | 4,309 | 10,205 | 19,931 | (13,488) |
| 46 Total Non-Operating Income & Expenses | 16,138 | 458,701 | 176,950 | 950,382 | 197,035 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 703 | 7,203 | 45,116 | 246,908 | 20,353 |
| 48 Other | | | | 70,063 | |
| 49 Total Non-Operating Taxes | 703 | 7,203 | 45,116 | 316,971 | 20,353 |
| 50 Income Available Before Interest Charges | 377,632 | 566,974 | 286,365 | 901,221 | 369,952 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 44,709 | 57,443 | 69,164 | 80,185 | 90,252 |
| 52 Other Interest Expense | (26,217) | (19,131) | 5,158 | 29,290 | 1,091 |
| 53 Total Interest Charges | 18,492 | 38,312 | 74,322 | 109,475 | 91,343 |
| 54 Income Before Extraordinary & Nonreg Items | 359,140 | 528,662 | 212,043 | 791,746 | 278,609 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | \$359,140 | \$528,662 | \$212,043 | \$791,746 | \$278,609 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$10,748,336 | \$10,376,067 | \$10,256,554 | \$9,686,162 | \$9,651,800 |
| 60 Transferred from Income | 349,243 | 510,869 | 258,113 | 708,992 | 172,963 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | 138,600 | 138,600 | 138,600 | 138,600 | 138,600 |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 10,958,979 | 10,748,336 | 10,376,067 | 10,256,554 | 9,686,163 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | (1,907,283) | (1,917,181) | (1,934,973) | (1,888,903) | (1,971,657) |
| 67 Total Retained Earnings | \$9,051,696 | \$8,831,155 | \$8,441,094 | \$8,367,651 | \$7,714,506 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$1,908,693 | \$1,394,860 | \$1,064,181 | \$137,964 | \$228,663 |
| 2 Accounts Receivable (Net) | 1,287,736 | 1,063,908 | 1,209,294 | 1,332,115 | 1,477,055 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 169,816 | 129,995 | 342,281 | 320,875 | 313,048 |
| 5 Total Current Assets | 3,366,245 | 2,588,763 | 2,615,756 | 1,790,954 | 2,018,766 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | | | | | |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | 100 | 100 | 200 | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | | | |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | 100 | 100 | 200 | | |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 23,745,094 | 23,814,334 | 23,283,252 | 22,610,802 | 21,605,234 |
| 14 Less: Accumulated Depr and Amort. | 16,334,925 | 15,726,378 | 14,780,352 | 13,841,774 | 13,106,371 |
| 15 Net Regulated Plant | 7,410,168 | 8,087,956 | 8,502,900 | 8,769,028 | 8,498,863 |
| 16 Total Assets & Other Debits | \$10,776,514 | \$10,676,819 | \$11,118,856 | \$10,559,982 | \$10,517,629 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$789,437 | \$612,539 | \$843,210 | 766,919 | \$748,172 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 228,497 | 212,287 | 223,762 | 154,486 | 124,236 |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | 14,846 | 17,475 | 7,659 | | |
| 22 Current Deferred Income Taxes | (30,422) | (13,774) | (14,976) | (7,700) | (6,965) |
| 23 Other Current Liabilities | 221,760 | 177,656 | 144,956 | 170,309 | 120,341 |
| 24 Total Current Liabilities | 1,224,118 | 1,006,183 | 1,204,611 | 1,084,014 | 985,784 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 6,334 | 17,772 | 4,201 | 11,860 | 5,757 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 1,414,311 | 1,419,096 | 1,468,214 | 1,617,982 | 1,686,085 |
| 28 Other Deferred Credits | 553,538 | 666,122 | 778,706 | 891,290 | 1,027,715 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | (20,391) | 112,540 | 134,518 | 176,783 | 90,776 |
| 31 Total Other Liab. and Def. Credits | 1,947,458 | 2,197,758 | 2,381,438 | 2,686,055 | 2,804,576 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 322,250 | 322,250 | 322,250 | 322,250 | 322,250 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 579,159 | 493,662 | 484,753 | (26,818) | 33,398 |
| 35 Retained Earnings | 6,697,195 | 6,639,194 | 6,721,603 | 6,482,621 | 6,365,864 |
| 36 Total Stockholder's Equity | 7,598,604 | 7,455,106 | 7,528,606 | 6,778,053 | 6,721,512 |
| 37 Total Liab. and Stockholder's Equity | \$10,776,514 | \$10,676,819 | \$11,118,856 | \$10,559,982 | \$10,517,629 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|------------------|------------------|------------------|------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$1,812,188 | \$1,952,125 | \$2,153,804 | \$2,139,268 | \$2,140,730 | 1 |
| Network Access Services | 2,721,622 | 2,803,728 | 3,091,417 | 3,119,434 | 3,217,089 | 2 |
| Long Distance Network Services | (31) | 457 | 454 | 502 | 658 | 3 |
| Miscellaneous Revenues | 1,522,422 | 1,390,939 | 1,079,634 | 1,011,013 | 948,709 | 4 |
| Less: Uncollectible Revenues | 59,953 | 34,765 | 73,816 | 22,916 | 28,334 | 5 |
| Total Operating Revenues | 5,996,248 | 6,112,484 | 6,251,493 | 6,247,301 | 6,278,852 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 27,958 | 22,135 | 26,958 | 31,218 | 29,160 | 7 |
| General Support Expenses | 263,894 | 38,739 | 40,279 | 45,795 | 57,691 | 8 |
| Central Office Switching | 164,018 | 174,033 | 208,690 | 232,325 | 191,687 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 335,946 | 428,271 | 356,460 | 302,945 | 194,957 | 11 |
| Info. Origination/Termination | 327,525 | 374,206 | 367,223 | 400,674 | 329,273 | 12 |
| Cable & Wire Facilities | 499,072 | 512,439 | 408,424 | 387,724 | 349,227 | 13 |
| Total Plant Specific Operations | 1,618,413 | 1,549,823 | 1,408,034 | 1,400,681 | 1,151,995 | 14 |
| Other Plant, Property & Equipment | | | | | | 15 |
| Network Operations | 721,275 | 694,889 | 709,092 | 713,051 | 804,985 | 16 |
| Access Expense | 166,842 | 164,301 | 184,921 | 150,401 | 144,756 | 17 |
| Depreciation and Amortization | 1,044,456 | 1,247,144 | 1,388,220 | 1,270,174 | 1,185,691 | 18 |
| Total Plant Non-Specific Operations | 1,932,573 | 2,106,334 | 2,282,233 | 2,133,626 | 2,135,432 | 19 |
| Marketing Expense | 372,459 | 378,139 | 371,770 | 397,005 | 433,606 | 20 |
| Services Expense | 475,083 | 513,692 | 546,025 | 625,284 | 792,189 | 21 |
| Total Customer Operations | 847,542 | 891,831 | 917,795 | 1,022,289 | 1,225,795 | 22 |
| Executive & Planning | 136,100 | 107,071 | 204,656 | 218,947 | 133,198 | 23 |
| General & Administrative | 929,949 | 972,475 | 1,043,634 | 1,082,220 | 1,022,164 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 1,066,049 | 1,079,546 | 1,248,290 | 1,301,167 | 1,155,362 | 27 |
| Total Operations Expense | 5,464,577 | 5,627,534 | 5,856,352 | 5,857,763 | 5,668,584 | 28 |
| Other Operating Income & Expenses | 3,482 | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 195,708 | 260,476 | 185,664 | 226,678 | 230,638 | 31 |
| Net Operating Income Before FIT | 339,445 | 224,474 | 209,477 | 162,860 | 379,630 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 149,824 | 94,748 | 145,581 | 85,962 | 251,582 | 34 |
| Provision - Def. Operating Income Taxes - Net | (69,546) | (55,472) | (158,588) | (27,700) | (129,146) | 35 |
| Net Operating Income | \$259,167 | \$185,198 | \$222,484 | \$104,598 | \$257,194 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|--------------|
| 37 Net Operating Income | \$259,167 | \$185,198 | \$222,484 | \$104,598 | \$257,194 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | 4,569 | 34,362 | 27,474 | 25,919 | 280,330 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | | | | | |
| 44 Other Non-Operating Income | (1,940) | (715) | 2,170 | (764) | |
| 45 Special Charges | 1,889 | 2,404 | 2,658 | 5,918 | 6,414 |
| 46 Total Non-Operating Income & Expenses | 740 | 31,243 | 26,986 | 19,237 | 273,916 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 323 | 10,891 | 9,420 | 6,644 | 68,459 |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | 323 | 10,891 | 9,420 | 6,644 | 68,459 |
| 50 Income Available Before Interest Charges | 259,584 | 205,550 | 240,050 | 117,191 | 462,651 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | | | |
| 52 Other Interest Expense | 1,582 | 1,960 | 1,068 | 434 | 3,383 |
| 53 Total Interest Charges | 1,582 | 1,960 | 1,068 | 434 | 3,383 |
| 54 Income Before Extraordinary & Nonreg Items | 258,002 | 203,590 | 238,982 | 116,757 | 459,268 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | \$258,002 | \$203,590 | \$238,982 | \$116,757 | \$459,268 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$6,639,193 | \$6,721,603 | \$6,482,621 | \$6,365,864 | \$15,054,596 |
| 60 Transferred from Income | 258,002 | 203,590 | 238,982 | 116,757 | 459,268 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | 200,000 | 286,000 | | | 9,148,000 |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 6,697,195 | 6,639,193 | 6,721,603 | 6,482,621 | 6,365,864 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | | | |
| 67 Total Retained Earnings | \$6,697,195 | \$6,639,194 | \$6,721,603 | \$6,482,621 | \$6,365,864 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$131,237 | \$153,109 | \$560,971 | \$2,267,270 | \$170,551 |
| 2 Accounts Receivable (Net) | 190,699 | 314,173 | 390,784 | 389,765 | 632,474 |
| 3 Current Deferred Income Taxes | 21,512 | 19,492 | 17,369 | 15,110 | 13,071 |
| 4 Other Current Assets | 1,979,890 | 1,883,572 | 1,698,892 | 1,580,260 | 1,532,891 |
| 5 Total Current Assets | 2,323,338 | 2,370,346 | 2,668,016 | 4,252,405 | 2,348,987 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 3,299,010 | 2,978,339 | 2,804,325 | 2,801,877 | 2,898,900 |
| 7 Unamortized Debt Issuance Costs | | | | 3,669 | 4,126 |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 812,801 | 807,840 | 781,745 | 768,504 | 727,677 |
| 11 Other Non-Current Assets | 64,261 | 64,261 | 64,261 | 64,261 | 64,261 |
| 12 Total Non-Current Assets | 4,176,072 | 3,850,440 | 3,650,331 | 3,638,311 | 3,694,964 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 18,372,025 | 18,166,186 | 17,940,249 | 17,802,265 | 17,263,601 |
| 14 Less: Accumulated Depr and Amort. | 14,747,133 | 14,147,299 | 13,594,045 | 12,479,874 | 11,217,985 |
| 15 Net Regulated Plant | 3,624,892 | 4,018,887 | 4,346,204 | 5,322,391 | 6,045,616 |
| 16 Total Assets & Other Debits | \$10,124,302 | \$10,239,673 | \$10,664,551 | \$13,213,107 | \$12,089,567 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$141,148 | \$312,934 | \$135,529 | 266,662 | \$201,915 |
| 18 Notes Payable | 2,610,000 | 2,095,000 | 1,815,000 | 1,692,027 | 1,717,727 |
| 19 Advanced Billings | 18,190 | 56,896 | 37,390 | 46,990 | 56,590 |
| 20 Customer Deposits | 5,349 | 7,249 | 6,783 | 11,783 | 22,692 |
| 21 Current Maturities - Long-Term Debt | 33,317 | 30,019 | 22,433 | 195,064 | 183,376 |
| 22 Current Deferred Income Taxes | | | | 2,495 | 150 |
| 23 Other Current Liabilities | 137,063 | 440,416 | 537,500 | 688,571 | 1,101,414 |
| 24 Total Current Liabilities | 2,945,067 | 2,942,514 | 2,554,635 | 2,903,592 | 3,283,864 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 81,964 | 115,345 | 120,972 | 1,545,384 | 1,739,456 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 921,915 | 881,753 | 220,316 | 406,023 | 1,140,236 |
| 28 Other Deferred Credits | 249,664 | 243,725 | 237,480 | 230,836 | 224,836 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 537,246 | 669,219 | 2,604,649 | 2,538,612 | 600,010 |
| 31 Total Other Liab. and Def. Credits | 1,708,825 | 1,794,697 | 3,062,445 | 3,175,471 | 1,965,082 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 619,975 | 619,975 | 619,975 | 619,975 | 619,975 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | | | | | |
| 35 Retained Earnings | 4,768,471 | 4,767,142 | 4,306,524 | 4,968,685 | 4,481,190 |
| 36 Total Stockholder's Equity | 5,388,446 | 5,387,117 | 4,926,499 | 5,588,660 | 5,101,165 |
| 37 Total Liab. and Stockholder's Equity | \$10,124,302 | \$10,239,673 | \$10,664,551 | \$13,213,107 | \$12,089,567 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$2,030,312 | \$2,042,005 | \$2,085,575 | \$2,140,353 | \$2,214,508 | 1 |
| Network Access Services | 2,887,933 | 3,015,548 | 3,595,748 | 3,703,534 | 4,118,433 | 2 |
| Long Distance Network Services | 3,461 | 4,308 | 6,073 | 8,709 | 11,246 | 3 |
| Miscellaneous Revenues | 768,596 | 779,124 | 849,628 | 861,381 | 852,852 | 4 |
| Less: Uncollectible Revenues | 6,133 | 11,530 | 8,202 | 13,848 | (11,644) | 5 |
| Total Operating Revenues | 5,684,169 | 5,829,455 | 6,528,822 | 6,700,129 | 7,208,683 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 80,644 | 36,594 | 49,609 | 58,532 | 43,976 | 7 |
| General Support Expenses | 534,923 | 645,116 | 575,723 | 685,732 | 631,241 | 8 |
| Central Office Switching | 334,508 | 166,370 | 84,764 | 118,359 | 90,070 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 72,660 | 304,099 | 211,639 | 216,203 | 167,113 | 11 |
| Info. Origination/Termination | | | | | | 12 |
| Cable & Wire Facilities | 177,998 | 183,122 | 166,419 | 138,182 | 168,876 | 13 |
| Total Plant Specific Operations | 1,200,733 | 1,335,301 | 1,088,154 | 1,217,008 | 1,101,276 | 14 |
| Other Plant, Property & Equipment | 87,896 | 88,139 | 15,440 | 15,689 | 91,128 | 15 |
| Network Operations | 221,961 | 221,975 | 248,423 | 271,027 | 307,366 | 16 |
| Access Expense | 106,199 | 84,359 | 89,247 | 65,064 | 79,909 | 17 |
| Depreciation and Amortization | 709,013 | 775,534 | 1,293,672 | 1,254,787 | 1,239,989 | 18 |
| Total Plant Non-Specific Operations | 1,125,069 | 1,170,007 | 1,646,782 | 1,606,567 | 1,718,392 | 19 |
| Marketing Expense | 389,746 | 362,014 | 312,510 | 329,170 | 259,309 | 20 |
| Services Expense | 721,284 | 897,870 | 846,063 | 810,070 | 865,800 | 21 |
| Total Customer Operations | 1,111,030 | 1,259,884 | 1,158,573 | 1,139,240 | 1,125,109 | 22 |
| Executive & Planning | 1,197,820 | 1,784,607 | 1,790,529 | 1,809,106 | 2,006,590 | 23 |
| General & Administrative | 1,006,814 | 1,298,647 | 1,421,069 | 1,266,873 | 1,443,159 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 2,204,634 | 3,083,254 | 3,211,598 | 3,075,979 | 3,449,749 | 27 |
| Total Operations Expense | 5,641,466 | 6,848,446 | 7,105,107 | 7,038,794 | 7,394,526 | 28 |
| Other Operating Income & Expenses | 483 | 3,362 | 32,054 | 2,720 | 1,593 | 29 |
| State & Local Income Taxes | | | 530 | | 142 | 30 |
| Other Taxes | 333,532 | 345,166 | 351,714 | 363,389 | 377,041 | 31 |
| Net Operating Income Before FIT | (290,346) | (1,360,795) | (896,475) | (699,334) | (561,433) | 32 |
| Investment Tax Credits - Net | | | | | 1,926 | 33 |
| Federal Income Taxes | (199,081) | (492,630) | (203,581) | (128,306) | (126,762) | 34 |
| Provision - Def. Operating Income Taxes - Net | 33,182 | (22,209) | (183,808) | (213,767) | (190,465) | 35 |
| Net Operating Income | (\$124,447) | (\$845,956) | (\$509,086) | (\$357,261) | (\$242,280) | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|---------------|-------------|-------------|-------------|
| 37 Net Operating Income | (\$124,447) | (\$845,956) | (\$509,086) | (\$357,261) | (\$242,280) |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | 492 | 844 | 4,548 |
| 39 Interest Income | 1 | 3,784 | 66,842 | 76,545 | 13,837 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | (47) | 6,443 | 6,854 | 3,268 | 2,376 |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | 176,484 | 198,933 | 62,083 | 161,892 | 172,574 |
| 44 Other Non-Operating Income | (4,036) | (4,341) | (7,326) | (17,366) | (17,366) |
| 45 Special Charges | 28,226 | 43,390 | 26,629 | 17,109 | 76,681 |
| 46 Total Non-Operating Income & Expenses | 144,176 | 161,429 | 102,316 | 208,074 | 99,288 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | | | | (335,469) | |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | | | | (335,469) | |
| 50 Income Available Before Interest Charges | 19,729 | (684,527) | (406,770) | 186,282 | (142,992) |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | 38,772 | 110,719 | 50,856 |
| 52 Other Interest Expense | 141,642 | 29,800 | 195,038 | 171,209 | 140,413 |
| 53 Total Interest Charges | 141,642 | 29,800 | 233,810 | 281,928 | 191,269 |
| 54 Income Before Extraordinary & Nonreg Items | (121,913) | (714,327) | (640,580) | (95,646) | (334,261) |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | (1,216,880) | 18,821 | 621,836 | |
| 56 Nonregulated Revenues | 123,242 | (41,935) | (35,559) | (43,246) | (48,614) |
| 57 Total Extraordinary & Nonregulated Items | 123,242 | (1,258,815) | (16,738) | 578,590 | (48,614) |
| 58 Net Income | \$1,329 | (\$1,973,142) | (\$657,318) | \$482,944 | (\$382,875) |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$599,460 | \$337,775 | \$1,062,019 | \$736,416 | \$1,967,157 |
| 60 Transferred from Income | (175,155) | 261,685 | (719,401) | 321,052 | (555,449) |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | | | | 675,584 |
| 64 Adjustments | | | (4,843) | 4,551 | 292 |
| 65 Ending Year Balance | 424,305 | 599,460 | 337,775 | 1,062,019 | 736,416 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | 4,344,166 | 4,167,682 | 3,968,749 | 3,906,666 | 3,744,774 |
| 67 Total Retained Earnings | \$4,768,471 | \$4,767,142 | \$4,306,524 | \$4,968,685 | \$4,481,190 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$1,999,537 | \$1,571,150 | \$1,572,980 | \$1,082,726 | \$351,242 |
| 2 Accounts Receivable (Net) | 410,473 | 425,032 | 399,357 | 401,226 | 487,486 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 57,245 | 45,726 | 102,809 | 104,170 | 93,159 |
| 5 Total Current Assets | 2,467,255 | 2,041,908 | 2,075,146 | 1,588,122 | 931,887 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | | | | | 53,755 |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | | | |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | | | | | 53,755 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 10,710,287 | 10,570,252 | 10,925,922 | 10,949,455 | 10,314,033 |
| 14 Less: Accumulated Depr and Amort. | 7,884,519 | 7,473,450 | 7,605,163 | 7,310,042 | 6,811,778 |
| 15 Net Regulated Plant | 2,825,768 | 3,096,802 | 3,320,759 | 3,639,413 | 3,502,255 |
| 16 Total Assets & Other Debits | \$5,293,023 | \$5,138,710 | \$5,395,905 | \$5,227,535 | \$4,487,897 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$274,271 | \$173,436 | \$262,873 | \$184,011 | \$225,306 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 17,505 | 16,399 | 18,347 | 12,801 | 9,264 |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | 3,733 | 11,502 | 9,322 | 9,322 | |
| 22 Current Deferred Income Taxes | (6,888) | (4,334) | (4,011) | (3,045) | (1,155) |
| 23 Other Current Liabilities | 76,957 | 36,719 | 42,007 | 31,790 | 55,234 |
| 24 Total Current Liabilities | 365,578 | 233,722 | 328,538 | 234,879 | 288,649 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 1,867 | 5,601 | 7,768 | 17,090 | |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 360,544 | 401,893 | 125,794 | 157,588 | 378,778 |
| 28 Other Deferred Credits | 1,917,805 | 1,834,309 | 2,487,817 | 2,430,166 | 1,735,149 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | (24,551) | (2,575) | 39,927 | 52,793 | 94,272 |
| 31 Total Other Liab. and Def. Credits | 2,253,798 | 2,233,627 | 2,653,538 | 2,640,547 | 2,208,199 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 67,600 | 67,600 | 67,600 | 67,600 | 67,600 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 44,979 | 27,316 | 2,333 | (2,677) | 25,215 |
| 35 Retained Earnings | 2,559,201 | 2,570,844 | 2,336,128 | 2,270,096 | 1,898,234 |
| 36 Total Stockholder's Equity | 2,671,780 | 2,665,760 | 2,406,061 | 2,335,019 | 1,991,049 |
| 37 Total Liab. and Stockholder's Equity | \$5,293,023 | \$5,138,710 | \$5,395,905 | \$5,227,535 | \$4,487,897 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|------------------|------------------|------------------|------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$409,027 | \$509,778 | \$592,990 | \$587,889 | \$554,329 | 1 |
| Network Access Services | 1,280,242 | 1,253,271 | 1,389,019 | 1,486,693 | 1,709,052 | 2 |
| Long Distance Network Services | | | | | | 3 |
| Miscellaneous Revenues | 572,091 | 566,500 | 337,612 | 306,740 | 326,190 | 4 |
| Less: Uncollectible Revenues | 3,445 | 14,192 | 2,405 | 3,733 | 3,736 | 5 |
| Total Operating Revenues | 2,257,915 | 2,315,357 | 2,317,216 | 2,377,589 | 2,585,835 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 3,462 | 8,375 | 9,831 | 15,798 | 23,408 | 7 |
| General Support Expenses | 113,062 | 46,324 | 34,883 | 54,552 | 49,903 | 8 |
| Central Office Switching | 113,672 | 93,055 | 104,349 | 89,461 | 92,252 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 135,955 | 141,058 | 147,414 | 63,975 | 63,991 | 11 |
| Info. Origination/Termination | 87,999 | 98,969 | 113,848 | 68,296 | 57,427 | 12 |
| Cable & Wire Facilities | 226,534 | 228,647 | 117,192 | 73,679 | 96,385 | 13 |
| Total Plant Specific Operations | 680,684 | 616,428 | 527,517 | 365,761 | 383,366 | 14 |
| Other Plant, Property & Equipment | | | | | | 15 |
| Network Operations | 182,560 | 215,758 | 223,818 | 217,616 | 264,513 | 16 |
| Access Expense | 41,889 | 53,732 | 49,468 | 36,513 | 42,048 | 17 |
| Depreciation and Amortization | 565,631 | 568,645 | 602,925 | 629,313 | 653,043 | 18 |
| Total Plant Non-Specific Operations | 790,080 | 838,135 | 876,211 | 883,442 | 959,604 | 19 |
| Marketing Expense | 95,588 | 100,589 | 101,795 | 108,282 | 155,062 | 20 |
| Services Expense | 137,353 | 150,485 | 173,240 | 188,468 | 213,717 | 21 |
| Total Customer Operations | 232,941 | 251,074 | 275,035 | 296,750 | 368,779 | 22 |
| Executive & Planning | 37,017 | 28,280 | 50,622 | 57,618 | 48,255 | 23 |
| General & Administrative | 262,767 | 265,324 | 300,806 | 299,261 | 286,457 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 299,784 | 293,604 | 351,428 | 356,879 | 334,712 | 27 |
| Total Operations Expense | 2,003,489 | 1,999,241 | 2,030,191 | 1,902,832 | 2,046,461 | 28 |
| Other Operating Income & Expenses | 1,322 | | 945 | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 174,037 | 194,684 | 169,421 | 112,726 | 190,509 | 31 |
| Net Operating Income Before FIT | 81,711 | 121,432 | 118,549 | 362,031 | 348,865 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 44,265 | 12,069 | 27,114 | 97,117 | 118,650 | 34 |
| Provision - Def. Operating Income Taxes - Net | (55,427) | 12,329 | (33,457) | 38,887 | (33,414) | 35 |
| Net Operating Income | \$92,873 | \$97,034 | \$124,892 | \$226,027 | \$263,629 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| 37 Net Operating Income | \$92,873 | \$97,034 | \$124,892 | \$226,027 | \$263,629 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | 20,205 |
| 39 Interest Income | 15,694 | 43,578 | 64,712 | 55,559 | 120,613 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | | | | | |
| 44 Other Non-Operating Income | | 674,480 | 34,053 | 258,513 | (23,011) |
| 45 Special Charges | 576 | 753 | 488 | 1,727 | 6,086 |
| 46 Total Non-Operating Income & Expenses | 15,118 | 717,305 | 98,277 | 312,345 | 111,721 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 5,244 | 240,799 | 34,256 | 96,486 | 4,019 |
| 48 Other | | 28,834 | 24 | 253 | |
| 49 Total Non-Operating Taxes | 5,244 | 269,633 | 34,280 | 96,739 | 4,019 |
| 50 Income Available Before Interest Charges | 102,747 | 544,706 | 188,889 | 441,633 | 371,331 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | | | 45,612 |
| 52 Other Interest Expense | 114,390 | 52,990 | 122,857 | 69,771 | 70,570 |
| 53 Total Interest Charges | 114,390 | 52,990 | 122,857 | 69,771 | 116,182 |
| 54 Income Before Extraordinary & Nonreg Items | (11,643) | 491,716 | 66,032 | 371,862 | 255,149 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | (\$11,643) | \$491,716 | \$66,032 | \$371,862 | \$255,149 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$2,570,844 | \$2,336,128 | \$2,270,096 | \$1,898,234 | \$4,937,085 |
| 60 Transferred from Income | (11,643) | 491,716 | 66,032 | 371,862 | 255,149 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | 257,000 | | | 3,294,000 |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 2,559,201 | 2,570,844 | 2,336,128 | 2,270,096 | 1,898,234 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | | | |
| 67 Total Retained Earnings | \$2,559,201 | \$2,570,844 | \$2,336,128 | \$2,270,096 | \$1,898,234 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$679,146 | \$555,571 | \$1,663,693 | \$2,038,111 | \$2,409,519 |
| 2 Accounts Receivable (Net) | 1,360,129 | 2,081,281 | 1,188,207 | 1,391,896 | 930,842 |
| 3 Current Deferred Income Taxes | 38,310 | 54,328 | 52,648 | 52,280 | 47,462 |
| 4 Other Current Assets | 704,693 | 586,951 | 534,516 | 553,693 | 568,038 |
| 5 Total Current Assets | 2,782,278 | 3,278,131 | 3,439,064 | 4,035,980 | 3,955,861 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 7,837,697 | 7,938,646 | 9,273,984 | 8,730,531 | 8,710,040 |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | (4,396) | (17,153) | (19,295) | (6,475) | 5,175 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 512,550 | 520,326 | 503,992 | 478,968 | 12,415 |
| 11 Other Non-Current Assets | 1,322,776 | 1,280,429 | 1,287,703 | 1,312,792 | 1,216,467 |
| 12 Total Non-Current Assets | 9,668,627 | 9,722,248 | 11,046,384 | 10,515,816 | 9,944,097 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 32,300,286 | 31,674,672 | 30,737,122 | 29,488,458 | 28,200,821 |
| 14 Less: Accumulated Depr and Amort. | 18,897,880 | 17,927,835 | 17,130,464 | 16,225,603 | 15,196,163 |
| 15 Net Regulated Plant | 13,402,406 | 13,746,837 | 13,606,658 | 13,262,855 | 13,004,658 |
| 16 Total Assets & Other Debits | \$25,853,311 | \$26,747,216 | \$28,092,106 | \$27,814,651 | \$26,904,616 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$157,141 | \$839,273 | \$470,302 | \$420,235 | \$707,936 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | | | | 674 | 1,323 |
| 20 Customer Deposits | | 1,645 | 2,875 | 3,915 | 4,195 |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | (549,908) | (415,984) | (55,002) | 61,817 | (32,473) |
| 24 Total Current Liabilities | (392,767) | 424,934 | 418,175 | 486,641 | 680,981 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 185,819 | 304,133 | 453,362 | 597,141 | 750,012 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 2,968,661 | 2,704,876 | 2,834,781 | 2,480,566 | 2,514,921 |
| 28 Other Deferred Credits | 2,189,406 | 2,308,964 | 2,357,606 | 2,380,701 | 1,105,173 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | | | | | |
| 31 Total Other Liab. and Def. Credits | 5,158,067 | 5,013,840 | 5,192,387 | 4,861,267 | 3,620,094 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 587,737 | 587,737 | 587,737 | 587,737 | 587,737 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | | | | | |
| 35 Retained Earnings | 20,314,455 | 20,416,572 | 21,440,445 | 21,281,865 | 21,265,792 |
| 36 Total Stockholder's Equity | 20,902,192 | 21,004,309 | 22,028,182 | 21,869,602 | 21,853,529 |
| 37 Total Liab. and Stockholder's Equity | \$25,853,311 | \$26,747,216 | \$28,092,106 | \$27,814,651 | \$26,904,616 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|------------------|-------------------|------------------|--------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$1,152,545 | \$1,177,954 | \$1,241,183 | \$1,312,756 | \$1,327,316 | 1 |
| Network Access Services | 3,009,872 | 3,357,621 | 3,850,028 | 3,345,765 | 3,768,104 | 2 |
| Long Distance Network Services | 8,408 | 9,557 | 15,067 | 14,548 | 13,193 | 3 |
| Miscellaneous Revenues | 579,719 | 462,171 | 318,861 | 257,907 | 221,562 | 4 |
| Less: Uncollectible Revenues | 4,000 | 4,000 | 12,000 | 12,000 | 12,000 | 5 |
| Total Operating Revenues | 4,746,544 | 5,003,303 | 5,413,139 | 4,918,976 | 5,318,175 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 37,606 | 56,049 | 47,226 | 43,121 | 27,851 | 7 |
| General Support Expenses | 240,911 | 291,669 | 206,991 | 261,575 | 303,095 | 8 |
| Central Office Switching | 540,351 | 700,792 | 781,075 | 786,177 | 607,709 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 65,540 | 65,452 | 23,738 | 25,451 | 14,900 | 11 |
| Info. Origination/Termination | 74 | 139 | 10,131 | 100 | 6,342 | 12 |
| Cable & Wire Facilities | 466,960 | 539,576 | 561,364 | 522,029 | 516,523 | 13 |
| Total Plant Specific Operations | 1,351,442 | 1,653,677 | 1,630,525 | 1,638,453 | 1,476,420 | 14 |
| Other Plant, Property & Equipment | 9 | | | | | 15 |
| Network Operations | 595,989 | 619,954 | 518,847 | 532,011 | 596,128 | 16 |
| Access Expense | 92,968 | 73,958 | 72,540 | 75,879 | 80,239 | 17 |
| Depreciation and Amortization | 1,209,136 | 1,176,522 | 1,192,627 | 1,414,334 | 1,345,119 | 18 |
| Total Plant Non-Specific Operations | 1,898,102 | 1,870,434 | 1,784,014 | 2,022,224 | 2,021,486 | 19 |
| Marketing Expense | 11,530 | 15,199 | 14,314 | 7,590 | 9,731 | 20 |
| Services Expense | 444,959 | 475,005 | 440,796 | 483,670 | 505,974 | 21 |
| Total Customer Operations | 456,489 | 490,204 | 455,110 | 491,260 | 515,705 | 22 |
| Executive & Planning | 230,195 | 302,313 | 237,911 | 216,017 | 218,426 | 23 |
| General & Administrative | 548,230 | 582,951 | 661,906 | 695,742 | 495,840 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 778,425 | 885,264 | 899,817 | 911,759 | 714,266 | 27 |
| Total Operations Expense | 4,484,458 | 4,899,579 | 4,769,466 | 5,063,696 | 4,727,877 | 28 |
| Other Operating Income & Expenses | 800 | 919 | 775 | (1,390) | 1,960 | 29 |
| State & Local Income Taxes | 102,328 | 113,252 | 93,600 | 122,397 | 50,328 | 30 |
| Other Taxes | 300,975 | 282,112 | 368,561 | 312,436 | 279,970 | 31 |
| Net Operating Income Before FIT | (140,417) | (290,721) | 182,287 | (580,943) | 261,960 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | (245,552) | (375,104) | (4,329) | (126,647) | 119,020 | 34 |
| Provision - Def. Operating Income Taxes - Net | 79,622 | 154,964 | (60,265) | (184,351) | (155,483) | 35 |
| Net Operating Income | \$25,513 | (\$70,581) | \$246,881 | (\$269,945) | \$298,423 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| 37 Net Operating Income | \$25,513 | (\$70,581) | \$246,881 | (\$269,945) | \$298,423 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | 1,205 | 1,140 | 1,425 | 290 | 95,132 |
| 39 Interest Income | 157 | 19,814 | 19,593 | 39,472 | 44,635 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | (289,206) | (160,129) | (511,504) | (222,399) | (108,878) |
| 44 Other Non-Operating Income | 14,814 | 138,459 | 38,946 | 677,858 | (1,680) |
| 45 Special Charges | 3,313 | 54,521 | 82,464 | (45,743) | (39,539) |
| 46 Total Non-Operating Income & Expenses | (276,343) | (55,237) | (534,004) | 540,964 | 68,748 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 3,232 | 51,409 | 12,565 | 182,447 | 44,084 |
| 48 Other | | | | 118,951 | |
| 49 Total Non-Operating Taxes | 3,232 | 51,409 | 12,565 | 301,398 | 44,084 |
| 50 Income Available Before Interest Charges | (254,062) | (177,227) | (299,688) | (30,379) | 323,087 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 15,077 | 22,968 | 30,465 | 35,074 | 43,252 |
| 52 Other Interest Expense | 48,967 | 48,040 | 78,869 | 8,469 | 112 |
| 53 Total Interest Charges | 64,044 | 71,008 | 109,334 | 43,543 | 43,364 |
| 54 Income Before Extraordinary & Nonreg Items | (318,106) | (248,235) | (409,022) | (73,922) | 279,723 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | (\$318,106) | (\$248,235) | (\$409,022) | (\$73,922) | \$279,723 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$18,630,684 | \$18,718,790 | \$18,616,308 | \$18,467,831 | \$18,079,336 |
| 60 Transferred from Income | (28,900) | (88,106) | 102,482 | 148,477 | 388,601 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | | | | |
| 64 Adjustments | | | | | (106) |
| 65 Ending Year Balance | 18,601,784 | 18,630,684 | 18,718,790 | 18,616,308 | 18,467,831 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | 1,712,671 | 1,785,888 | 2,721,655 | 2,665,557 | 2,797,961 |
| 67 Total Retained Earnings | \$20,314,455 | \$20,416,572 | \$21,440,445 | \$21,281,865 | \$21,265,792 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$125,716 | \$102,237 | \$47,974 | \$71,832 | \$244,703 |
| 2 Accounts Receivable (Net) | 166,860 | 140,506 | 161,816 | 167,792 | 171,807 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 68,452 | 72,812 | 81,334 | 111,416 | 146,055 |
| 5 Total Current Assets | 361,028 | 315,555 | 291,124 | 351,040 | 562,565 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 465,049 | 516,137 | 501,938 | 484,813 | 360,339 |
| 7 Unamortized Debt Issuance Costs | | | 304 | 646 | 988 |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | | | |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | 465,049 | 516,137 | 502,242 | 485,459 | 361,327 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 2,445,089 | 2,380,159 | 2,310,153 | 2,312,615 | 2,186,810 |
| 14 Less: Accumulated Depr and Amort. | 1,451,918 | 1,345,351 | 1,289,792 | 1,228,700 | 1,136,249 |
| 15 Net Regulated Plant | 993,171 | 1,034,808 | 1,020,361 | 1,083,915 | 1,050,561 |
| 16 Total Assets & Other Debits | \$1,819,248 | \$1,866,500 | \$1,813,727 | \$1,920,414 | \$1,974,453 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$73,946 | \$85,060 | \$102,972 | \$132,882 | \$104,881 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | | | | | |
| 20 Customer Deposits | 1,550 | 1,350 | 1,808 | 958 | 975 |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | - | |
| 23 Other Current Liabilities | 22,174 | 29,778 | 24,478 | 51,274 | 27,388 |
| 24 Total Current Liabilities | 97,670 | 116,188 | 129,258 | 185,114 | 133,244 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 78,299 | 97,276 | 45,376 | 54,191 | 84,757 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 68,657 | 70,873 | 75,607 | 72,563 | 75,257 |
| 28 Other Deferred Credits | | | | | |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | | | | | |
| 31 Total Other Liab. and Def. Credits | 68,657 | 70,873 | 75,607 | 72,563 | 75,257 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 78,518 | 78,518 | 78,518 | 78,518 | 78,518 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | | | | | |
| 35 Retained Earnings | 1,496,104 | 1,503,645 | 1,484,968 | 1,530,028 | 1,602,677 |
| 36 Total Stockholder's Equity | 1,574,622 | 1,582,163 | 1,563,486 | 1,608,546 | 1,681,195 |
| 37 Total Liab. and Stockholder's Equity | \$1,819,248 | \$1,866,500 | \$1,813,727 | \$1,920,414 | \$1,974,453 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|-------------|-------------|-------------|-------------|-------------|----|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$300,397 | \$288,818 | \$285,135 | \$241,073 | \$138,597 | 1 |
| Network Access Services | 516,714 | 488,414 | 497,923 | 443,985 | 536,658 | 2 |
| Long Distance Network Services | | | | | | 3 |
| Miscellaneous Revenues | 706,505 | 683,804 | 610,470 | 674,591 | 636,369 | 4 |
| Less: Uncollectible Revenues | | | | | | 5 |
| Total Operating Revenues | 1,523,616 | 1,461,036 | 1,393,528 | 1,359,649 | 1,311,624 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | | | | | | 7 |
| General Support Expenses | 174,037 | 148,878 | 129,234 | 102,865 | 83,589 | 8 |
| Central Office Switching | 73,562 | 108,833 | 133,577 | 153,996 | 143,272 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 31,514 | 27,377 | 35,031 | 24,298 | 32,620 | 11 |
| Info. Origination/Termination | | | | | | 12 |
| Cable & Wire Facilities | 133,195 | 155,424 | 133,355 | 152,007 | 126,655 | 13 |
| Total Plant Specific Operations | 412,308 | 440,512 | 431,197 | 433,166 | 386,136 | 14 |
| Other Plant, Property & Equipment | 1,050 | 884 | 1,610 | 11,637 | 5,485 | 15 |
| Network Operations | 117,753 | 124,818 | 27,465 | 98,583 | 64,169 | 16 |
| Access Expense | | | | | | 17 |
| Depreciation and Amortization | 125,686 | 123,775 | 125,232 | 122,154 | 117,892 | 18 |
| Total Plant Non-Specific Operations | 244,489 | 249,477 | 154,307 | 232,374 | 187,546 | 19 |
| Marketing Expense | | | | | | 20 |
| Services Expense | 28,741 | 32,732 | 40,290 | 36,326 | 37,006 | 21 |
| Total Customer Operations | 28,741 | 32,732 | 40,290 | 36,326 | 37,006 | 22 |
| Executive & Planning | 50,712 | 54,348 | 53,136 | 67,560 | 62,040 | 23 |
| General & Administrative | 707,344 | 608,300 | 711,252 | 527,633 | 582,639 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 758,056 | 662,648 | 764,388 | 595,193 | 644,679 | 27 |
| Total Operations Expense | 1,443,594 | 1,385,369 | 1,390,182 | 1,297,059 | 1,255,367 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | 60,204 | 55,849 | 52,873 | 51,738 | 50,137 | 30 |
| Other Taxes | | | | | | 31 |
| Net Operating Income Before FIT | 19,818 | 19,818 | (49,527) | 10,852 | 6,120 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | | | | 7,539 | 5,098 | 34 |
| Provision - Def. Operating Income Taxes - Net | (2,216) | (4,734) | 3,044 | (2,694) | (1,853) | 35 |
| Net Operating Income | \$22,034 | \$24,552 | (\$52,571) | \$6,007 | \$2,875 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| 37 Net Operating Income | \$22,034 | \$24,552 | (\$52,571) | \$6,007 | \$2,875 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | 10,788 | 14,369 | 21,759 | 37,842 | 35,427 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | (2,678) | | | |
| 43 Equity in Earnings of Affiliated Companies | | | | | |
| 44 Other Non-Operating Income | | | | | |
| 45 Special Charges | 26,069 | | | | |
| 46 Total Non-Operating Income & Expenses | (15,281) | 11,691 | 21,759 | 37,842 | 35,427 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | | | | | |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | | | | | |
| 50 Income Available Before Interest Charges | 6,753 | 36,243 | (30,812) | 43,849 | 38,302 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 13,933 | 17,566 | 14,248 | 16,498 | 19,573 |
| 52 Other Interest Expense | 361 | | | | 342 |
| 53 Total Interest Charges | 14,294 | 17,566 | 14,248 | 16,498 | 19,915 |
| 54 Income Before Extraordinary & Nonreg Items | (7,541) | 18,677 | (45,060) | 27,351 | 18,387 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | (\$7,541) | \$18,677 | (\$45,060) | \$27,351 | \$18,387 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$1,503,645 | \$1,484,968 | \$1,530,028 | \$1,602,677 | \$1,611,655 |
| 60 Transferred from Income | (7,541) | 18,677 | (45,060) | 27,351 | 18,387 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | | | 100,000 | |
| 64 Adjustments | | | | | (27,365) |
| 65 Ending Year Balance | 1,496,104 | 1,503,645 | 1,484,968 | 1,530,028 | 1,602,677 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | | | |
| 67 Total Retained Earnings | \$1,496,104 | \$1,503,645 | \$1,484,968 | \$1,530,028 | \$1,602,677 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | (\$2,592) | (\$82,606) | \$10,567 | \$4,650 | (\$8,475) |
| 2 Accounts Receivable (Net) | 1,221,450 | 2,137,725 | 1,386,336 | 1,518,167 | 2,041,226 |
| 3 Current Deferred Income Taxes | | | | - | |
| 4 Other Current Assets | 61,762 | 97,439 | 86,438 | 94,437 | 123,930 |
| 5 Total Current Assets | 1,280,621 | 2,152,558 | 1,483,341 | 1,617,253 | 2,156,680 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 8,910,967 | 6,398,431 | 7,317,367 | 6,526,471 | 1,380,316 |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | | | | 12,088 | 10,999 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | | 73,063 | 73,063 |
| 11 Other Non-Current Assets | 525,000 | 525,000 | 525,000 | 525,000 | 525,000 |
| 12 Total Non-Current Assets | 9,435,967 | 6,923,431 | 7,842,367 | 7,136,622 | 1,989,378 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 23,330,593 | 22,962,240 | 22,696,060 | 22,299,924 | 22,020,540 |
| 14 Less: Accumulated Depr and Amort. | 18,077,451 | 17,116,168 | 16,335,007 | 15,439,802 | 14,488,380 |
| 15 Net Regulated Plant | 5,253,142 | 5,846,072 | 6,361,053 | 6,860,122 | 7,532,160 |
| 16 Total Assets & Other Debits | \$15,969,731 | \$14,922,061 | \$15,686,761 | \$15,613,998 | \$11,678,218 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$454,128 | \$517,959 | \$921,275 | \$569,246 | \$628,611 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 127,118 | 141,140 | 125,541 | 120,369 | 115,640 |
| 20 Customer Deposits | 100 | | | | |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 83,819 | 30,138 | 14,616 | 1,187 | 40,175 |
| 24 Total Current Liabilities | 665,166 | 689,238 | 1,061,432 | 690,802 | 784,426 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | | | | 119,005 | 119,375 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | (115,590) | (98,866) | (783,723) | (298,434) | (387,405) |
| 28 Other Deferred Credits | 290,359 | 282,033 | 2,326,442 | 155,528 | 154,014 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 903,846 | 888,554 | 863,160 | 839,127 | 828,840 |
| 31 Total Other Liab. and Def. Credits | 1,078,615 | 1,071,721 | 2,405,879 | 696,221 | 595,449 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | | | | | |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 4,725,630 | 4,725,630 | 4,725,630 | 4,725,630 | 4,725,630 |
| 35 Retained Earnings | 9,500,320 | 8,435,472 | 7,493,820 | 9,382,340 | 5,453,338 |
| 36 Total Stockholder's Equity | 14,225,950 | 13,161,102 | 12,219,450 | 14,107,970 | 10,178,968 |
| 37 Total Liab. and Stockholder's Equity | \$15,969,731 | \$14,922,061 | \$15,686,761 | \$15,613,998 | \$11,678,218 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|------------------|--------------------|--------------------|--------------------|--------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$1,797,324 | \$1,850,394 | \$1,873,330 | \$1,814,703 | \$1,761,656 | 1 |
| Network Access Services | 2,077,997 | 2,367,082 | 2,987,160 | 2,973,232 | 3,072,290 | 2 |
| Long Distance Network Services | 11,466 | 25,455 | | | | 3 |
| Miscellaneous Revenues | 1,381,066 | 1,331,619 | 1,383,267 | 1,227,632 | 934,180 | 4 |
| Less: Uncollectible Revenues | 121,387 | 72,232 | 77,730 | 53,083 | 5,098 | 5 |
| Total Operating Revenues | 5,146,466 | 5,502,318 | 6,166,027 | 5,962,484 | 5,763,028 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 7 | 75 | 242 | 1 | 1 | 7 |
| General Support Expenses | 264,681 | 271,197 | 252,729 | 279,952 | 192,718 | 8 |
| Central Office Switching | 228,019 | 218,201 | 197,208 | 189,362 | 147,880 | 9 |
| Operator Systems Expense | 2,719 | 1,866 | 1,677 | 1,866 | 493 | 10 |
| Central Office Transmission | 63,127 | 49,663 | 43,691 | 53,299 | 92,808 | 11 |
| Info. Origination/Termination | 109,414 | 73,375 | 67,398 | 88,051 | 85,070 | 12 |
| Cable & Wire Facilities | 508,933 | 545,400 | 423,868 | 455,276 | 466,498 | 13 |
| Total Plant Specific Operations | 1,176,899 | 1,159,778 | 986,813 | 1,067,806 | 985,467 | 14 |
| Other Plant, Property & Equipment | 690 | 892 | 624 | (7) | 2 | 15 |
| Network Operations | 261,800 | 274,612 | 256,163 | 258,205 | 277,812 | 16 |
| Access Expense | 308,299 | 318,789 | 315,955 | 322,603 | 335,649 | 17 |
| Depreciation and Amortization | 948,490 | 928,253 | 925,634 | 1,098,359 | 1,143,856 | 18 |
| Total Plant Non-Specific Operations | 1,519,280 | 1,522,545 | 1,498,376 | 1,679,160 | 1,757,319 | 19 |
| Marketing Expense | 132,235 | 113,728 | 124,532 | 176,480 | 122,804 | 20 |
| Services Expense | 254,378 | 211,978 | 302,247 | 302,357 | 273,803 | 21 |
| Total Customer Operations | 386,613 | 325,706 | 426,779 | 478,837 | 396,607 | 22 |
| Executive & Planning | 54,236 | 38,452 | 48,435 | 53,073 | 56,168 | 23 |
| General & Administrative | 257,727 | 248,114 | 210,203 | 228,297 | 234,879 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 311,963 | 286,567 | 258,638 | 281,370 | 291,046 | 27 |
| Total Operations Expense | 3,394,756 | 3,294,596 | 3,170,606 | 3,507,173 | 3,430,439 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 306,190 | 314,869 | 274,860 | 283,122 | 296,750 | 31 |
| Net Operating Income Before FIT | 1,445,520 | 1,892,853 | 2,720,560 | 2,172,190 | 2,035,839 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 526,511 | 845,504 | 1,186,162 | 1,001,590 | 1,102,356 | 34 |
| Provision - Def. Operating Income Taxes - Net | (20,109) | (183,006) | (233,965) | (241,324) | (389,812) | 35 |
| Net Operating Income | \$939,118 | \$1,230,355 | \$1,768,363 | \$1,411,924 | \$1,323,295 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| 37 Net Operating Income | \$939,118 | \$1,230,355 | \$1,768,363 | \$1,411,924 | \$1,323,295 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | 229,443 | 608,374 | 1,168,968 | 3,835,918 | 313,728 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | 4,753 | 4,156 | 2,537 | 4,157 | 16,243 |
| 42 Gains/Losses - Disposal of Property | | | 168 | | |
| 43 Equity in Earnings of Affiliated Companies | | | | | |
| 44 Other Non-Operating Income | | 1,937,030 | (1,934,146) | | |
| 45 Special Charges | (672) | (423) | 612 | 1,064 | 1,838 |
| 46 Total Non-Operating Income & Expenses | 234,868 | 2,549,983 | (763,085) | 3,839,011 | 328,133 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 98,229 | 937,085 | (323,854) | 1,314,322 | 101,204 |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | 98,229 | 937,085 | (323,854) | 1,314,322 | 101,204 |
| 50 Income Available Before Interest Charges | 1,075,757 | 2,843,253 | 1,329,132 | 3,936,613 | 1,550,224 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | | | |
| 52 Other Interest Expense | 10,909 | (98,400) | 117,653 | 7,612 | 11,570 |
| 53 Total Interest Charges | 10,909 | (98,400) | 117,653 | 7,612 | 11,570 |
| 54 Income Before Extraordinary & Nonreg Items | 1,064,848 | 2,941,653 | 1,211,479 | 3,929,001 | 1,538,654 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | 508,926 | | | | |
| 57 Total Extraordinary & Nonregulated Items | 508,926 | | | | |
| 58 Net Income | \$1,573,774 | \$2,941,653 | \$1,211,479 | \$3,929,001 | \$1,538,654 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$8,435,472 | \$7,493,820 | \$9,382,340 | \$5,453,339 | \$3,914,686 |
| 60 Transferred from Income | 1,064,848 | 2,941,653 | 1,211,479 | 3,929,001 | 1,538,654 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | 2,000,000 | 3,100,000 | | |
| 63 Common Stock | | | | | |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 9,500,320 | 8,435,472 | 7,493,820 | 9,382,340 | 5,453,340 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | | | |
| 67 Total Retained Earnings | \$9,500,320 | \$8,435,472 | \$7,493,820 | \$9,382,340 | \$5,453,340 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---------------|---------------|---------------|---------------|---------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$42,019 | \$40,820 | (\$54,485) | \$733,228 | \$859,400 |
| 2 Accounts Receivable (Net) | 10,941,995 | 11,210,419 | 13,984,822 | 11,300,551 | 24,888,727 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 622,476 | 860,125 | 1,064,472 | 1,084,257 | 1,172,764 |
| 5 Total Current Assets | 11,606,490 | 12,111,363 | 14,994,809 | 13,118,037 | 26,920,891 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 106,161,146 | 88,715,698 | 87,783,956 | 84,264,564 | 49,063,955 |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | 2,719,467 | 2,717,664 | 2,720,910 | 2,833,232 | 2,822,741 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | | | |
| 11 Other Non-Current Assets | 6,190,000 | 6,190,000 | 6,190,000 | 6,190,000 | 6,190,000 |
| 12 Total Non-Current Assets | 115,070,613 | 97,623,363 | 96,694,866 | 93,287,796 | 58,076,696 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 187,292,929 | 185,748,087 | 185,007,673 | 181,928,434 | 178,619,295 |
| 14 Less: Accumulated Depr and Amort. | 143,352,260 | 135,760,968 | 128,722,749 | 119,688,817 | 110,534,884 |
| 15 Net Regulated Plant | 43,940,669 | 49,987,119 | 56,284,925 | 62,239,617 | 68,084,411 |
| 16 Total Assets & Other Debits | \$170,617,772 | \$159,721,845 | \$167,974,600 | \$168,645,450 | \$153,081,998 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$3,450,046 | 6,138,329 | \$5,155,243 | \$6,032,675 | \$13,438,893 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 909,059 | 1,048,300 | 987,104 | 1,086,954 | 1,119,611 |
| 20 Customer Deposits | 283 | (2) | | | |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 796,426 | 113,613 | 129,620 | 25,468 | 176,761 |
| 24 Total Current Liabilities | 5,155,815 | 7,300,239 | 6,271,967 | 7,145,097 | 14,735,265 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | | | | | |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 4,274,439 | 3,574,166 | 4,742,433 | 2,901,959 | 2,634,744 |
| 28 Other Deferred Credits | 4,117,272 | 3,974,376 | 3,842,116 | 3,712,341 | 3,636,991 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 17,407,931 | 17,292,064 | 16,990,125 | 16,999,011 | 18,023,980 |
| 31 Total Other Liab. and Def. Credits | 25,799,642 | 24,840,606 | 25,574,674 | 23,613,311 | 24,295,715 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 2,280,411 | 2,280,411 | 2,280,411 | 2,280,411 | 2,280,411 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 63,236,046 | 63,236,046 | 63,236,046 | 63,236,046 | 63,236,046 |
| 35 Retained Earnings | 74,145,858 | 62,064,543 | 70,611,502 | 72,370,585 | 48,534,561 |
| 36 Total Stockholder's Equity | 139,662,315 | 127,581,000 | 136,127,959 | 137,887,042 | 114,051,018 |
| 37 Total Liab. and Stockholder's Equity | \$170,617,772 | \$159,721,845 | \$167,974,600 | \$168,645,450 | \$153,081,998 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$15,933,339 | \$16,692,408 | \$19,294,572 | \$20,530,411 | \$21,372,501 | 1 |
| Network Access Services | 20,972,860 | 21,761,428 | 22,148,083 | 24,123,913 | 30,019,497 | 2 |
| Long Distance Network Services | 28,538 | 135,821 | | | | 3 |
| Miscellaneous Revenues | 17,766,130 | 20,090,261 | 23,259,170 | 24,523,582 | 19,162,146 | 4 |
| Less: Uncollectible Revenues | 75,376 | 775,732 | 539,613 | 148,480 | 126,780 | 5 |
| Total Operating Revenues | 54,625,491 | 57,904,186 | 64,162,212 | 69,029,426 | 70,427,364 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 503 | 732 | 781 | (30) | 576 | 7 |
| General Support Expenses | 1,893,226 | 2,072,980 | 2,155,873 | 2,387,984 | 486,516 | 8 |
| Central Office Switching | 725,089 | 887,020 | 928,662 | 871,941 | 727,071 | 9 |
| Operator Systems Expense | 21,460 | 16,238 | 15,871 | 18,883 | 5,515 | 10 |
| Central Office Transmission | 571,810 | 676,063 | 647,854 | 473,738 | 1,070,515 | 11 |
| Info. Origination/Termination | 1,976,473 | 2,276,987 | 2,498,330 | 2,309,567 | 1,398,401 | 12 |
| Cable & Wire Facilities | 1,845,019 | 2,294,535 | 1,909,412 | 1,537,185 | 2,742,375 | 13 |
| Total Plant Specific Operations | 7,033,580 | 8,224,556 | 8,156,784 | 7,599,268 | 6,430,969 | 14 |
| Other Plant, Property & Equipment | 672 | 1,334 | 28 | (80) | 23 | 15 |
| Network Operations | 2,314,743 | 2,496,889 | 2,813,495 | 2,673,445 | 2,086,549 | 16 |
| Access Expense | 2,282,705 | 2,517,607 | 3,104,084 | 3,792,203 | 3,960,933 | 17 |
| Depreciation and Amortization | 8,434,498 | 9,802,045 | 9,792,203 | 9,977,816 | 9,250,362 | 18 |
| Total Plant Non-Specific Operations | 13,032,618 | 14,817,875 | 15,709,810 | 16,443,384 | 15,297,867 | 19 |
| Marketing Expense | 1,250,163 | 1,055,201 | 1,324,859 | 1,269,213 | 962,357 | 20 |
| Services Expense | 4,105,766 | 4,283,147 | 5,708,866 | 5,941,649 | 2,779,032 | 21 |
| Total Customer Operations | 5,355,929 | 5,338,348 | 7,033,725 | 7,210,861 | 3,741,389 | 22 |
| Executive & Planning | 489,808 | 374,011 | 533,023 | 598,519 | 638,280 | 23 |
| General & Administrative | 2,310,556 | 2,400,990 | 2,510,010 | 2,601,819 | 2,740,688 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 2,800,364 | 2,775,001 | 3,043,033 | 3,200,338 | 3,378,968 | 27 |
| Total Operations Expense | 28,222,491 | 31,155,780 | 33,943,352 | 34,453,851 | 28,849,193 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 3,230,911 | 3,633,873 | 3,206,998 | 3,089,925 | 3,127,935 | 31 |
| Net Operating Income Before FIT | 23,172,089 | 23,114,533 | 27,011,862 | 31,485,650 | 38,450,236 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 7,562,971 | 7,887,302 | 9,699,017 | 10,838,325 | 13,397,232 | 34 |
| Provision - Def. Operating Income Taxes - Net | 593,390 | 202,785 | (244,865) | 181,652 | 60,351 | 35 |
| Net Operating Income | \$15,015,728 | \$15,024,446 | \$17,557,710 | \$20,465,673 | \$24,992,653 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| 37 Net Operating Income | \$15,015,728 | \$15,024,446 | \$17,557,710 | \$20,465,673 | \$24,992,653 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | 2,836,884 | 7,868,570 | 7,790,552 | 5,519,432 | 3,098,292 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | 27,709 | 42,457 | 30,353 | 27,898 | 51,719 |
| 42 Gains/Losses - Disposal of Property | | | 1,638 | | |
| 43 Equity in Earnings of Affiliated Companies | | | | | |
| 44 Other Non-Operating Income | 131,797 | 107,651 | 105,095 | 118,754 | (1,640,791) |
| 45 Special Charges | 282,373 | 261,450 | 233,566 | 216,364 | 194,096 |
| 46 Total Non-Operating Income & Expenses | 2,714,017 | 7,757,228 | 7,694,072 | 5,449,720 | 1,315,124 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 746,609 | 2,520,800 | 2,289,830 | 1,438,495 | (25,216) |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | 746,609 | 2,520,800 | 2,289,830 | 1,438,495 | (25,216) |
| 50 Income Available Before Interest Charges | 16,983,136 | 20,260,874 | 22,961,952 | 24,476,898 | 26,332,993 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | | | |
| 52 Other Interest Expense | 901,821 | 807,834 | 721,035 | 640,873 | 1,107,068 |
| 53 Total Interest Charges | 901,821 | 807,834 | 721,035 | 640,873 | 1,107,068 |
| 54 Income Before Extraordinary & Nonreg Items | 16,081,315 | 19,453,040 | 22,240,917 | 23,836,025 | 25,225,925 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | \$16,081,315 | \$19,453,040 | \$22,240,917 | \$23,836,025 | \$25,225,925 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$62,064,543 | \$70,611,502 | \$72,370,585 | \$48,534,560 | \$23,308,634 |
| 60 Transferred from Income | 16,081,315 | 19,453,040 | 22,240,917 | 23,836,025 | 25,225,925 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | 4,000,000 | 28,000,000 | 24,000,000 | | |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 74,145,858 | 62,064,543 | 70,611,502 | 72,370,585 | 48,534,560 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | | | |
| 67 Total Retained Earnings | \$74,145,858 | \$62,064,543 | \$70,611,502 | \$72,370,585 | \$48,534,560 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$4,511 | \$15,944 | \$40,252 | \$39,074 | (\$7,222) |
| 2 Accounts Receivable (Net) | 1,966,542 | 1,885,725 | 1,772,339 | 1,527,854 | 2,131,257 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 54,985 | 123,409 | 118,353 | 117,069 | 148,381 |
| 5 Total Current Assets | 2,026,038 | 2,025,079 | 1,930,944 | 1,683,997 | 2,272,417 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 7,244,201 | 4,974,126 | 7,044,572 | 6,377,355 | 2,334,163 |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | 334,165 | 334,165 | 334,165 | 334,165 | 334,166 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | | 47,950 | 47,950 |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | 7,578,366 | 5,308,291 | 7,378,737 | 6,759,470 | 2,716,279 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 25,427,670 | 24,859,521 | 24,433,880 | 23,745,842 | 23,100,207 |
| 14 Less: Accumulated Depr and Amort. | 20,844,630 | 20,128,627 | 19,554,560 | 18,593,642 | 17,165,819 |
| 15 Net Regulated Plant | 4,583,040 | 4,730,894 | 4,879,320 | 5,152,200 | 5,934,388 |
| 16 Total Assets & Other Debits | \$14,187,445 | \$12,064,264 | \$14,189,001 | \$13,595,667 | \$10,923,084 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | 600,550 | \$619,567 | \$1,635,454 | \$750,773 | \$830,430 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 232,172 | 269,675 | 272,388 | 274,847 | 257,673 |
| 20 Customer Deposits | 101 | | | | |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 107,191 | 30,014 | 20,014 | 318 | 5,285 |
| 24 Total Current Liabilities | 940,014 | 919,257 | 1,927,856 | 1,025,938 | 1,093,388 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | | | | | |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 1,239,919 | 587,507 | 191,157 | 955,771 | 1,085,143 |
| 28 Other Deferred Credits | 1,861 | 10,399 | 1,180,051 | 25,406 | 3,975 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 1,072,529 | 1,109,024 | 1,129,611 | 1,163,346 | 1,308,828 |
| 31 Total Other Liab. and Def. Credits | 2,314,309 | 1,706,929 | 2,500,819 | 2,144,523 | 2,397,945 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 1 | 1 | 1 | 1 | 1 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 5,736,563 | 5,736,563 | 5,736,563 | 5,736,563 | 5,736,562 |
| 35 Retained Earnings | 5,196,558 | 3,701,515 | 4,023,762 | 4,688,643 | 1,695,188 |
| 36 Total Stockholder's Equity | 10,933,122 | 9,438,079 | 9,760,326 | 10,425,206 | 7,431,751 |
| 37 Total Liab. and Stockholder's Equity | \$14,187,445 | \$12,064,264 | \$14,189,001 | \$13,595,667 | \$10,923,084 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|--------------------|------------------|--------------------|------------------|--------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$1,895,443 | \$1,937,174 | \$2,029,508 | \$2,116,507 | \$2,085,127 | 1 |
| Network Access Services | 2,097,380 | 2,163,760 | 2,649,460 | 2,872,934 | 2,967,942 | 2 |
| Long Distance Network Services | 27,065 | 34,689 | | | | 3 |
| Miscellaneous Revenues | 1,802,216 | 1,889,979 | 1,924,479 | 1,809,380 | 1,349,270 | 4 |
| Less: Uncollectible Revenues | 73,563 | 65,978 | 56,525 | 56,137 | (14,630) | 5 |
| Total Operating Revenues | 5,748,541 | 5,959,624 | 6,546,922 | 6,742,684 | 6,416,969 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 9 | 90 | 4,147 | 1 | 4 | 7 |
| General Support Expenses | 296,373 | 313,326 | 307,982 | 315,698 | 302,225 | 8 |
| Central Office Switching | 128,339 | 138,779 | 121,871 | 75,136 | 80,125 | 9 |
| Operator Systems Expense | 3,487 | 2,532 | 2,349 | 2,693 | 705 | 10 |
| Central Office Transmission | 80,360 | 72,477 | 76,238 | 84,985 | 196,454 | 11 |
| Info. Origination/Termination | 191,776 | 158,918 | 154,257 | 147,065 | 73,666 | 12 |
| Cable & Wire Facilities | 298,362 | 320,417 | 261,792 | 210,110 | 328,421 | 13 |
| Total Plant Specific Operations | 998,705 | 1,006,538 | 928,636 | 835,687 | 981,599 | 14 |
| Other Plant, Property & Equipment | 88 | 161 | 3 | (10) | 3 | 15 |
| Network Operations | 369,558 | 400,785 | 396,846 | 395,995 | 384,631 | 16 |
| Access Expense | 148,775 | 137,125 | 183,072 | 195,776 | 206,828 | 17 |
| Depreciation and Amortization | 802,886 | 814,600 | 1,013,529 | 1,502,905 | 1,690,335 | 18 |
| Total Plant Non-Specific Operations | 1,321,306 | 1,352,671 | 1,593,450 | 2,094,667 | 2,281,797 | 19 |
| Marketing Expense | 170,117 | 153,040 | 181,543 | 212,160 | 161,401 | 20 |
| Services Expense | 321,408 | 280,235 | 423,170 | 422,170 | 307,379 | 21 |
| Total Customer Operations | 491,525 | 433,275 | 604,713 | 634,330 | 468,780 | 22 |
| Executive & Planning | 66,715 | 46,791 | 63,313 | 67,293 | 36,701 | 23 |
| General & Administrative | 324,367 | 345,498 | 317,118 | 322,522 | 121,486 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 391,082 | 392,289 | 380,431 | 389,815 | 158,187 | 27 |
| Total Operations Expense | 3,202,618 | 3,184,773 | 3,507,230 | 3,954,499 | 3,890,364 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 362,710 | 322,555 | 324,144 | 339,391 | 342,485 | 31 |
| Net Operating Income Before FIT | 2,183,213 | 2,452,296 | 2,715,548 | 2,448,794 | 2,184,120 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 115,944 | 1,432,749 | 790,412 | 1,557,306 | 869,408 | 34 |
| Provision - Def. Operating Income Taxes - Net | 648,181 | 27,857 | (47,153) | 9,397 | (63,379) | 35 |
| Net Operating Income | \$1,419,088 | \$991,690 | \$1,972,289 | \$882,091 | \$1,378,091 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| 37 Net Operating Income | \$1,419,088 | \$991,690 | \$1,972,289 | \$882,091 | \$1,378,091 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | 178,928 | 550,123 | 643,511 | 2,128,853 | 212,557 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | 607 | 2,864 | 1,918 | 2,513 | 8,947 |
| 42 Gains/Losses - Disposal of Property | | | 210 | | |
| 43 Equity in Earnings of Affiliated Companies | | | | | |
| 44 Other Non-Operating Income | | 1,098,150 | (1,098,150) | 49 | |
| 45 Special Charges | (7,248) | (5,434) | (5,726) | 5,475 | (1,123) |
| 46 Total Non-Operating Income & Expenses | 186,783 | 1,656,571 | (446,785) | 2,136,890 | 220,382 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 74,909 | | | | |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | 74,909 | | | | |
| 50 Income Available Before Interest Charges | 1,530,962 | 2,648,261 | 1,525,504 | 3,018,981 | 1,598,472 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | | | |
| 52 Other Interest Expense | 35,919 | (29,492) | 90,389 | 25,527 | 69,850 |
| 53 Total Interest Charges | 35,919 | (29,492) | 90,389 | 25,527 | 69,850 |
| 54 Income Before Extraordinary & Nonreg Items | 1,495,043 | 2,677,753 | 1,435,115 | 2,993,454 | 1,528,623 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | \$1,495,043 | \$2,677,753 | \$1,435,115 | \$2,993,454 | \$1,528,623 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$3,701,515 | \$4,023,762 | \$4,688,643 | \$1,695,188 | \$166,558 |
| 60 Transferred from Income | 1,495,043 | 2,677,753 | 1,435,115 | 2,993,455 | 1,528,623 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | 3,000,000 | 2,100,000 | | |
| 64 Adjustments | | | 4 | | |
| 65 Ending Year Balance | 5,196,558 | 3,701,515 | 4,023,762 | 4,688,643 | 1,695,180 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | | | |
| 67 Total Retained Earnings | \$5,196,558 | \$3,701,515 | \$4,023,762 | \$4,688,643 | \$1,695,180 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$2,364 | (\$37,307) | \$11,046 | \$22,449 | \$21,539 |
| 2 Accounts Receivable (Net) | 1,657,292 | 2,049,262 | 2,880,241 | 2,512,449 | 3,296,964 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 55,464 | 232,784 | 135,760 | 182,502 | 234,839 |
| 5 Total Current Assets | 1,715,120 | 2,244,739 | 3,027,047 | 2,717,400 | 3,553,342 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 13,560,376 | 13,195,202 | 12,214,064 | 10,719,667 | 5,734,216 |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | 277,935 | 277,935 | 279,797 | 283,088 | 288,775 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | | | |
| 11 Other Non-Current Assets | (321,000) | (321,000) | (321,000) | (321,000) | (321,000) |
| 12 Total Non-Current Assets | 13,517,311 | 13,152,137 | 12,172,861 | 10,681,755 | 5,701,991 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 52,058,963 | 51,756,513 | 51,444,011 | 50,871,918 | 49,987,387 |
| 14 Less: Accumulated Depr and Amort. | 40,036,826 | 37,829,281 | 35,035,016 | 32,158,656 | 29,290,897 |
| 15 Net Regulated Plant | 12,022,137 | 13,927,232 | 16,408,995 | 18,713,262 | 20,696,490 |
| 16 Total Assets & Other Debits | \$27,254,568 | \$29,324,108 | \$31,608,903 | \$32,112,417 | \$29,951,823 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | 852,080 | \$1,666,559 | \$2,024,408 | \$1,575,430 | \$1,661,594 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 175,282 | 220,866 | 203,454 | 244,051 | 238,519 |
| 20 Customer Deposits | (70) | | | | |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 182,983 | 40,939 | 32,149 | 11,063 | 4,319 |
| 24 Total Current Liabilities | 1,210,275 | 1,928,364 | 2,260,011 | 1,830,544 | 1,904,433 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | | | | | |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 2,294,361 | 2,022,343 | 2,607,926 | 2,882,453 | 2,862,082 |
| 28 Other Deferred Credits | 108,610 | 113,690 | 119,692 | 123,711 | 129,799 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 481,374 | 492,513 | 481,143 | 475,009 | 521,472 |
| 31 Total Other Liab. and Def. Credits | 2,884,346 | 2,628,545 | 3,208,761 | 3,481,173 | 3,513,354 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | | | | | |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 12,654,368 | 12,654,368 | 12,654,368 | 12,654,368 | 12,654,368 |
| 35 Retained Earnings | 10,505,580 | 12,112,831 | 13,485,763 | 14,146,333 | 11,879,669 |
| 36 Total Stockholder's Equity | 23,159,948 | 24,767,199 | 26,140,131 | 26,800,701 | 24,534,037 |
| 37 Total Liab. and Stockholder's Equity | \$27,254,568 | \$29,324,108 | \$31,608,903 | \$32,112,417 | \$29,951,823 |

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

320 B

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|------------------|------------------|--------------------|--------------------|--------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$2,645,315 | \$3,301,222 | \$3,816,678 | \$4,271,808 | \$4,264,309 | 1 |
| Network Access Services | 3,516,169 | 3,881,625 | 4,589,889 | 4,797,520 | 7,763,846 | 2 |
| Long Distance Network Services | (1,426) | (245) | | | | 3 |
| Miscellaneous Revenues | 2,657,856 | 3,072,353 | 3,737,616 | 3,864,435 | 2,810,803 | 4 |
| Less: Uncollectible Revenues | (19,940) | 61,024 | 103,698 | 53,693 | (10,325) | 5 |
| Total Operating Revenues | 8,837,853 | 10,193,931 | 12,040,485 | 12,880,069 | 14,849,282 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 13 | 156 | 81 | 2 | 77 | 7 |
| General Support Expenses | 410,988 | 477,892 | 565,756 | 647,072 | 627,659 | 8 |
| Central Office Switching | 1,040,431 | 1,176,652 | 1,340,831 | 1,494,574 | 276,866 | 9 |
| Operator Systems Expense | 4,999 | 4,038 | 4,080 | 4,947 | 1,199 | 10 |
| Central Office Transmission | 153,090 | 195,405 | 211,042 | 212,316 | 214,310 | 11 |
| Info. Origination/Termination | 327,585 | 376,852 | 395,562 | 354,718 | 309,688 | 12 |
| Cable & Wire Facilities | 425,586 | 510,711 | 427,439 | 501,124 | 518,273 | 13 |
| Total Plant Specific Operations | 2,362,693 | 2,741,707 | 2,944,791 | 3,214,753 | 1,948,073 | 14 |
| Other Plant, Property & Equipment | 135 | 280 | 6 | (20) | 5 | 15 |
| Network Operations | 543,008 | 604,119 | 658,382 | 700,625 | 584,596 | 16 |
| Access Expense | 198,740 | 205,248 | 246,667 | 361,932 | 326,017 | 17 |
| Depreciation and Amortization | 2,514,667 | 3,059,689 | 3,034,273 | 3,010,657 | 1,948,430 | 18 |
| Total Plant Non-Specific Operations | 3,256,550 | 3,869,337 | 3,939,328 | 4,073,194 | 2,859,047 | 19 |
| Marketing Expense | 254,646 | 253,561 | 361,698 | 362,232 | 220,153 | 20 |
| Services Expense | 607,655 | 664,695 | 936,145 | 993,044 | 748,325 | 21 |
| Total Customer Operations | 862,301 | 918,256 | 1,297,843 | 1,355,276 | 968,478 | 22 |
| Executive & Planning | 101,865 | 80,575 | 118,128 | 139,302 | 121,623 | 23 |
| General & Administrative | 537,485 | 527,683 | 504,048 | 598,223 | 492,283 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 639,351 | 608,258 | 622,176 | 737,525 | 613,906 | 27 |
| Total Operations Expense | 7,120,894 | 8,137,558 | 8,804,138 | 9,380,748 | 6,389,504 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 688,435 | 587,721 | 689,201 | 736,895 | 724,799 | 31 |
| Net Operating Income Before FIT | 1,028,524 | 1,468,653 | 2,547,146 | 2,762,426 | 7,734,978 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 98,516 | 674,126 | 1,051,326 | 745,508 | 2,388,821 | 34 |
| Provision - Def. Operating Income Taxes - Net | 265,687 | 232,594 | 155,445 | 386,160 | 362,852 | 35 |
| Net Operating Income | \$664,321 | \$561,933 | \$1,340,375 | \$1,630,758 | \$4,983,305 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| 37 Net Operating Income | \$664,321 | \$561,933 | \$1,340,375 | \$1,630,758 | \$4,983,305 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | | | | | |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | 3,024 | 801 | 129 | 6,050 | 7,884 |
| 42 Gains/Losses - Disposal of Property | | | 371 | | |
| 43 Equity in Earnings of Affiliated Companies | | | | | (126,570) |
| 44 Other Non-Operating Income | | | | | 2,290 |
| 45 Special Charges | (3,004) | (1,107) | (2,597) | 4,011 | (126,570) |
| 46 Total Non-Operating Income & Expenses | 6,028 | 1,908 | 3,097 | 2,039 | (120,977) |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 169,296 | | | | |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | 169,296 | | | | |
| 50 Income Available Before Interest Charges | 501,053 | 563,841 | 1,343,472 | 1,632,797 | 4,862,329 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | 8,813 | | | |
| 52 Other Interest Expense | (391,696) | (1,072,039) | (995,958) | (629,585) | (303,216) |
| 53 Total Interest Charges | (391,696) | (1,063,226) | (995,958) | (629,585) | (303,216) |
| 54 Income Before Extraordinary & Nonreg Items | 892,749 | 1,627,068 | 2,339,430 | 2,262,382 | 5,165,544 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | 4,283 | |
| 57 Total Extraordinary & Nonregulated Items | | | | 4,283 | |
| 58 Net Income | \$892,749 | \$1,627,068 | \$2,339,430 | \$2,266,665 | \$5,165,544 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$12,112,831 | \$13,485,763 | \$14,146,333 | \$11,879,670 | \$6,714,118 |
| 60 Transferred from Income | 892,749 | 1,627,068 | 2,339,430 | 2,266,665 | 5,165,544 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | 2,500,000 | 3,000,000 | 3,000,000 | | |
| 64 Adjustments | | | | (2) | 7 |
| 65 Ending Year Balance | 10,505,580 | 12,112,831 | 13,485,763 | 14,146,333 | 11,879,669 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | | | |
| 67 Total Retained Earnings | \$10,505,580 | \$12,112,831 | \$13,485,763 | \$14,146,333 | \$11,879,669 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$655,921 | \$713,039 | \$1,446,909 | \$1,531,661 | \$1,961,438 |
| 2 Accounts Receivable (Net) | 301,731 | 354,790 | 378,628 | 529,215 | 537,904 |
| 3 Current Deferred Income Taxes | 4,949 | 4,748 | 4,380 | 3,985 | 3,508 |
| 4 Other Current Assets | 229,208 | 235,458 | 180,501 | 166,122 | 180,290 |
| 5 Total Current Assets | 1,191,809 | 1,308,035 | 2,010,418 | 2,230,983 | 2,683,141 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 4,421,010 | 4,330,392 | 3,128,540 | 3,355,718 | 3,135,017 |
| 7 Unamortized Debt Issuance Costs | | | | 4,735 | 5,689 |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 408,627 | 382,579 | 327,330 | 261,839 | 247,417 |
| 11 Other Non-Current Assets | 1,800,435 | 1,672,980 | 1,720,444 | 2,119,174 | 2,011,505 |
| 12 Total Non-Current Assets | 6,630,072 | 6,385,950 | 5,176,314 | 5,741,467 | 5,399,628 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 10,012,848 | 9,785,946 | 9,591,609 | 9,467,440 | 9,210,120 |
| 14 Less: Accumulated Depr and Amort. | 7,257,391 | 7,006,276 | 6,744,192 | 6,473,630 | 6,020,600 |
| 15 Net Regulated Plant | 2,755,458 | 2,779,670 | 2,847,417 | 2,993,810 | 3,189,520 |
| 16 Total Assets & Other Debits | \$10,577,340 | \$10,473,656 | \$10,034,149 | \$10,966,260 | \$11,272,289 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$392,078 | \$619,449 | \$221,306 | \$553,931 | \$579,883 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 21,776 | 22,671 | 34,866 | 30,950 | 33,135 |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | (102,303) | (344,678) | (81,116) | (25,621) | (9,233) |
| 24 Total Current Liabilities | 311,552 | 297,443 | 175,057 | 559,260 | 603,786 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | | | | 469,359 | 565,638 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 204,607 | 120,458 | 135,964 | 165,799 | 220,682 |
| 28 Other Deferred Credits | 14,556 | 13,965 | 12,880 | 11,720 | 36,437 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 1,264,572 | 1,268,425 | 1,224,537 | 1,153,066 | 1,067,295 |
| 31 Total Other Liab. and Def. Credits | 1,483,734 | 1,402,848 | 1,373,381 | 1,330,585 | 1,324,414 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 41,397 | (37,772) | 30,389 | 99,343 | 39,877 |
| 35 Retained Earnings | 8,660,657 | 8,731,138 | 8,375,322 | 8,427,713 | 8,658,574 |
| 36 Total Stockholder's Equity | 8,782,054 | 8,773,366 | 8,485,711 | 8,607,056 | 8,778,451 |
| 37 Total Liab. and Stockholder's Equity | \$10,577,340 | \$10,473,656 | \$10,034,149 | \$10,966,260 | \$11,272,289 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|--------------------|--------------------|--------------------|-------------------|-------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$494,763 | \$459,747 | \$448,343 | \$462,433 | \$448,496 | 1 |
| Network Access Services | 1,807,387 | 1,853,602 | 2,173,390 | 2,417,456 | 2,583,181 | 2 |
| Long Distance Network Services | | | | | | 3 |
| Miscellaneous Revenues | 305,165 | 331,517 | 317,537 | 329,032 | 312,712 | 4 |
| Less: Uncollectible Revenues | (2,527) | (2,351) | (3,885) | (1,655) | (2,639) | 5 |
| Total Operating Revenues | 2,609,842 | 2,647,217 | 2,943,156 | 3,210,575 | 3,347,028 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 6,018 | 9,111 | 9,643 | 2,256 | 898 | 7 |
| General Support Expenses | 276,979 | 268,327 | 303,040 | 311,753 | 275,984 | 8 |
| Central Office Switching | 207,770 | 272,285 | 238,020 | 266,133 | 234,361 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 93,218 | 129,805 | 90,962 | 95,133 | 107,091 | 11 |
| Info. Origination/Termination | 22,368 | 22,757 | 11,837 | 9,242 | 6,861 | 12 |
| Cable & Wire Facilities | 84,891 | 109,364 | 131,348 | 135,962 | 174,962 | 13 |
| Total Plant Specific Operations | 691,244 | 811,650 | 784,851 | 820,479 | 800,157 | 14 |
| Other Plant, Property & Equipment | | | | 4,293 | 5,628 | 15 |
| Network Operations | 312,789 | 379,665 | 327,887 | 396,436 | 361,504 | 16 |
| Access Expense | 54,506 | 40,820 | 35,579 | 34,416 | 38,026 | 17 |
| Depreciation and Amortization | 455,215 | 581,178 | 573,361 | 627,781 | 604,693 | 18 |
| Total Plant Non-Specific Operations | 822,511 | 1,001,662 | 936,827 | 1,062,927 | 1,009,852 | 19 |
| Marketing Expense | 61,470 | 39,909 | 37,096 | 64,678 | 68,205 | 20 |
| Services Expense | 195,727 | 278,028 | 296,624 | 307,067 | 354,263 | 21 |
| Total Customer Operations | 257,197 | 317,937 | 333,720 | 371,745 | 422,467 | 22 |
| Executive & Planning | 262,998 | 310,576 | 266,559 | 237,208 | 208,150 | 23 |
| General & Administrative | 768,489 | 808,641 | 791,497 | 776,966 | 896,440 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 1,031,487 | 1,119,217 | 1,058,057 | 1,014,174 | 1,104,591 | 27 |
| Total Operations Expense | 2,802,438 | 3,250,465 | 3,113,454 | 3,269,325 | 3,337,067 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 122,559 | 116,216 | 124,354 | 129,985 | 143,130 | 31 |
| Net Operating Income Before FIT | (315,155) | (719,465) | (294,652) | (188,734) | (133,168) | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | (114,042) | (211,883) | (71,247) | 7,096 | 65,638 | 34 |
| Provision - Def. Operating Income Taxes - Net | 85,259 | (35,129) | (50,198) | (110,640) | (109,599) | 35 |
| Net Operating Income | (\$286,372) | (\$472,453) | (\$173,207) | (\$85,191) | (\$89,207) | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| 37 Net Operating Income | (\$286,372) | (\$472,453) | (\$173,207) | (\$85,191) | (\$89,207) |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | 14,980 | 42,039 | 47,903 | 60,407 | 41,502 |
| 39 Interest Income | 2,140 | 17,062 | 47,577 | 33,304 | 33,509 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | 90,619 | 1,201,852 | 132,677 | 203,253 | 194,294 |
| 44 Other Non-Operating Income | (21,623) | (150,379) | 52,687 | 33,579 | 55,929 |
| 45 Special Charges | (63,120) | 67,228 | 84,706 | (88,558) | (89,864) |
| 46 Total Non-Operating Income & Expenses | 149,235 | 1,043,345 | 196,139 | 419,100 | 415,097 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | (78,887) | (46,923) | 36,451 | 20,892 | 24,636 |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | (78,887) | (46,923) | 36,451 | 20,892 | 24,636 |
| 50 Income Available Before Interest Charges | (58,250) | 617,816 | (13,519) | 313,018 | 301,254 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | 17,710 | 25,735 | 30,430 |
| 52 Other Interest Expense | 233 | | 4,735 | 954 | 954 |
| 53 Total Interest Charges | 233 | | 22,445 | 26,689 | 31,384 |
| 54 Income Before Extraordinary & Nonreg Items | (58,483) | 617,816 | (35,964) | 286,329 | 269,870 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | (\$58,483) | \$617,816 | (\$35,964) | \$286,329 | \$269,870 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$6,926,498 | \$7,772,533 | \$7,957,601 | \$6,392,678 | \$6,829,755 |
| 60 Transferred from Income | (149,100) | (584,035) | (168,641) | 83,076 | 75,576 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | 12,000 | 262,000 | 16,427 | 517,193 | 512,653 |
| 64 Adjustments | | | | 1,999,040 | |
| 65 Ending Year Balance | 6,765,397 | 6,926,498 | 7,772,533 | 7,957,601 | 6,392,678 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | 1,895,260 | 1,804,641 | 602,789 | 470,112 | 2,265,896 |
| 67 Total Retained Earnings | \$8,660,657 | \$8,731,138 | \$8,375,322 | \$8,427,713 | \$8,658,574 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$155,050 | \$148,155 | \$220,129 | \$276,266 | \$358,679 |
| 2 Accounts Receivable (Net) | 168,068 | 186,941 | 187,421 | 246,958 | 222,401 |
| 3 Current Deferred Income Taxes | 8,291 | 8,636 | 9,002 | 10,375 | 166,392 |
| 4 Other Current Assets | 1,172,783 | 1,069,303 | 978,893 | 905,580 | 1,121,127 |
| 5 Total Current Assets | 1,504,192 | 1,413,035 | 1,395,445 | 1,439,179 | 1,868,599 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 1,459,304 | 1,458,714 | 1,406,713 | 1,365,345 | 1,864,819 |
| 7 Unamortized Debt Issuance Costs | 2,221 | 3,457 | 4,693 | 5,929 | 7,165 |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 566,707 | 455,210 | 433,124 | 427,300 | 201,249 |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | 2,028,232 | 1,917,381 | 1,844,530 | 1,798,574 | 2,073,233 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 5,236,759 | 5,734,818 | 5,335,420 | 5,281,960 | 5,160,255 |
| 14 Less: Accumulated Depr and Amort. | 3,629,725 | 3,937,556 | 3,638,676 | 3,348,004 | 3,180,437 |
| 15 Net Regulated Plant | 1,607,034 | 1,797,262 | 1,696,744 | 1,933,956 | 1,979,818 |
| 16 Total Assets & Other Debits | \$5,139,458 | \$5,127,678 | \$4,936,719 | \$5,171,709 | \$5,921,650 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | 867,140 | \$1,094,491 | \$654,917 | \$597,516 | \$476,133 |
| 18 Notes Payable | 410,000 | | | | |
| 19 Advanced Billings | | | | 27,032 | 28,099 |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | 122,879 | 130,247 | 121,369 | 113,109 | 105,417 |
| 22 Current Deferred Income Taxes | | | | | 4,500 |
| 23 Other Current Liabilities | (51,806) | (53,737) | (53,929) | (10,550) | 86,303 |
| 24 Total Current Liabilities | 1,348,213 | 1,171,001 | 722,357 | 727,107 | 700,452 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 80,751 | 203,867 | 334,337 | 455,937 | 569,283 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 250,193 | 210,319 | 244,703 | 260,547 | 243,382 |
| 28 Other Deferred Credits | 838,762 | 833,619 | 826,717 | 802,059 | 45,819 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 472,087 | 459,679 | 448,222 | 437,644 | 571,131 |
| 31 Total Other Liab. and Def. Credits | 1,561,042 | 1,503,617 | 1,519,642 | 1,500,250 | 860,332 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | (950,752) | (950,752) | (950,752) | (950,752) | |
| 35 Retained Earnings | 3,040,204 | 3,139,945 | 3,251,135 | 3,379,167 | 3,731,583 |
| 36 Total Stockholder's Equity | 2,149,452 | 2,249,193 | 2,360,383 | 2,488,415 | 3,791,583 |
| 37 Total Liab. and Stockholder's Equity | \$5,139,458 | \$5,127,678 | \$4,936,719 | \$5,171,709 | \$5,921,650 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2,005 | |
|---|-------------------|--------------------|--------------------|-------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$328,758 | \$347,581 | \$370,193 | \$362,019 | \$359,732 | 1 |
| Network Access Services | 1,381,003 | 1,477,706 | 1,446,553 | 1,568,567 | 1,537,987 | 2 |
| Long Distance Network Services | 259 | 1,225 | 2,481 | 2,310 | 2,926 | 3 |
| Miscellaneous Revenues | 100,972 | 77,632 | 77,467 | 75,954 | 73,895 | 4 |
| Less: Uncollectible Revenues | 1,200 | 8,200 | 1,200 | 1,200 | 1,200 | 5 |
| Total Operating Revenues | 1,809,792 | 1,895,944 | 1,895,494 | 2,007,650 | 1,973,340 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 12,569 | 15,099 | 15,716 | 11,123 | 12,673 | 7 |
| General Support Expenses | 89,577 | 99,509 | 88,445 | 94,642 | 104,435 | 8 |
| Central Office Switching | 322,735 | 374,543 | 323,797 | 332,086 | 345,757 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 698 | | | | 1,513 | 11 |
| Info. Origination/Termination | | | | | | 12 |
| Cable & Wire Facilities | 300,111 | 317,486 | 296,793 | 344,861 | 238,686 | 13 |
| Total Plant Specific Operations | 725,690 | 806,637 | 724,751 | 782,712 | 703,064 | 14 |
| Other Plant, Property & Equipment | | | | | | 15 |
| Network Operations | 39,336 | 37,903 | 19,234 | 19,681 | 20,453 | 16 |
| Access Expense | 30,597 | 13,959 | 41,412 | 30,872 | 29,930 | 17 |
| Depreciation and Amortization | 281,275 | 299,759 | 297,837 | 288,261 | 254,542 | 18 |
| Total Plant Non-Specific Operations | 351,208 | 351,621 | 358,483 | 338,814 | 304,925 | 19 |
| Marketing Expense | 19,086 | 18,936 | 24,082 | 17,080 | 18,861 | 20 |
| Services Expense | 148,157 | 159,810 | 154,746 | 157,093 | 150,974 | 21 |
| Total Customer Operations | 167,243 | 178,746 | 178,828 | 174,173 | 169,835 | 22 |
| Executive & Planning | 295,251 | 346,932 | 392,649 | 320,665 | 315,576 | 23 |
| General & Administrative | 346,237 | 349,616 | 353,951 | 397,407 | 291,383 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 641,488 | 696,548 | 746,600 | 718,072 | 606,959 | 27 |
| Total Operations Expense | 1,885,629 | 2,033,552 | 2,008,662 | 2,013,771 | 1,784,783 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 90,236 | 92,804 | 89,365 | 91,105 | 91,674 | 31 |
| Net Operating Income Before FIT | (166,073) | (230,412) | (202,533) | (97,226) | 96,883 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | | (31,500) | (47,900) | (66,000) | 30,500 | 34 |
| Provision - Def. Operating Income Taxes - Net | (74,185) | (59,611) | (17,510) | 33,815 | (29,186) | 35 |
| Net Operating Income | (\$91,888) | (\$139,301) | (\$137,123) | (\$65,041) | \$95,569 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| 37 Net Operating Income | (\$91,888) | (\$139,301) | (\$137,123) | (\$65,041) | \$95,569 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | 4,568 | 29,159 | 4,157 | 43,886 |
| 39 Interest Income | 3,469 | | 7,857 | 19,572 | 388 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | 590 | 60,254 | 41,420 | (428,274) | 35,758 |
| 44 Other Non-Operating Income | | 9,511 | | 587,629 | 3,263 |
| 45 Special Charges | (16,249) | | 9,755 | (20,848) | (3,392) |
| 46 Total Non-Operating Income & Expenses | 20,308 | 74,333 | 68,681 | 203,932 | 86,687 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | (2,345) | (418) | 4,670 | 189,301 | 13,000 |
| 48 Other | | | | 16,833 | |
| 49 Total Non-Operating Taxes | (2,345) | (418) | 4,670 | 206,134 | 13,000 |
| 50 Income Available Before Interest Charges | (69,235) | (64,550) | (73,112) | (67,243) | 169,256 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 19,020 | 27,944 | 36,224 | 43,937 | 51,100 |
| 52 Other Interest Expense | 11,486 | 1,236 | 1,236 | 1,236 | 1,421 |
| 53 Total Interest Charges | 30,506 | 29,180 | 37,460 | 45,173 | 52,521 |
| 54 Income Before Extraordinary & Nonreg Items | (99,741) | (93,730) | (110,572) | (112,416) | 116,735 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | (\$99,741) | (\$93,730) | (\$110,572) | (\$112,416) | \$116,735 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$1,687,742 | \$1,859,186 | \$2,028,638 | \$1,952,780 | \$1,895,803 |
| 60 Transferred from Income | (100,331) | (153,984) | (151,992) | 315,858 | 80,977 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | 17,460 | 17,460 | 240,000 | 24,000 |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 1,587,411 | 1,687,742 | 1,859,186 | 2,028,638 | 1,952,780 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | 1,452,793 | 1,452,203 | 1,391,949 | 1,350,529 | 1,778,803 |
| 67 Total Retained Earnings | \$3,040,204 | \$3,139,945 | \$3,251,135 | \$3,379,167 | \$3,731,583 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$496,567 | \$647,987 | \$935,351 | \$1,468,465 | \$1,155,980 |
| 2 Accounts Receivable (Net) | 481,655 | 614,040 | 421,999 | 390,916 | 427,210 |
| 3 Current Deferred Income Taxes | 4,691 | 4,365 | 3,703 | 3,252 | 2,847 |
| 4 Other Current Assets | 208,939 | 215,433 | 191,341 | 190,335 | 613,935 |
| 5 Total Current Assets | 1,191,852 | 1,481,825 | 1,552,394 | 2,052,968 | 2,199,972 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 3,314,176 | 3,600,113 | 3,031,521 | 2,950,159 | 3,129,140 |
| 7 Unamortized Debt Issuance Costs | 2,923 | 3,437 | 3,951 | 4,464 | 4,978 |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 80,294 | 84,807 | 85,510 | 123,972 | 18,341 |
| 11 Other Non-Current Assets | 785,343 | 676,760 | 579,165 | 485,813 | 395,864 |
| 12 Total Non-Current Assets | 4,182,736 | 4,365,117 | 3,700,147 | 3,564,408 | 3,548,323 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 12,201,727 | 12,046,928 | 11,782,145 | 11,408,061 | 10,776,884 |
| 14 Less: Accumulated Depr and Amort. | 9,649,813 | 9,326,696 | 8,967,713 | 8,509,735 | 7,998,703 |
| 15 Net Regulated Plant | 2,551,914 | 2,720,232 | 2,814,432 | 2,898,326 | 2,778,181 |
| 16 Total Assets & Other Debits | \$7,926,502 | \$8,567,174 | \$8,066,973 | \$8,515,702 | \$8,526,476 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$108,606 | \$105,475 | \$123,823 | \$79,184 | \$52,332 |
| 18 Notes Payable | | | | | 375,000 |
| 19 Advanced Billings | 24,318 | 26,454 | 28,092 | 24,612 | 23,262 |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 36,872 | 402,083 | 347,783 | 565,459 | 326,328 |
| 24 Total Current Liabilities | 169,796 | 534,012 | 499,698 | 669,255 | 776,922 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 160,153 | 241,280 | 318,851 | 392,682 | 462,923 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 175,699 | 177,853 | 138,261 | 180,398 | 314,099 |
| 28 Other Deferred Credits | 249,963 | 262,279 | 262,395 | 374,196 | 62,328 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | | | | | |
| 31 Total Other Liab. and Def. Credits | 425,662 | 440,132 | 400,656 | 554,594 | 376,427 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 130,000 | 130,000 | 130,000 | 130,000 | 130,000 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 5,887 | 5,527 | 16,856 | 14,373 | 153,175 |
| 35 Retained Earnings | 7,035,004 | 7,216,223 | 6,700,912 | 6,754,798 | 6,627,029 |
| 36 Total Stockholder's Equity | 7,170,891 | 7,351,750 | 6,847,768 | 6,899,171 | 6,910,204 |
| 37 Total Liab. and Stockholder's Equity | \$7,926,502 | \$8,567,174 | \$8,066,973 | \$8,515,702 | \$8,526,476 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|------------------|--------------------|------------------|------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$649,016 | \$640,228 | \$665,201 | \$683,287 | \$662,807 | 1 |
| Network Access Services | 1,381,321 | 1,477,878 | 1,630,620 | 1,575,681 | 1,725,660 | 2 |
| Long Distance Network Services | | | | | | 3 |
| Miscellaneous Revenues | 376,609 | 363,924 | 397,925 | 418,530 | 433,905 | 4 |
| Less: Uncollectible Revenues | | | 6,000 | 6,000 | (12,312) | 5 |
| Total Operating Revenues | 2,406,946 | 2,482,030 | 2,687,746 | 2,671,498 | 2,834,684 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 1,307 | 2,178 | 10,580 | 7,881 | 5,788 | 7 |
| General Support Expenses | 100,681 | 121,920 | 102,700 | 152,413 | 159,087 | 8 |
| Central Office Switching | 97,154 | 112,623 | 108,137 | 126,539 | 111,393 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 135,975 | 123,064 | 117,216 | 98,782 | 89,189 | 11 |
| Info. Origination/Termination | 17,543 | 18,701 | 18,687 | 23,938 | 22,770 | 12 |
| Cable & Wire Facilities | 142,610 | 144,622 | 179,937 | 152,341 | 145,818 | 13 |
| Total Plant Specific Operations | 495,270 | 523,108 | 537,257 | 561,894 | 534,045 | 14 |
| Other Plant, Property & Equipment | | | | 1,387 | 2,545 | 15 |
| Network Operations | 164,041 | 148,739 | 177,768 | 146,175 | 131,802 | 16 |
| Access Expense | 44,053 | 47,280 | 45,459 | 43,743 | 42,532 | 17 |
| Depreciation and Amortization | 420,705 | 473,546 | 518,328 | 542,864 | 562,132 | 18 |
| Total Plant Non-Specific Operations | 628,799 | 669,565 | 741,555 | 734,169 | 739,011 | 19 |
| Marketing Expense | 12,248 | 14,192 | 14,292 | 16,448 | 22,751 | 20 |
| Services Expense | 379,801 | 416,173 | 351,090 | 345,052 | 354,639 | 21 |
| Total Customer Operations | 392,049 | 430,365 | 365,382 | 361,500 | 377,390 | 22 |
| Executive & Planning | 354,200 | 405,539 | 331,094 | 316,331 | 324,306 | 23 |
| General & Administrative | 420,900 | 474,778 | 531,738 | 522,549 | 482,520 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 775,100 | 880,317 | 862,832 | 838,880 | 806,826 | 27 |
| Total Operations Expense | 2,291,218 | 2,503,355 | 2,507,026 | 2,496,443 | 2,457,272 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 122,649 | 138,587 | 156,555 | 142,930 | 142,555 | 31 |
| Net Operating Income Before FIT | (6,921) | (159,912) | 24,165 | 32,125 | 234,857 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | (4,722) | (102,047) | 30,539 | 71,729 | 140,924 | 34 |
| Provision - Def. Operating Income Taxes - Net | 1,848 | 45,470 | (5,405) | (62,603) | (73,214) | 35 |
| Net Operating Income | (\$4,047) | (\$103,335) | (\$969) | \$22,999 | \$167,147 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| 37 Net Operating Income | (\$4,047) | (\$103,335) | (\$969) | \$22,999 | \$167,147 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | 185 | 167 | 334 | 297 | 445 |
| 39 Interest Income | 3,209 | 13,622 | 35,464 | 23,515 | 12,546 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | 112,093 | 848,881 | 170,421 | 55,707 | 152,815 |
| 44 Other Non-Operating Income | 19,759 | 8,771 | 36,965 | 456,008 | 10,375 |
| 45 Special Charges | 6,165 | 5,580 | 16,825 | 8,114 | 8,515 |
| 46 Total Non-Operating Income & Expenses | 129,081 | 865,861 | 226,359 | 527,413 | 167,666 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | (646) | 2,507 | 16,116 | 151,444 | (9,922) |
| 48 Other | | | | 21,954 | |
| 49 Total Non-Operating Taxes | (646) | 2,507 | 16,116 | 173,398 | (9,922) |
| 50 Income Available Before Interest Charges | 125,680 | 760,019 | 209,274 | 377,014 | 344,735 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 9,832 | 13,900 | 17,640 | 21,229 | 24,618 |
| 52 Other Interest Expense | (2,933) | 3,308 | 18,020 | 516 | 613 |
| 53 Total Interest Charges | 6,899 | 17,208 | 35,660 | 21,745 | 25,231 |
| 54 Income Before Extraordinary & Nonreg Items | 118,781 | 742,811 | 173,614 | 355,269 | 319,504 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | \$118,781 | \$742,811 | \$173,614 | \$355,269 | \$319,504 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$6,882,859 | \$7,216,429 | \$7,440,736 | \$7,368,674 | \$7,429,485 |
| 60 Transferred from Income | 6,688 | (106,070) | 3,193 | 299,562 | 166,689 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | 300,000 | 227,500 | 227,500 | 227,500 | 227,500 |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 6,589,547 | 6,882,859 | 7,216,429 | 7,440,736 | 7,368,674 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | 445,457 | 333,364 | (515,517) | (685,938) | (741,645) |
| 67 Total Retained Earnings | \$7,035,004 | \$7,216,223 | \$6,700,912 | \$6,754,798 | \$6,627,029 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$1,585,978 | \$2,111,275 | \$2,542,323 | \$3,197,401 | \$2,082,330 |
| 2 Accounts Receivable (Net) | 989,556 | 1,003,874 | 844,127 | 758,853 | 692,898 |
| 3 Current Deferred Income Taxes | 14,960 | 13,517 | 12,070 | 10,627 | 9,288 |
| 4 Other Current Assets | 342,914 | 285,686 | 300,924 | 273,034 | 263,432 |
| 5 Total Current Assets | 2,933,408 | 3,414,352 | 3,699,444 | 4,239,915 | 3,047,948 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 1,987,814 | 2,096,673 | 2,168,372 | 2,098,363 | 2,277,031 |
| 7 Unamortized Debt Issuance Costs | 5,774 | 6,478 | 7,181 | 7,884 | 8,587 |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 692,016 | 705,336 | 703,387 | 701,011 | 310,696 |
| 11 Other Non-Current Assets | 1,416,690 | 1,416,690 | 1,416,690 | 1,416,690 | 1,416,690 |
| 12 Total Non-Current Assets | 4,102,294 | 4,225,177 | 4,295,630 | 4,223,948 | 4,013,004 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 22,185,653 | 21,301,335 | 20,688,636 | 20,408,608 | 19,758,160 |
| 14 Less: Accumulated Depr and Amort. | 17,136,424 | 16,510,528 | 15,751,168 | 14,810,807 | 13,735,668 |
| 15 Net Regulated Plant | 5,049,229 | 4,790,807 | 4,937,468 | 5,597,801 | 6,022,492 |
| 16 Total Assets & Other Debits | \$12,084,931 | \$12,430,336 | \$12,932,542 | \$14,061,664 | \$13,083,444 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$215,709 | \$260,964 | \$240,030 | \$295,879 | \$262,273 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | | | | (96) | |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 71,918 | (78,000) | 57,405 | 683,327 | 36,161 |
| 24 Total Current Liabilities | 287,627 | 182,964 | 297,435 | 979,110 | 298,434 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 1,199,096 | 1,483,962 | 1,755,110 | 2,011,737 | 2,254,618 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 244,275 | 163,296 | 48,705 | 326,620 | 556,204 |
| 28 Other Deferred Credits | 1,486,510 | 1,494,272 | 1,441,280 | 1,413,451 | 254,327 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 492,828 | 520,000 | 563,000 | 579,600 | 519,100 |
| 31 Total Other Liab. and Def. Credits | 2,223,613 | 2,177,568 | 2,052,985 | 2,319,671 | 1,329,631 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 64,200 | 64,200 | 64,200 | 64,200 | 64,200 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | (840,336) | (840,336) | (840,336) | (840,336) | (554,622) |
| 35 Retained Earnings | 9,150,731 | 9,361,978 | 9,603,148 | 9,527,282 | 9,691,183 |
| 36 Total Stockholder's Equity | 8,374,595 | 8,585,842 | 8,827,012 | 8,751,146 | 9,200,761 |
| 37 Total Liab. and Stockholder's Equity | \$12,084,931 | \$12,430,336 | \$12,932,542 | \$14,061,664 | \$13,083,444 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|------------------|------------------|------------------|------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$1,076,429 | \$1,131,327 | \$1,214,372 | \$1,236,178 | \$1,227,092 | 1 |
| Network Access Services | 3,002,508 | 3,074,457 | 3,943,387 | 3,287,332 | 3,373,552 | 2 |
| Long Distance Network Services | | | | | | 3 |
| Miscellaneous Revenues | 561,677 | 568,938 | 582,192 | 578,326 | 631,970 | 4 |
| Less: Uncollectible Revenues | 71,550 | 104,325 | 23,800 | 20,750 | 24,250 | 5 |
| Total Operating Revenues | 4,569,064 | 4,670,397 | 5,716,151 | 5,081,086 | 5,208,364 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 14,091 | 19,042 | 16,041 | 15,856 | 22,061 | 7 |
| General Support Expenses | 279,254 | 240,523 | 223,214 | 231,615 | 206,903 | 8 |
| Central Office Switching | 221,500 | 190,735 | 198,743 | 247,716 | 218,318 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 187,012 | 240,250 | 242,860 | 233,354 | 208,132 | 11 |
| Info. Origination/Termination | 26,392 | 27,113 | 46,284 | 35,208 | 56,341 | 12 |
| Cable & Wire Facilities | 273,043 | 256,916 | 208,985 | 225,764 | 229,557 | 13 |
| Total Plant Specific Operations | 1,001,292 | 974,579 | 936,127 | 989,513 | 941,312 | 14 |
| Other Plant, Property & Equipment | 2,075 | 2,524 | 2,789 | 4,852 | 2,989 | 15 |
| Network Operations | 254,335 | 291,574 | 285,989 | 255,868 | 237,840 | 16 |
| Access Expense | 92,734 | 94,811 | 86,505 | 88,954 | 79,652 | 17 |
| Depreciation and Amortization | 841,381 | 920,907 | 1,550,327 | 1,496,254 | 1,378,289 | 18 |
| Total Plant Non-Specific Operations | 1,190,525 | 1,309,816 | 1,925,610 | 1,845,928 | 1,698,770 | 19 |
| Marketing Expense | 36,912 | 36,641 | 36,083 | 34,109 | 28,831 | 20 |
| Services Expense | 462,404 | 501,538 | 499,388 | 510,235 | 491,482 | 21 |
| Total Customer Operations | 499,316 | 538,179 | 535,471 | 544,344 | 520,313 | 22 |
| Executive & Planning | 495,975 | 472,838 | 463,810 | 453,877 | 551,986 | 23 |
| General & Administrative | 786,755 | 791,394 | 791,716 | 839,532 | 777,328 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 1,282,730 | 1,264,232 | 1,255,526 | 1,293,409 | 1,329,314 | 27 |
| Total Operations Expense | 3,973,863 | 4,086,806 | 4,652,734 | 4,673,194 | 4,489,709 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 310,325 | 319,357 | 325,835 | 387,838 | 326,038 | 31 |
| Net Operating Income Before FIT | 284,876 | 264,234 | 737,582 | 20,054 | 392,617 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | (11,893) | (57,205) | 424,761 | 190,756 | 279,769 | 34 |
| Provision - Def. Operating Income Taxes - Net | 85,886 | 113,775 | (276,535) | (633,971) | (188,834) | 35 |
| Net Operating Income | \$210,883 | \$207,664 | \$589,356 | \$463,269 | \$301,682 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| 37 Net Operating Income | \$210,883 | \$207,664 | \$589,356 | \$463,269 | \$301,682 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | 74,015 | | 18,655 |
| 39 Interest Income | 11,228 | 48,842 | 95,740 | 115,511 | 35,111 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | (164) | (218) | (766) | (28,583) | |
| 43 Equity in Earnings of Affiliated Companies | (108,695) | (71,481) | (229,225) | (399,775) | (15,478) |
| 44 Other Non-Operating Income | (122,929) | (163,868) | (148,683) | 588,836 | (111,631) |
| 45 Special Charges | 42,062 | 44,234 | 56,933 | 94,341 | 106,524 |
| 46 Total Non-Operating Income & Expenses | (262,622) | (230,959) | (265,852) | 181,648 | (179,867) |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | (50,985) | (52,690) | (3,093) | 567,840 | (54,757) |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | (50,985) | (52,690) | (3,093) | 567,840 | (54,757) |
| 50 Income Available Before Interest Charges | (754) | 29,395 | 326,597 | 77,077 | 176,572 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 97,828 | 113,219 | 127,841 | 141,675 | 154,806 |
| 52 Other Interest Expense | 14,065 | 58,746 | 24,290 | 703 | 703 |
| 53 Total Interest Charges | 111,893 | 171,965 | 152,131 | 142,378 | 155,509 |
| 54 Income Before Extraordinary & Nonreg Items | (112,647) | (142,570) | 174,466 | (65,301) | 21,063 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | (\$112,647) | (\$142,570) | \$174,466 | (\$65,301) | \$21,063 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$10,944,290 | \$11,113,979 | \$10,808,888 | \$10,573,014 | \$10,642,298 |
| 60 Transferred from Income | (3,952) | (71,089) | 403,691 | 334,474 | 36,541 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | 98,600 | 98,600 | 98,600 | 98,600 | 105,825 |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 10,841,738 | 10,944,290 | 11,113,979 | 10,808,888 | 10,573,014 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | (1,691,007) | (1,582,312) | (1,510,831) | (1,281,606) | (881,831) |
| 67 Total Retained Earnings | \$9,150,731 | \$9,361,978 | \$9,603,148 | \$9,527,282 | \$9,691,183 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|------------------|------------------|------------------|------------------|------------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$258,820 | \$1,231,034 | \$467,674,475 | \$483,112,697 | \$485,196,722 |
| 2 Accounts Receivable (Net) | 884,593,642 | 1,206,502,066 | 985,103,589 | 1,076,621,277 | 1,131,656,951 |
| 3 Current Deferred Income Taxes | 0 | | | | |
| 4 Other Current Assets | 176,410,882 | 259,698,305 | 227,899,456 | 232,610,763 | 253,524,635 |
| 5 Total Current Assets | 1,061,263,345 | 1,467,431,405 | 1,680,677,520 | 1,792,344,737 | 1,870,378,308 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 531,841,230 | 366,333,851 | 341,373,640 | 339,271,176 | 351,776,957 |
| 7 Unamortized Debt Issuance Costs | 6,962,850 | 7,874,213 | 10,608,440 | 11,829,042 | 13,135,984 |
| 8 Deferred Charges | 89,836,693 | 89,679,857 | 119,410,987 | 166,620,142 | 237,627,340 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 0 | | | | |
| 11 Other Non-Current Assets | 490,517,661 | 499,756,555 | 470,226,146 | 416,714,603 | 623,850,130 |
| 12 Total Non-Current Assets | 1,119,158,435 | 963,644,475 | 941,619,213 | 934,434,963 | 1,226,390,411 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 31,318,953,310 | 30,542,103,959 | 30,084,568,137 | 30,211,292,983 | 29,813,995,195 |
| 14 Less: Accumulated Depr and Amort. | 20,840,004,083 | 20,202,690,437 | 19,735,045,854 | 19,706,082,848 | 19,156,188,554 |
| 15 Net Regulated Plant | 10,478,949,227 | 10,339,413,522 | 10,349,522,283 | 10,505,210,134 | 10,657,806,641 |
| 16 Total Assets & Other Debits | \$12,659,371,007 | \$12,770,489,402 | \$12,971,819,017 | \$13,231,989,834 | \$13,754,575,360 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$498,764,485 | \$868,104,167 | \$820,003,636 | \$787,374,877 | \$1,043,506,716 |
| 18 Notes Payable | 3,300,469,580 | 2,848,778,251 | 2,063,434,446 | 3,625,791,686 | 2,718,118,680 |
| 19 Advanced Billings | 152,987,435 | 156,225,854 | 156,416,804 | 159,855,355 | 177,804,267 |
| 20 Customer Deposits | 7,404,707 | 6,812,793 | 7,689,435 | 7,647,459 | 8,040,691 |
| 21 Current Maturities - Long-Term Debt | 401,121,571 | 1,131,206 | 251,667,136 | 1,536,153 | 1,724,779 |
| 22 Current Deferred Income Taxes | (96,139,144) | (118,139,133) | 33,435,279 | 38,651,334 | 11,703,396 |
| 23 Other Current Liabilities | 542,387,579 | 600,762,946 | 616,236,537 | 625,035,271 | 661,010,190 |
| 24 Total Current Liabilities | 4,806,996,212 | 4,363,676,084 | 3,948,883,272 | 5,245,892,135 | 4,621,908,718 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 2,251,102,617 | 2,649,688,104 | 2,651,160,078 | 2,900,371,877 | 2,899,241,490 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | 17,369,153 | 19,180,550 | 21,100,262 | 23,250,166 | 25,453,954 |
| 27 Non-Current Deferred Taxes | 86,850,059 | (20,427,301) | 11,887,783 | 339,837,364 | 240,464,439 |
| 28 Other Deferred Credits | 253,118,877 | 149,974,328 | 289,861,711 | 216,359,870 | 277,529,734 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 4,473,303,329 | 4,404,599,235 | 3,984,336,727 | 3,563,319,616 | 4,325,380,709 |
| 31 Total Other Liab. and Def. Credits | 4,830,641,417 | 4,553,326,812 | 4,307,186,483 | 4,142,767,015 | 4,868,828,836 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 1,000,010 | 1,000,010 | 1,000,010 | 1,000,000 | 1,000,000 |
| 33 Preferred Stock | 0 | - | - | - | - |
| 34 Other Paid in Capital | 4,783,857,776 | 5,144,467,671 | 5,144,460,733 | 2,135,146,468 | 2,135,167,390 |
| 35 Retained Earnings | (4,014,227,025) | (3,941,669,279) | (3,080,871,560) | (1,193,187,661) | (771,571,074) |
| 36 Total Stockholder's Equity | 770,630,761 | 1,203,798,402 | 2,064,589,184 | 942,958,806 | 1,364,596,316 |
| 37 Total Liab. and Stockholder's Equity | \$12,659,371,007 | \$12,770,489,402 | \$12,971,819,017 | \$13,231,989,834 | \$13,754,575,360 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$1,976,603,179 | \$2,239,370,515 | \$2,436,273,605 | \$2,638,058,413 | \$2,831,555,948 | 1 |
| Network Access Services | 2,120,781,198 | 2,173,914,471 | 2,207,803,194 | 2,139,796,795 | 2,130,776,546 | 2 |
| Long Distance Network Services | 130,272,806 | 137,586,464 | 142,636,451 | 148,290,976 | 169,621,587 | 3 |
| Miscellaneous Revenues | 1,014,909,181 | 964,203,327 | 718,128,172 | 955,358,465 | 1,179,867,751 | 4 |
| Less: Uncollectible Revenues | 66,609,686 | 61,768,654 | 58,576,239 | 36,486,641 | 76,727,971 | 5 |
| Total Operating Revenues | 5,175,956,679 | 5,453,306,123 | 5,446,265,183 | 5,845,018,008 | 6,235,093,862 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 6,596,203 | 22,790,003 | 15,907,776 | 18,813,074 | 16,154,193 | 7 |
| General Support Expenses | 396,271,124 | 420,719,528 | 403,163,562 | 446,246,690 | 438,297,111 | 8 |
| Central Office Switching | 218,619,722 | 207,436,276 | 225,865,863 | 234,734,485 | 238,355,838 | 9 |
| Operator Systems Expense | 138,541 | 182,913 | 371,187 | 398,739 | 588,608 | 10 |
| Central Office Transmission | 136,239,381 | 122,924,973 | 128,573,306 | 123,691,378 | 122,196,000 | 11 |
| Info. Origination/Termination | 621,786,502 | 501,755,962 | 360,401,866 | 288,148,812 | 266,292,088 | 12 |
| Cable & Wire Facilities | 1,188,785,494 | 918,560,718 | 1,015,775,872 | 1,063,067,738 | 1,052,013,193 | 13 |
| Total Plant Specific Operations | 2,568,436,967 | 2,194,370,373 | 2,150,059,432 | 2,175,100,916 | 2,133,897,030 | 14 |
| Other Plant, Property & Equipment | 11,441,664 | 12,074,259 | 8,978,665 | 9,720,970 | 13,608,186 | 15 |
| Network Operations | 602,872,014 | 745,700,972 | 768,564,940 | 813,321,153 | 789,284,818 | 16 |
| Access Expense | 110,362,863 | 112,634,258 | 124,949,842 | 149,127,714 | 162,788,588 | 17 |
| Depreciation and Amortization | 1,229,000,198 | 1,333,465,921 | 1,404,258,778 | 1,526,072,772 | 1,651,688,532 | 18 |
| Total Plant Non-Specific Operations | 1,953,676,738 | 2,203,875,410 | 2,306,752,225 | 2,498,242,609 | 2,617,370,124 | 19 |
| Marketing Expense | 327,130,078 | 342,217,241 | 381,441,787 | 300,166,330 | 287,128,186 | 20 |
| Services Expense | 567,002,282 | 580,676,014 | 591,231,566 | 627,354,738 | 657,799,798 | 21 |
| Total Customer Operations | 894,132,361 | 922,893,255 | 972,673,353 | 927,521,069 | 944,927,984 | 22 |
| Executive & Planning | 48,586,521 | 58,654,058 | 23,067,084 | 24,238,692 | 28,734,704 | 23 |
| General & Administrative | 827,701,635 | 832,871,093 | 1,060,274,305 | 1,007,273,202 | 952,919,393 | 24 |
| Provision - Uncollectible Notes Rec. | | | | 0 | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 876,288,156 | 891,525,150 | 1,083,341,389 | 1,031,511,894 | 981,654,098 | 27 |
| Total Operations Expense | 6,292,534,222 | 6,212,664,189 | 6,512,826,400 | 6,632,376,487 | 6,677,849,236 | 28 |
| Other Operating Income & Expenses | 37,405,368 | 46,258,738 | 87,338,714 | 137,937,504 | 310,815,003 | 29 |
| State & Local Income Taxes | (8,832,103) | 2,580 | 13,726 | | 219,488 | 30 |
| Other Taxes | 450,691,662 | 466,543,046 | 481,126,927 | 524,368,813 | 506,345,895 | 31 |
| Net Operating Income Before FIT | (1,521,031,734) | (1,179,644,954) | (1,460,363,155) | (1,173,789,787) | (638,505,754) | 32 |
| Investment Tax Credits - Net | 1,811,397 | 1,919,712 | 2,149,904 | 2,203,788 | 2,459,256 | 33 |
| Federal Income Taxes | (793,717,459) | (357,932,280) | (288,425,716) | (364,732,063) | (99,910,758) | 34 |
| Provision - Def. Operating Income Taxes - Net | 126,980,952 | (181,605,544) | (241,886,639) | (87,592,454) | (176,037,655) | 35 |
| Net Operating Income | (\$852,483,830) | (\$638,187,418) | (\$927,900,896) | (\$719,261,482) | (\$360,098,085) | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| 37 Net Operating Income | (\$852,483,830) | (\$638,187,418) | (\$927,900,896) | (\$719,261,482) | (\$360,098,085) |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | 0 | | | | |
| 39 Interest Income | 411,903 | 5,691,622 | 23,028,555 | 23,713,351 | 14,365,373 |
| 40 Income - Sinking and Other Funds | 0 | | | | |
| 41 Allowance for Funds Used During Construction | 16,126,829 | 17,558,298 | 18,878,737 | 20,569,756 | 18,146,469 |
| 42 Gains/Losses - Disposal of Property | 0 | (423) | (1,814) | 726 | 3,465 |
| 43 Equity in Earnings of Affiliated Companies | 563,961,041 | 60,164,881 | 30,548,470 | 30,955,270 | 49,605,307 |
| 44 Other Non-Operating Income | (14,277,797) | 1,815,285 | 578,574 | 2,593,998 | 682,182 |
| 45 Special Charges | 8,032,330 | 7,182,118 | 9,738,226 | 11,909,970 | 16,754,736 |
| 46 Total Non-Operating Income & Expenses | 558,189,647 | 78,047,546 | 63,294,295 | 65,923,131 | 66,048,059 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | (1,682,069) | 175,146 | 6,139,401 | 6,967,350 | (2,949,558) |
| 48 Other | 3,804,125 | 4,748,000 | 654,895 | 4,776,000 | 24,542,257 |
| 49 Total Non-Operating Taxes | 2,122,056 | 4,923,146 | 6,794,296 | 11,743,350 | 21,592,699 |
| 50 Income Available Before Interest Charges | (296,416,239) | (565,063,019) | (871,400,897) | (665,081,701) | (315,642,725) |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 186,170,072 | 188,662,235 | 201,926,420 | 202,105,540 | 204,288,787 |
| 52 Other Interest Expense | 108,588,380 | 106,873,800 | 166,292,886 | 186,389,559 | 144,820,022 |
| 53 Total Interest Charges | 294,758,451 | 295,536,035 | 368,219,306 | 388,495,098 | 349,108,809 |
| 54 Income Before Extraordinary & Nonreg Items | (591,174,690) | (860,599,054) | (1,239,620,202) | (1,053,576,799) | (664,751,534) |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | 328,104,847 | 234,773,488 | 239,818,549 |
| 57 Total Extraordinary & Nonregulated Items | 0 | 0 | 328,104,847 | 234,773,488 | 239,818,549 |
| 58 Net Income | (\$591,174,690) | (\$860,599,054) | (\$911,515,356) | (\$818,803,311) | (\$424,932,985) |

RETAINED EARNINGS STATEMENT

| | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-----------------|
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | (\$4,141,856,259) | (\$3,220,893,658) | (\$1,302,661,290) | (\$850,089,433) | (\$462,909,851) |
| 60 Transferred from Income | (1,155,135,731) | (920,763,936) | (942,063,825) | (849,758,581) | (474,538,291) |
| 61 Appropriations | | 0 | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | 0 | | | |
| 63 Common Stock | | 0 | | | |
| 64 Adjustments | 819,926,447 | (198,665) | (976,168,543) | (397,186,724) | 87,358,709 |
| 65 Ending Year Balance | (4,477,065,544) | (4,141,856,259) | (3,220,893,658) | (1,302,661,290) | (850,089,433) |
| 66 Appropriated/Undistr Affiliate Retained Earnings | 462,838,518 | 200,186,980 | 140,022,099 | 109,473,629 | 78,518,359 |
| 67 Total Retained Earnings | (\$4,014,227,025) | (\$3,941,669,279) | (\$3,080,871,560) | (\$1,193,187,661) | (\$771,571,074) |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$195,578 | \$159,518 | \$365,549 | \$107,069 | \$86,553 |
| 2 Accounts Receivable (Net) | 185,255 | 195,590 | 206,598 | 269,976 | 276,465 |
| 3 Current Deferred Income Taxes | | | 658 | 2,230 | 3,814 |
| 4 Other Current Assets | 169,978 | 172,223 | 187,565 | 164,201 | 153,766 |
| 5 Total Current Assets | 550,811 | 527,331 | 760,370 | 543,476 | 520,598 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 2,237,447 | 2,611,098 | 2,715,021 | 4,331,285 | 3,093,902 |
| 7 Unamortized Debt Issuance Costs | 4,775 | 5,175 | 6,361 | 7,548 | 8,735 |
| 8 Deferred Charges | 4,981 | 123 | 14,186 | 55,504 | 93,286 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 518,830 | 441,238 | 620,009 | 669,070 | 185,659 |
| 11 Other Non-Current Assets | 12,071 | 9,992 | 8,628 | 7,042 | 5,517 |
| 12 Total Non-Current Assets | 2,778,104 | 3,067,626 | 3,364,205 | 5,070,449 | 3,387,099 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 11,153,316 | 10,987,092 | 10,906,892 | 10,591,869 | 10,248,262 |
| 14 Less: Accumulated Depr and Amort. | 8,101,865 | 7,533,546 | 7,268,678 | 6,719,462 | 6,316,284 |
| 15 Net Regulated Plant | 3,051,451 | 3,453,546 | 3,638,214 | 3,872,407 | 3,931,978 |
| 16 Total Assets & Other Debits | \$6,380,366 | \$7,048,503 | \$7,762,789 | \$9,486,332 | \$7,839,675 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$73,822 | \$637,197 | \$568,045 | \$314,583 | \$607,585 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 10,530 | 12,448 | 11,676 | 13,906 | 11,710 |
| 20 Customer Deposits | 850 | 1,025 | 1,250 | 1,470 | 1,545 |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | (140,443) | (79,168) | (42,410) | 38,137 | (454,722) |
| 24 Total Current Liabilities | (55,241) | 571,502 | 538,561 | 368,096 | 166,118 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 805,387 | 842,938 | 878,535 | 1,025,309 | 1,164,947 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 417,775 | 392,453 | 461,818 | 521,158 | 538,380 |
| 28 Other Deferred Credits | 364,259 | 636,476 | 1,076,476 | 1,363,532 | 108,292 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 1,120,195 | 502,433 | 790,622 | 674,023 | 546,057 |
| 31 Total Other Liab. and Def. Credits | 1,902,229 | 1,531,362 | 2,328,916 | 2,558,713 | 1,192,729 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 119,650 | 119,650 | 119,650 | 119,650 | 119,650 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | | | | | |
| 35 Retained Earnings | 3,608,341 | 3,983,051 | 3,897,127 | 5,414,564 | 5,196,231 |
| 36 Total Stockholder's Equity | 3,727,991 | 4,102,701 | 4,016,777 | 5,534,214 | 5,315,881 |
| 37 Total Liab. and Stockholder's Equity | \$6,380,366 | \$7,048,503 | \$7,762,789 | \$9,486,332 | \$7,839,675 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|--------------------|------------------|-------------------|--------------------|-------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$1,127,731 | \$1,278,439 | \$1,189,111 | \$974,662 | \$907,693 | 1 |
| Network Access Services | 945,986 | 1,029,662 | 979,835 | 1,019,786 | 1,102,473 | 2 |
| Long Distance Network Services | 32,776 | 5,100 | 23,084 | 46,399 | 74,434 | 3 |
| Miscellaneous Revenues | 423,664 | 615,943 | 690,156 | 696,452 | 851,376 | 4 |
| Less: Uncollectible Revenues | 5,500 | 6,750 | 4,750 | 2,000 | 500 | 5 |
| Total Operating Revenues | 2,524,657 | 2,922,394 | 2,877,436 | 2,735,299 | 2,935,476 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 4,637 | 11,703 | 10,036 | 9,794 | 9,060 | 7 |
| General Support Expenses | 89,888 | 126,993 | 121,286 | 113,392 | 128,942 | 8 |
| Central Office Switching | 202,282 | 196,099 | 204,521 | 189,283 | 194,076 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 55,457 | 38,301 | 43,566 | 40,072 | 21,809 | 11 |
| Info. Origination/Termination | 28,804 | 28,101 | 39,456 | 24,219 | 82,084 | 12 |
| Cable & Wire Facilities | 157,568 | 170,331 | 152,884 | 153,202 | 146,222 | 13 |
| Total Plant Specific Operations | 538,636 | 571,528 | 571,749 | 529,962 | 582,193 | 14 |
| Other Plant, Property & Equipment | | | | | | 15 |
| Network Operations | 125,343 | 127,048 | 115,224 | 115,352 | 103,770 | 16 |
| Access Expense | 57,749 | 61,102 | 37,400 | 39,810 | 38,986 | 17 |
| Depreciation and Amortization | 563,765 | 588,068 | 583,106 | 539,509 | 525,062 | 18 |
| Total Plant Non-Specific Operations | 746,857 | 776,218 | 735,730 | 694,671 | 667,818 | 19 |
| Marketing Expense | 30,453 | 27,941 | 28,893 | 26,804 | 31,025 | 20 |
| Services Expense | 460,691 | 489,236 | 492,255 | 590,527 | 456,227 | 21 |
| Total Customer Operations | 491,144 | 517,177 | 521,148 | 617,331 | 487,252 | 22 |
| Executive & Planning | 544,126 | 113,507 | 500,902 | 523,122 | 540,787 | 23 |
| General & Administrative | 521,529 | 475,751 | 517,979 | 492,274 | 551,949 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 1,065,655 | 589,258 | 1,018,881 | 1,015,396 | 1,092,736 | 27 |
| Total Operations Expense | 2,842,292 | 2,454,181 | 2,847,508 | 2,857,360 | 2,829,999 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 174,985 | 172,104 | 197,290 | 234,877 | 186,040 | 31 |
| Net Operating Income Before FIT | (492,620) | 296,109 | (167,362) | (356,938) | (80,563) | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | (167,499) | (183,901) | (48,344) | (26,375) | (39,199) | 34 |
| Provision - Def. Operating Income Taxes - Net | (43,836) | 227,896 | (43,045) | (108,385) | (20,514) | 35 |
| Net Operating Income | (\$281,285) | \$252,114 | (\$75,973) | (\$222,178) | (\$20,850) | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| 37 Net Operating Income | (\$281,285) | \$252,114 | (\$75,973) | (\$222,178) | (\$20,850) |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | 78 | 55,619 | 140 | 38,227 |
| 39 Interest Income | 30,427 | 41,665 | 49,928 | 48,207 | |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | 25,744 | 263,887 | 236,578 | 128,413 | (680,176) |
| 44 Other Non-Operating Income | (55,911) | (145,243) | 26,322 | 501,474 | (5,692) |
| 45 Special Charges | 6,031 | 7,949 | 7,356 | 8,440 | 9,032 |
| 46 Total Non-Operating Income & Expenses | (5,771) | 152,438 | 361,091 | 669,794 | (656,673) |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | (20,482) | (49,088) | 13,108 | 178,432 | 7,080 |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | (20,482) | (49,088) | 13,108 | 178,432 | 7,080 |
| 50 Income Available Before Interest Charges | (266,574) | 453,640 | 272,010 | 269,184 | (684,603) |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 61,925 | 64,653 | 69,211 | 75,364 | 81,238 |
| 52 Other Interest Expense | 2,922 | 20,497 | 33,060 | 17,233 | 1,226 |
| 53 Total Interest Charges | 64,847 | 85,150 | 102,271 | 92,597 | 82,464 |
| 54 Income Before Extraordinary & Nonreg Items | (331,421) | 368,490 | 169,739 | 176,587 | (767,067) |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | (\$331,421) | \$368,490 | \$169,739 | \$176,587 | (\$767,067) |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$933,574 | \$1,111,537 | \$2,865,552 | \$2,775,632 | \$2,830,262 |
| 60 Transferred from Income | (357,165) | 104,603 | (66,839) | 48,174 | (86,891) |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | 2,400 |
| 63 Common Stock | | | 1,700,000 | | |
| 64 Adjustments | (43,289) | (282,566) | 12,824 | 41,746 | 34,661 |
| 65 Ending Year Balance | 533,120 | 933,574 | 1,111,537 | 2,865,552 | 2,775,632 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | 3,075,221 | 3,049,477 | 2,785,590 | 2,549,012 | 2,420,599 |
| 67 Total Retained Earnings | \$3,608,341 | \$3,983,051 | \$3,897,127 | \$5,414,564 | \$5,196,231 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$115,986 | \$357,572 | \$761,021 | \$1,144,480 | \$482,172 |
| 2 Accounts Receivable (Net) | 296,236 | 982,538 | 1,297,610 | 1,225,686 | 1,068,425 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 212,929 | 256,903 | 227,449 | 230,192 | 203,918 |
| 5 Total Current Assets | 625,151 | 1,597,013 | 2,286,080 | 2,600,358 | 1,754,515 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 939,587 | 378,907 | 260,441 | 307,908 | 507,899 |
| 7 Unamortized Debt Issuance Costs | 8,014 | 9,132 | 10,251 | 11,369 | 12,489 |
| 8 Deferred Charges | | - | - | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 644,451 | 471,853 | 401,445 | 386,288 | 114,744 |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | 1,592,052 | 859,892 | 672,137 | 705,566 | 635,132 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 9,988,951 | 11,366,583 | 11,061,819 | 10,778,067 | 10,678,951 |
| 14 Less: Accumulated Depr and Amort. | 7,491,166 | 8,647,472 | 8,223,424 | 7,729,236 | 7,468,174 |
| 15 Net Regulated Plant | 2,497,785 | 2,719,111 | 2,838,395 | 3,048,831 | 3,210,777 |
| 16 Total Assets & Other Debits | \$4,714,988 | \$5,176,016 | \$5,796,612 | \$6,354,755 | \$5,600,424 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$202,622 | \$194,235 | \$331,608 | \$177,316 | \$193,259 |
| 18 Notes Payable | 27,205 | 37,338 | 64,112 | 77,436 | |
| 19 Advanced Billings | | | | | |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | 239,263 | 223,045 | 212,044 | 198,307 | 185,022 |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 141,966 | (1,227) | 185,233 | 172,461 | 95,538 |
| 24 Total Current Liabilities | 611,056 | 453,391 | 792,997 | 625,519 | 473,819 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 1,498,984 | 1,741,894 | 1,965,865 | 2,179,824 | 2,381,396 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 299,033 | 272,870 | 190,888 | 211,503 | 200,534 |
| 28 Other Deferred Credits | 905,649 | 1,051,112 | 1,060,724 | 1,015,640 | 228,182 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | | | | | |
| 31 Total Other Liab. and Def. Credits | 1,204,682 | 1,323,982 | 1,251,612 | 1,227,143 | 428,716 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 |
| 33 Preferred Stock | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| 34 Other Paid in Capital | (682,108) | (682,108) | (682,108) | (682,108) | (685,200) |
| 35 Retained Earnings | 1,941,374 | 2,197,857 | 2,327,247 | 2,863,377 | 2,860,693 |
| 36 Total Stockholder's Equity | 1,400,266 | 1,656,749 | 1,786,139 | 2,322,269 | 2,316,493 |
| 37 Total Liab. and Stockholder's Equity | \$4,714,988 | \$5,176,016 | \$5,796,612 | \$6,354,755 | \$5,600,424 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|-------------------|--------------------|-------------------|------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$667,164 | \$466,266 | \$487,175 | \$499,161 | \$534,343 | 1 |
| Network Access Services | 1,505,914 | 1,853,337 | 2,061,771 | 2,325,936 | 2,558,386 | 2 |
| Long Distance Network Services | | | | | | 3 |
| Miscellaneous Revenues | 128,396 | 163,194 | 251,078 | 315,857 | 309,413 | 4 |
| Less: Uncollectible Revenues | 23,941 | 25,431 | 6,248 | 13,115 | 5,604 | 5 |
| Total Operating Revenues | 2,277,533 | 2,457,366 | 2,793,775 | 3,127,839 | 3,396,539 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 8,418 | 10,102 | 4,268 | 268 | 3,592 | 7 |
| General Support Expenses | 247,348 | 280,896 | 274,122 | 262,674 | 281,195 | 8 |
| Central Office Switching | 286,700 | 318,012 | 336,702 | 278,465 | 301,941 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 31,290 | 52,340 | 117,907 | 167,764 | 134,336 | 11 |
| Info. Origination/Termination | 12,464 | 19,639 | 20,180 | 18,957 | 31,121 | 12 |
| Cable & Wire Facilities | 285,543 | 251,536 | 267,223 | 128,200 | 129,078 | 13 |
| Total Plant Specific Operations | 871,763 | 932,525 | 1,020,402 | 856,328 | 881,263 | 14 |
| Other Plant, Property & Equipment | 754 | 551 | 3,526 | 12,025 | 16,935 | 15 |
| Network Operations | 224,149 | 228,333 | 273,054 | 252,510 | 310,208 | 16 |
| Access Expense | 25,204 | 25,059 | 30,169 | 29,623 | 32,008 | 17 |
| Depreciation and Amortization | 265,627 | 410,645 | 525,701 | 466,186 | 538,205 | 18 |
| Total Plant Non-Specific Operations | 515,734 | 664,588 | 832,450 | 760,345 | 897,357 | 19 |
| Marketing Expense | 1,713 | 6,723 | 12,842 | 18,576 | 93,790 | 20 |
| Services Expense | 254,211 | 260,085 | 288,701 | 291,324 | 296,157 | 21 |
| Total Customer Operations | 255,924 | 266,808 | 301,543 | 309,900 | 389,947 | 22 |
| Executive & Planning | 152,263 | 177,340 | 181,000 | 218,456 | 286,279 | 23 |
| General & Administrative | 513,012 | 549,811 | 553,691 | 536,673 | 600,801 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 665,275 | 727,150 | 734,692 | 755,128 | 887,079 | 27 |
| Total Operations Expense | 2,308,696 | 2,591,071 | 2,889,087 | 2,681,701 | 3,055,646 | 28 |
| Other Operating Income & Expenses | | 12,500 | | (2,116) | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 151,966 | 147,005 | 152,901 | 194,619 | 167,913 | 31 |
| Net Operating Income Before FIT | (183,129) | (268,210) | (248,213) | 249,403 | 172,980 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 1,377 | (131,118) | (149,849) | 35,531 | 53,094 | 34 |
| Provision - Def. Operating Income Taxes - Net | (105,690) | 11,574 | (35,772) | (260,575) | (51,665) | 35 |
| Net Operating Income | (\$78,816) | (\$148,666) | (\$62,592) | \$474,447 | \$171,551 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| 37 Net Operating Income | (\$78,816) | (\$148,666) | (\$62,592) | \$474,447 | \$171,551 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | 79 | 11,703 | 44,499 | 395 | 24,743 |
| 39 Interest Income | 6,295 | 12,420 | 28,640 | 31,364 | 2,205 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | (6,380) | 182,381 | (120,889) | (265,727) | (349,694) |
| 44 Other Non-Operating Income | (1,614) | 5,720 | | 338,640 | |
| 45 Special Charges | 16,167 | 16,087 | 17,744 | 18,553 | (544,114) |
| 46 Total Non-Operating Income & Expenses | (17,787) | 196,139 | (65,494) | 86,119 | 221,368 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 947 | 5,551 | 199,127 | 379,367 | 6,194 |
| 48 Other | 903 | 1,780 | 7,195 | 6,845 | 5,005 |
| 49 Total Non-Operating Taxes | 1,850 | 7,331 | 206,322 | 386,212 | 11,199 |
| 50 Income Available Before Interest Charges | (98,453) | 40,142 | (334,408) | 174,354 | 381,720 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 112,085 | 125,921 | 138,661 | 150,629 | 161,680 |
| 52 Other Interest Expense | 16,577 | 35,544 | 54,994 | 12,815 | 11,420 |
| 53 Total Interest Charges | 128,662 | 161,465 | 193,655 | 163,445 | 173,100 |
| 54 Income Before Extraordinary & Nonreg Items | (227,115) | (121,323) | (528,063) | 10,909 | 208,620 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | (\$227,115) | (\$121,323) | (\$528,063) | \$10,909 | \$208,620 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$2,378,114 | \$2,689,885 | \$3,105,126 | \$2,836,715 | \$2,286,783 |
| 60 Transferred from Income | (242,036) | (303,704) | (407,174) | 276,636 | 558,314 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| 63 Common Stock | 2,067 | 2,067 | 2,067 | 2,225 | 2,382 |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 2,128,011 | 2,378,114 | 2,689,885 | 3,105,126 | 2,836,715 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | (186,637) | (180,257) | (362,638) | (241,749) | 23,978 |
| 67 Total Retained Earnings | \$1,941,374 | \$2,197,857 | \$2,327,247 | \$2,863,377 | \$2,860,693 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | (\$5,041) | \$18,736 | \$15,324 | \$12,335 | \$7,210 |
| 2 Accounts Receivable (Net) | 2,064,627 | 2,474,830 | 1,791,123 | 2,069,089 | 2,808,736 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | | | 11,738 | (0) | 16,299 |
| 5 Total Current Assets | 2,059,585 | 2,493,566 | 1,818,185 | 2,081,424 | 2,832,245 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 21,828,996 | 19,023,476 | 18,013,950 | 15,444,128 | 11,889,321 |
| 7 Unamortized Debt Issuance Costs | 14,810 | 25,070 | 35,330 | 45,590 | 55,850 |
| 8 Deferred Charges | 864,879 | 864,879 | 864,973 | 865,110 | 868,090 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | | | |
| 11 Other Non-Current Assets | 129,110 | 129,110 | 129,110 | 129,110 | 129,110 |
| 12 Total Non-Current Assets | 22,837,795 | 20,042,534 | 19,043,363 | 16,483,938 | 12,942,371 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 46,510,739 | 45,806,661 | 44,820,527 | 43,795,794 | 42,689,479 |
| 14 Less: Accumulated Depr and Amort. | 33,756,769 | 31,762,567 | 29,907,502 | 28,101,341 | 26,321,321 |
| 15 Net Regulated Plant | 12,753,970 | 14,044,094 | 14,913,025 | 15,694,453 | 16,368,158 |
| 16 Total Assets & Other Debits | \$37,651,351 | \$36,580,195 | \$35,774,573 | \$34,259,814 | \$32,142,774 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$1,271,553 | \$1,148,658 | \$1,562,597 | \$1,443,681 | \$1,770,658 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 141,332 | 304,210 | 151,072 | 168,966 | 161,631 |
| 20 Customer Deposits | | (8,517) | (8,517) | (8,517) | (8,516) |
| 21 Current Maturities - Long-Term Debt | 630,693 | 594,553 | 559,975 | 528,487 | 497,562 |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 86,040 | 56,075 | 58,689 | 41,011 | (146,202) |
| 24 Total Current Liabilities | 2,129,618 | 2,094,979 | 2,323,817 | 2,173,628 | 2,275,133 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 1,172,862 | 1,803,554 | 2,398,108 | 2,958,083 | 3,486,569 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 3,133,493 | 2,969,164 | 2,645,475 | 3,044,636 | 3,254,493 |
| 28 Other Deferred Credits | 48,972 | 47,146 | 714,814 | 45,515 | 44,087 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | | | | | |
| 31 Total Other Liab. and Def. Credits | 3,182,465 | 3,016,310 | 3,360,289 | 3,090,151 | 3,298,580 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 2,007,694 | 2,007,694 | 2,007,694 | 2,007,694 | 2,007,694 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 196,769 | 196,769 | 196,769 | 196,769 | 196,769 |
| 35 Retained Earnings | 28,961,942 | 27,460,888 | 25,487,896 | 23,833,489 | 20,878,029 |
| 36 Total Stockholder's Equity | 31,166,405 | 29,665,351 | 27,692,359 | 26,037,952 | 23,082,492 |
| 37 Total Liab. and Stockholder's Equity | \$37,651,351 | \$36,580,195 | \$35,774,573 | \$34,259,814 | \$32,142,774 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$3,931,949 | \$4,103,996 | \$4,537,437 | \$4,913,490 | \$5,163,010 | 1 |
| Network Access Services | 3,289,929 | 3,260,619 | 3,331,036 | 3,794,563 | 4,404,637 | 2 |
| Long Distance Network Services | 23,414 | 25,526 | | 27 | (7) | 3 |
| Miscellaneous Revenues | 1,411,068 | 1,254,378 | 1,364,787 | 1,374,477 | 865,468 | 4 |
| Less: Uncollectible Revenues | (117,455) | 128,901 | 66,056 | 78,595 | 29,585 | 5 |
| Total Operating Revenues | 8,773,815 | 8,515,619 | 9,167,205 | 10,003,962 | 10,403,523 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 1 | 147 | 4 | 5 | 59 | 7 |
| General Support Expenses | 428,952 | 450,144 | 438,944 | 543,656 | 728,119 | 8 |
| Central Office Switching | 322,983 | 295,858 | 297,357 | 286,360 | 284,093 | 9 |
| Operator Systems Expense | 6,397 | 4,763 | 4,716 | 5,833 | 1,621 | 10 |
| Central Office Transmission | 30,186 | 56,381 | 54,917 | 32,289 | 31,829 | 11 |
| Info. Origination/Termination | 109,409 | 58,382 | 79,773 | 87,783 | 171,578 | 12 |
| Cable & Wire Facilities | 458,079 | 495,334 | 470,604 | 518,650 | 547,640 | 13 |
| Total Plant Specific Operations | 1,356,007 | 1,361,009 | 1,346,314 | 1,474,574 | 1,764,939 | 14 |
| Other Plant, Property & Equipment | 138 | 289 | 5 | (5) | 3 | 15 |
| Network Operations | 555,354 | 480,617 | 443,114 | 491,321 | 544,035 | 16 |
| Access Expense | 229,788 | 182,154 | 232,865 | 309,940 | 301,392 | 17 |
| Depreciation and Amortization | 2,095,799 | 2,079,198 | 2,064,042 | 2,027,715 | 2,076,531 | 18 |
| Total Plant Non-Specific Operations | 2,881,078 | 2,742,258 | 2,740,026 | 2,828,972 | 2,921,960 | 19 |
| Marketing Expense | 146,337 | 116,009 | 166,005 | 36,377 | 39,233 | 20 |
| Services Expense | 619,641 | 571,172 | 425,913 | 407,340 | 413,047 | 21 |
| Total Customer Operations | 765,979 | 687,180 | 591,918 | 443,717 | 452,280 | 22 |
| Executive & Planning | 94,317 | 67,268 | 93,875 | 115,287 | 126,413 | 23 |
| General & Administrative | 498,329 | 417,603 | 418,548 | 459,102 | 493,985 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 592,645 | 484,871 | 512,423 | 574,389 | 620,398 | 27 |
| Total Operations Expense | 5,595,709 | 5,275,319 | 5,190,682 | 5,321,652 | 5,759,578 | 28 |
| Other Operating Income & Expenses | | | | | (2,000) | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 689,284 | 673,155 | 688,689 | 868,196 | 621,676 | 31 |
| Net Operating Income Before FIT | 2,488,822 | 2,567,145 | 3,287,834 | 3,814,115 | 4,020,269 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 480,493 | 1,172,914 | 1,006,366 | 1,696,654 | 1,595,089 | 34 |
| Provision - Def. Operating Income Taxes - Net | 157,938 | (78,677) | (168,112) | (188,711) | (274,935) | 35 |
| Net Operating Income | \$1,850,391 | \$1,472,908 | \$2,449,580 | \$2,306,172 | \$2,700,115 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| 37 Net Operating Income | \$1,850,391 | \$1,472,908 | \$2,449,580 | \$2,306,172 | \$2,700,115 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | | | 32 | 893,818 | 57,629 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | 12,866 | 18,634 | 14,682 | 12,569 | 12,656 |
| 42 Gains/Losses - Disposal of Property | | | 64,796 | | |
| 43 Equity in Earnings of Affiliated Companies | | | | | |
| 44 Other Non-Operating Income | | 633,133 | (627,479) | | |
| 45 Special Charges | 2,025 | 772 | 2,320 | 17,978 | 18 |
| 46 Total Non-Operating Income & Expenses | 10,841 | 650,995 | (550,289) | 888,409 | 70,268 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 218,047 | | | | |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | 218,047 | | | | |
| 50 Income Available Before Interest Charges | 1,643,185 | 2,123,903 | 1,899,292 | 3,194,581 | 2,770,382 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 131,870 | 166,448 | 197,937 | 228,861 | 258,268 |
| 52 Other Interest Expense | 10,261 | (15,537) | 46,948 | 10,260 | 10,260 |
| 53 Total Interest Charges | 142,131 | 150,911 | 244,885 | 239,121 | 268,528 |
| 54 Income Before Extraordinary & Nonreg Items | 1,501,054 | 1,972,992 | 1,654,407 | 2,955,460 | 2,501,854 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | \$1,501,054 | \$1,972,992 | \$1,654,407 | \$2,955,460 | \$2,501,854 |
| <hr/> | | | | | |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$27,460,888 | \$25,487,896 | \$23,833,489 | \$20,878,030 | \$18,376,176 |
| 60 Transferred from Income | 1,501,054 | 1,972,992 | 1,654,407 | 2,955,460 | 2,501,854 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | | | | |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 28,961,942 | 27,460,888 | 25,487,896 | 23,833,489 | 20,878,030 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | | | |
| 67 Total Retained Earnings | \$28,961,942 | \$27,460,888 | \$25,487,896 | \$23,833,489 | \$20,878,030 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$1,039,444 | \$1,408,019 | \$2,497,963 | \$2,781,812 | \$3,763,786 |
| 2 Accounts Receivable (Net) | 1,129,383 | 1,209,751 | 801,405 | 820,069 | 463,131 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 232,006 | 234,896 | 238,750 | 266,487 | 261,633 |
| 5 Total Current Assets | 2,400,833 | 2,852,666 | 3,538,118 | 3,868,368 | 4,488,550 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 5,055,119 | 4,109,775 | 5,038,840 | 4,858,534 | 4,612,301 |
| 7 Unamortized Debt Issuance Costs | | | | 57 | 453 |
| 8 Deferred Charges | | 104,782 | 104,782 | 104,782 | 104,782 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 537,839 | 561,920 | 197,225 | 195,515 | 88,126 |
| 11 Other Non-Current Assets | 3,010,719 | 2,726,788 | 2,664,838 | 2,499,097 | 2,342,378 |
| 12 Total Non-Current Assets | 8,603,677 | 7,503,265 | 8,005,685 | 7,657,985 | 7,148,040 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 15,335,235 | 15,307,937 | 15,274,977 | 14,784,850 | 14,264,281 |
| 14 Less: Accumulated Depr and Amort. | 10,289,963 | 9,674,772 | 9,133,130 | 8,351,912 | 7,687,292 |
| 15 Net Regulated Plant | 5,045,272 | 5,633,165 | 6,141,847 | 6,432,938 | 6,576,989 |
| 16 Total Assets & Other Debits | \$16,049,782 | \$15,989,096 | \$17,685,650 | \$17,959,291 | \$18,213,579 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$169,278 | \$222,163 | \$177,954 | \$419,038 | \$309,856 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 96,971 | 94,547 | 94,754 | 5,864 | 6,001 |
| 20 Customer Deposits | 750 | 825 | 875 | 875 | 875 |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 737,994 | 1,080,898 | (150,462) | (273,747) | 55,929 |
| 24 Total Current Liabilities | 1,004,993 | 1,398,433 | 123,121 | 152,030 | 372,661 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 3,895,443 | 4,503,467 | 5,207,588 | 5,330,743 | 5,531,271 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 947,592 | 582,260 | 982,452 | 995,876 | 983,346 |
| 28 Other Deferred Credits | 350,370 | 280,208 | 291,936 | 299,151 | 94,299 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 202,000 | 255,000 | 307,000 | 361,000 | 250,000 |
| 31 Total Other Liab. and Def. Credits | 1,499,962 | 1,117,468 | 1,581,388 | 1,656,027 | 1,327,645 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 85,100 | 85,100 | 85,100 | 85,100 | 85,100 |
| 33 Preferred Stock | 34,750 | 34,850 | 34,850 | 34,850 | 34,850 |
| 34 Other Paid in Capital | (2,032,142) | (2,851,603) | (1,224,384) | (1,133,883) | (1,261,500) |
| 35 Retained Earnings | 11,561,676 | 11,701,381 | 11,877,987 | 11,834,424 | 12,123,552 |
| 36 Total Stockholder's Equity | 9,649,384 | 8,969,728 | 10,773,553 | 10,820,491 | 10,982,002 |
| 37 Total Liab. and Stockholder's Equity | \$16,049,782 | \$15,989,096 | \$17,685,650 | \$17,959,291 | \$18,213,579 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|------------------|-------------------|------------------|--------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$739,441 | \$703,676 | \$754,130 | \$818,062 | \$864,803 | 1 |
| Network Access Services | 1,387,302 | 1,551,444 | 1,910,411 | 1,749,468 | 2,337,061 | 2 |
| Long Distance Network Services | 81,887 | 3,569 | 114,077 | 211,175 | 326,279 | 3 |
| Miscellaneous Revenues | 243,721 | 539,868 | 224,241 | 500,354 | 585,900 | 4 |
| Less: Uncollectible Revenues | | 506 | 18 | 8,328 | 11,576 | 5 |
| Total Operating Revenues | 2,452,351 | 2,798,051 | 3,002,841 | 3,270,731 | 4,102,467 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 15,029 | 15,811 | 16,957 | 22,570 | 19,395 | 7 |
| General Support Expenses | 122,466 | 140,347 | 144,414 | 268,968 | 304,942 | 8 |
| Central Office Switching | 107,692 | 106,548 | 111,718 | 125,880 | 129,955 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 179,982 | 212,636 | 301,179 | 207,573 | 140,350 | 11 |
| Info. Origination/Termination | 16,754 | 27,036 | 28,021 | 35,665 | 58,753 | 12 |
| Cable & Wire Facilities | 177,570 | 354,281 | 195,076 | 309,913 | 325,480 | 13 |
| Total Plant Specific Operations | 619,493 | 856,659 | 797,365 | 970,569 | 978,875 | 14 |
| Other Plant, Property & Equipment | | | | | | 15 |
| Network Operations | 182,922 | 170,759 | 205,057 | 287,913 | 267,046 | 16 |
| Access Expense | 42,175 | 44,261 | 37,534 | 33,756 | 33,720 | 17 |
| Depreciation and Amortization | 606,765 | 711,121 | 848,036 | 881,470 | 865,467 | 18 |
| Total Plant Non-Specific Operations | 831,862 | 926,141 | 1,090,627 | 1,203,139 | 1,166,233 | 19 |
| Marketing Expense | 14,503 | 14,002 | 13,026 | 2,827 | 5,682 | 20 |
| Services Expense | 226,637 | 270,870 | 299,339 | 338,137 | 365,157 | 21 |
| Total Customer Operations | 241,140 | 284,872 | 312,365 | 340,964 | 370,839 | 22 |
| Executive & Planning | 158,878 | 181,937 | 147,117 | 387,101 | 341,745 | 23 |
| General & Administrative | 481,137 | 597,839 | 535,110 | 571,846 | 553,787 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 640,015 | 779,776 | 682,227 | 958,947 | 895,532 | 27 |
| Total Operations Expense | 2,332,510 | 2,847,448 | 2,882,584 | 3,473,620 | 3,411,479 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 218,124 | 218,582 | 226,760 | 238,947 | 248,531 | 31 |
| Net Operating Income Before FIT | (98,283) | (267,979) | (106,503) | (441,836) | 442,457 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | (61,930) | (242,008) | (127,548) | (105,884) | 170,451 | 34 |
| Provision - Def. Operating Income Taxes - Net | (114,120) | 73,378 | 30,836 | (91,421) | (113,130) | 35 |
| Net Operating Income | \$77,767 | (\$99,349) | (\$9,791) | (\$244,531) | \$385,136 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| 37 Net Operating Income | \$77,767 | (\$99,349) | (\$9,791) | (\$244,531) | \$385,136 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | 23,763 | 32,066 | 26,818 | | 32,425 |
| 39 Interest Income | 153,796 | 171,835 | 200,865 | 18,727 | 209,205 |
| 40 Income - Sinking and Other Funds | | | | 236,180 | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | 3,420 | 7,268 | 27,841 | 2,806 |
| 43 Equity in Earnings of Affiliated Companies | 153,048 | 86,044 | 105,518 | (93,576) | 57,409 |
| 44 Other Non-Operating Income | (120,142) | (8,546) | 41,627 | 113,141 | 74,893 |
| 45 Special Charges | 235,051 | 33,941 | (9,118) | (2,811) | 17,641 |
| 46 Total Non-Operating Income & Expenses | (24,586) | 250,878 | 391,214 | 305,124 | 359,097 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | (32,075) | 67,647 | 58,860 | 99,027 | 61,040 |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | (32,075) | 67,647 | 58,860 | 99,027 | 61,040 |
| 50 Income Available Before Interest Charges | 85,256 | 83,882 | 322,563 | (38,434) | 683,193 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 220,903 | 256,559 | 270,359 | 246,198 | 338,452 |
| 52 Other Interest Expense | 170 | 41 | 4,753 | 608 | 434 |
| 53 Total Interest Charges | 221,073 | 256,600 | 275,112 | 246,806 | 338,886 |
| 54 Income Before Extraordinary & Nonreg Items | (135,817) | (172,718) | 47,451 | (285,240) | 344,307 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | (\$135,817) | (\$172,718) | \$47,451 | (\$285,240) | \$344,307 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$9,481,403 | \$9,744,053 | \$9,806,008 | \$10,001,560 | \$9,718,565 |
| 60 Transferred from Income | (288,865) | (258,762) | (58,067) | (191,664) | 286,898 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | 2,091 | 2,091 | 2,091 | 2,091 | 2,106 |
| 63 Common Stock | 1,797 | 1,797 | 1,797 | 1,797 | 1,797 |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 9,188,650 | 9,481,403 | 9,744,053 | 9,806,008 | 10,001,560 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | 2,373,026 | 2,219,978 | 2,133,934 | 2,028,416 | 2,121,992 |
| 67 Total Retained Earnings | \$11,561,676 | \$11,701,381 | \$11,877,987 | \$11,834,424 | \$12,123,552 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$310,926 | \$290,331 | \$690,752 | \$506,487 | \$1,268,359 |
| 2 Accounts Receivable (Net) | 2,283,622 | 1,860,472 | 1,505,115 | 959,878 | 800,132 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 368,388 | 390,489 | 401,218 | 468,069 | 391,509 |
| 5 Total Current Assets | 2,962,936 | 2,541,291 | 2,597,085 | 1,934,434 | 2,460,000 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 144,151 | 136,228 | 105,046 | 88,384 | 714,980 |
| 7 Unamortized Debt Issuance Costs | 3,600 | 4,800 | 6,000 | 7,200 | 8,400 |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 589,463 | 489,415 | 563,375 | 545,876 | 414,346 |
| 11 Other Non-Current Assets | 2,255,350 | 2,093,530 | 2,500,049 | 2,581,643 | 2,445,208 |
| 12 Total Non-Current Assets | 2,992,564 | 2,723,973 | 3,174,470 | 3,223,103 | 3,582,935 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 12,520,417 | 12,359,059 | 12,106,623 | 15,033,256 | 14,170,536 |
| 14 Less: Accumulated Depr and Amort. | 4,596,333 | 4,033,379 | 3,475,124 | 5,765,631 | 6,181,372 |
| 15 Net Regulated Plant | 7,924,084 | 8,325,680 | 8,631,499 | 9,267,625 | 7,989,164 |
| 16 Total Assets & Other Debits | \$13,879,584 | \$13,590,944 | \$14,403,053 | \$14,425,162 | \$14,032,098 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$136,301 | \$126,311 | \$382,469 | \$234,694 | \$267,186 |
| 18 Notes Payable | 239,388 | 239,215 | 240,375 | 253,509 | 231,737 |
| 19 Advanced Billings | 118,691 | 131,362 | 131,625 | 43,329 | (5,321) |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | 206,532 | 206,532 | 206,532 | 214,286 | 214,286 |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 518,592 | 525,172 | 541,768 | 576,558 | 676,803 |
| 24 Total Current Liabilities | 1,219,503 | 1,228,592 | 1,502,769 | 1,322,376 | 1,384,690 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 1,032,648 | 1,239,180 | 1,445,712 | 1,671,429 | 1,285,714 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 1,854,734 | 1,651,696 | 1,787,140 | 1,790,742 | 1,858,339 |
| 28 Other Deferred Credits | 247,052 | 245,719 | 170,847 | 197,092 | 234,310 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 369,768 | 279,604 | 620,540 | 642,763 | 698,307 |
| 31 Total Other Liab. and Def. Credits | 2,471,554 | 2,177,019 | 2,578,527 | 2,630,597 | 2,790,956 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 115,000 | 115,000 | 115,000 | 115,000 | 115,000 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | (1,463,952) | (1,596,853) | (1,541,392) | (1,401,275) | (1,455,712) |
| 35 Retained Earnings | 10,504,830 | 10,428,007 | 10,302,437 | 10,087,035 | 9,911,449 |
| 36 Total Stockholder's Equity | 9,155,878 | 8,946,154 | 8,876,045 | 8,800,760 | 8,570,737 |
| 37 Total Liab. and Stockholder's Equity | \$13,879,584 | \$13,590,944 | \$14,403,053 | \$14,425,162 | \$14,032,098 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|------------------|------------------|------------------|------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$733,704 | \$770,004 | \$846,354 | \$879,701 | \$908,658 | 1 |
| Network Access Services | 2,188,001 | 2,029,500 | 1,903,744 | 1,965,454 | 2,043,559 | 2 |
| Long Distance Network Services | | | | | | 3 |
| Miscellaneous Revenues | 569,125 | 577,827 | 601,642 | 646,598 | 629,122 | 4 |
| Less: Uncollectible Revenues | 9,887 | 8,316 | 21,428 | 29,940 | 19,816 | 5 |
| Total Operating Revenues | 3,480,943 | 3,369,015 | 3,330,312 | 3,461,813 | 3,561,523 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 4,146 | 4,983 | 14,740 | 10,087 | 5,086 | 7 |
| General Support Expenses | 215,864 | 187,933 | 151,098 | 167,340 | 173,324 | 8 |
| Central Office Switching | 315,439 | 357,353 | 267,525 | 289,625 | 253,412 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 105,073 | 61,548 | 116,388 | | | 11 |
| Info. Origination/Termination | 60,919 | 58,057 | 62,524 | 74,111 | 66,520 | 12 |
| Cable & Wire Facilities | 181,360 | 219,940 | 237,847 | 262,230 | 225,966 | 13 |
| Total Plant Specific Operations | 882,801 | 889,814 | 850,122 | 803,393 | 724,309 | 14 |
| Other Plant, Property & Equipment | 1 | (132) | | 473 | | 15 |
| Network Operations | 247,135 | 215,854 | 113,812 | 171,791 | 171,091 | 16 |
| Access Expense | 70,576 | 70,860 | 69,534 | 70,277 | 73,311 | 17 |
| Depreciation and Amortization | 592,098 | 586,010 | 510,884 | 545,613 | 534,678 | 18 |
| Total Plant Non-Specific Operations | 909,810 | 872,592 | 694,230 | 788,154 | 779,079 | 19 |
| Marketing Expense | 70,431 | 85,794 | 144,210 | 123,475 | 100,095 | 20 |
| Services Expense | 319,150 | 370,742 | 509,366 | 609,188 | 604,658 | 21 |
| Total Customer Operations | 389,581 | 456,536 | 653,576 | 732,663 | 704,752 | 22 |
| Executive & Planning | 244,259 | 221,437 | 246,716 | 242,888 | 476,028 | 23 |
| General & Administrative | 496,581 | 468,124 | 429,865 | 408,180 | 439,276 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 740,840 | 689,561 | 676,581 | 651,068 | 915,303 | 27 |
| Total Operations Expense | 2,923,032 | 2,908,503 | 2,874,509 | 2,975,278 | 3,123,444 | 28 |
| Other Operating Income & Expenses | | | 4,833 | | (364) | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 244,892 | 259,494 | 253,169 | 254,400 | 243,763 | 31 |
| Net Operating Income Before FIT | 313,019 | 201,018 | 207,467 | 232,135 | 193,951 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 8,151 | 4,694 | (620) | (8,464) | (32,534) | 34 |
| Provision - Def. Operating Income Taxes - Net | (28,744) | (33,538) | 25,600 | (54,509) | (25,442) | 35 |
| Net Operating Income | \$333,612 | \$229,862 | \$182,487 | \$295,108 | \$251,928 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---------------------|---------------------|---------------------|---------------------|--------------------|
| 37 Net Operating Income | \$333,612 | \$229,862 | \$182,487 | \$295,108 | \$251,928 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | 16,102 | 14,293 | 5,500 | 5,000 | 5,000 |
| 39 Interest Income | 13,957 | 27,026 | 33,482 | 42,234 | 33,631 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | 2,991 | 5,892 | 44,441 | 59,901 | 4,846 |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | 2,923 | 31,182 | 16,662 | (181,852) | 13,288 |
| 44 Other Non-Operating Income | (95,763) | (39,770) | 206,779 | (5,585) | 122,587 |
| 45 Special Charges | (1,035) | (1,371) | 41,258 | 8,074 | 12,248 |
| 46 Total Non-Operating Income & Expenses | (58,755) | 39,994 | 265,606 | (88,376) | 167,105 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 59,150 | (4,694) | 620 | (161,892) | 32,534 |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | 59,150 | (4,694) | 620 | (161,892) | 32,534 |
| 50 Income Available Before Interest Charges | 215,707 | 274,550 | 447,473 | 368,624 | 386,498 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 72,699 | 88,535 | 115,423 | 102,234 | 72,385 |
| 52 Other Interest Expense | 17,373 | 16,979 | 17,037 | 19,687 | 11,128 |
| 53 Total Interest Charges | 90,072 | 105,514 | 132,460 | 121,921 | 83,513 |
| 54 Income Before Extraordinary & Nonreg Items | 125,635 | 169,036 | 315,013 | 246,703 | 302,986 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | \$125,635 | \$169,036 | \$315,013 | \$246,703 | \$302,986 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$10,704,663 | \$10,579,093 | \$10,363,691 | \$10,188,106 | \$9,969,389 |
| 60 Transferred from Income | 122,712 | 137,854 | 315,013 | 246,703 | 289,698 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | 43,531 | 43,466 | 70,829 | 71,118 | 70,982 |
| 64 Adjustments | (2,357) | 31,182 | (28,782) | | |
| 65 Ending Year Balance | 10,781,486 | 10,704,663 | 10,579,093 | 10,363,691 | 10,188,105 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | (276,656) | (276,656) | (276,656) | (276,656) | (276,656) |
| 67 Total Retained Earnings | \$10,504,830 | \$10,428,007 | \$10,302,437 | \$10,087,035 | \$9,911,449 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$1,611,138 | \$1,646,859 | \$1,525,410 | \$1,384,573 | \$1,260,061 |
| 2 Accounts Receivable (Net) | 54,369 | 39,466 | 55,446 | 62,031 | 86,239 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 6,432 | 7,296 | 22,813 | 25,984 | 25,143 |
| 5 Total Current Assets | 1,671,939 | 1,693,621 | 1,603,669 | 1,472,588 | 1,371,443 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | | | | | |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | | | |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | | | | | |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 1,734,756 | 1,557,036 | 1,538,468 | 1,529,987 | 1,511,477 |
| 14 Less: Accumulated Depr and Amort. | 1,134,953 | 1,035,205 | 991,859 | 949,631 | 904,095 |
| 15 Net Regulated Plant | 599,803 | 521,831 | 546,609 | 580,356 | 607,382 |
| 16 Total Assets & Other Debits | \$2,271,742 | \$2,215,452 | \$2,150,278 | \$2,052,944 | \$1,978,825 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$41,379 | \$37,737 | \$44,465 | \$43,448 | \$62,754 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 4,804 | 4,878 | 5,045 | 4,290 | 3,979 |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | (1,209) | (3,531) | (3,386) | (491) | (139) |
| 23 Other Current Liabilities | 38,074 | 11,321 | 15,388 | 7,442 | 7,413 |
| 24 Total Current Liabilities | 83,048 | 50,405 | 61,512 | 54,689 | 74,007 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | | | | | |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 122,029 | 146,836 | 152,219 | 155,643 | 139,710 |
| 28 Other Deferred Credits | | | | | 366 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | (39,441) | (46,831) | (43,478) | (40,008) | 1,326 |
| 31 Total Other Liab. and Def. Credits | 82,588 | 100,005 | 108,741 | 115,635 | 141,402 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 1,490 | 1,490 | 1,490 | 1,490 | 1,490 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 20,629 | 28,162 | 26,890 | 25,570 | |
| 35 Retained Earnings | 2,083,987 | 2,035,390 | 1,951,644 | 1,855,560 | 1,761,926 |
| 36 Total Stockholder's Equity | 2,106,106 | 2,065,042 | 1,980,024 | 1,882,620 | 1,763,416 |
| 37 Total Liab. and Stockholder's Equity | \$2,271,742 | \$2,215,452 | \$2,150,278 | \$2,052,944 | \$1,978,825 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|-----------|-----------|-----------|-----------|-----------|----|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$181,083 | \$204,995 | \$249,041 | \$248,827 | \$242,342 | 1 |
| Network Access Services | 151,987 | 121,868 | 142,753 | 142,062 | 144,842 | 2 |
| Long Distance Network Services | | | | | | 3 |
| Miscellaneous Revenues | 96,115 | 97,672 | 58,106 | 59,341 | 64,539 | 4 |
| Less: Uncollectible Revenues | (2,972) | 7,421 | 10,240 | 3,225 | 1,336 | 5 |
| Total Operating Revenues | 432,157 | 417,114 | 439,660 | 447,005 | 450,387 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 649 | 2,396 | 3,511 | 1,553 | 2,106 | 7 |
| General Support Expenses | 27,455 | 8,857 | 8,124 | 11,490 | 8,255 | 8 |
| Central Office Switching | 9,950 | 3,502 | 4,506 | 5,855 | 3,165 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 2,093 | 1,902 | 1,937 | 2,908 | 4,564 | 11 |
| Info. Origination/Termination | 16,544 | 17,524 | 21,715 | 15,766 | 14,744 | 12 |
| Cable & Wire Facilities | 18,411 | 14,045 | 19,320 | 11,349 | 11,975 | 13 |
| Total Plant Specific Operations | 75,102 | 48,226 | 59,113 | 48,921 | 44,809 | 14 |
| Other Plant, Property & Equipment | | | | | | 15 |
| Network Operations | 35,762 | 41,374 | 39,391 | 37,486 | 39,924 | 16 |
| Access Expense | 3,527 | 5,531 | 5,367 | 6,363 | 5,544 | 17 |
| Depreciation and Amortization | 87,805 | 53,696 | 54,163 | 55,309 | 56,532 | 18 |
| Total Plant Non-Specific Operations | 127,094 | 100,601 | 98,921 | 99,158 | 102,000 | 19 |
| Marketing Expense | 26,764 | 28,105 | 27,398 | 28,076 | 29,669 | 20 |
| Services Expense | 29,936 | 35,562 | 40,235 | 51,896 | 77,514 | 21 |
| Total Customer Operations | 56,700 | 63,667 | 67,633 | 79,972 | 107,183 | 22 |
| Executive & Planning | 9,624 | 7,569 | 13,540 | 14,087 | 8,531 | 23 |
| General & Administrative | 66,839 | 72,163 | 89,074 | 87,699 | 88,451 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 76,463 | 79,732 | 102,614 | 101,786 | 96,982 | 27 |
| Total Operations Expense | 335,359 | 292,226 | 328,281 | 329,837 | 350,974 | 28 |
| Other Operating Income & Expenses | 315 | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 32,357 | 31,552 | 30,697 | 34,904 | 32,869 | 31 |
| Net Operating Income Before FIT | 64,756 | 93,336 | 80,682 | 82,264 | 66,544 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 45,407 | 40,117 | 36,620 | 29,458 | 13,839 | 34 |
| Provision - Def. Operating Income Taxes - Net | (22,711) | (5,718) | (5,933) | 1,811 | 9,688 | 35 |
| Net Operating Income | \$42,060 | \$58,937 | \$49,995 | \$50,995 | \$43,017 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| 37 Net Operating Income | \$42,060 | \$58,937 | \$49,995 | \$50,995 | \$43,017 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | 10,308 | 38,555 | 71,021 | 66,059 | 44,863 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | | | | | |
| 44 Other Non-Operating Income | | | | | (4,954) |
| 45 Special Charges | 205 | 203 | 115 | 461 | 422 |
| 46 Total Non-Operating Income & Expenses | 10,103 | 38,352 | 70,906 | 65,598 | 39,487 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 3,566 | 13,401 | 24,817 | 22,959 | 10,478 |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | 3,566 | 13,401 | 24,817 | 22,959 | 10,478 |
| 50 Income Available Before Interest Charges | 48,597 | 83,888 | 96,084 | 93,634 | 72,026 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | | | 6,985 |
| 52 Other Interest Expense | | 142 | | | 565 |
| 53 Total Interest Charges | | 142 | | | 7,550 |
| 54 Income Before Extraordinary & Nonreg Items | 48,597 | 83,746 | 96,084 | 93,634 | 64,476 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | \$48,597 | \$83,746 | \$96,084 | \$93,634 | \$64,476 |
| <hr/> | | | | | |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$2,035,390 | \$1,951,644 | \$1,855,560 | \$1,761,926 | \$1,697,450 |
| 60 Transferred from Income | 48,597 | 83,746 | 96,084 | 93,634 | 64,476 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | | | | |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 2,083,987 | 2,035,390 | 1,951,644 | 1,855,560 | 1,761,926 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | | | |
| 67 Total Retained Earnings | \$2,083,987 | \$2,035,390 | \$1,951,644 | \$1,855,560 | \$1,761,926 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$680,178 | \$457,328 | \$536,676 | \$553,006 | \$854,505 |
| 2 Accounts Receivable (Net) | 94,689 | 105,194 | 114,769 | 129,019 | 119,478 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 137,743 | 206,417 | 135,528 | 173,460 | 90,066 |
| 5 Total Current Assets | 912,610 | 768,939 | 786,973 | 855,485 | 1,064,050 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | | | | | 4,225 |
| 7 Unamortized Debt Issuance Costs | | | | | 1,765 |
| 8 Deferred Charges | | | | 13,710 | 12,914 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | 10,840 | 13,358 | |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | | | 10,840 | 27,068 | 18,904 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 4,823,738 | 4,794,085 | 4,724,139 | 4,613,690 | 4,527,764 |
| 14 Less: Accumulated Depr and Amort. | 4,089,455 | 3,756,550 | 3,512,881 | 3,308,947 | 3,132,138 |
| 15 Net Regulated Plant | 734,282 | 1,037,535 | 1,211,258 | 1,304,743 | 1,395,626 |
| 16 Total Assets & Other Debits | \$1,646,892 | \$1,806,474 | \$2,009,071 | \$2,187,296 | \$2,478,580 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$32,755 | \$40,184 | \$35,887 | \$59,440 | \$55,960 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 2,878 | 10,582 | 10,243 | 14,116 | 11,682 |
| 20 Customer Deposits | 270 | 250 | 100 | 831 | 633 |
| 21 Current Maturities - Long-Term Debt | | | | | 20,096 |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 35,902 | 12,052 | 38,035 | 41,485 | 28,694 |
| 24 Total Current Liabilities | 71,805 | 63,068 | 84,266 | 115,873 | 117,065 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | | | | | 55,376 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | 163 | 291 | 599 | 1,181 | 1,881 |
| 27 Non-Current Deferred Taxes | 258,899 | 315,535 | 338,816 | 374,134 | 350,743 |
| 28 Other Deferred Credits | 8,018 | 12,600 | 52,522 | 66,991 | 31,084 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | | | | (62,547) | (13,145) |
| 31 Total Other Liab. and Def. Credits | 267,081 | 328,427 | 391,937 | 379,760 | 370,564 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 84,000 | 84,000 | 96,000 | 96,000 | 96,000 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | | | (83,270) | (83,270) | (83,270) |
| 35 Retained Earnings | 1,224,006 | 1,330,980 | 1,520,137 | 1,678,933 | 1,922,846 |
| 36 Total Stockholder's Equity | 1,308,006 | 1,414,980 | 1,532,867 | 1,691,663 | 1,935,576 |
| 37 Total Liab. and Stockholder's Equity | \$1,646,892 | \$1,806,474 | \$2,009,071 | \$2,187,296 | \$2,478,580 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|-------------|-------------|-------------|-------------|-------------|----|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$276,774 | \$306,081 | \$376,947 | \$411,084 | \$452,975 | 1 |
| Network Access Services | 362,591 | 370,980 | 381,878 | 383,595 | 411,211 | 2 |
| Long Distance Network Services | 561,647 | 570,737 | 594,521 | 748,157 | 839,400 | 3 |
| Miscellaneous Revenues | 163,983 | 172,308 | 192,132 | 186,486 | 184,728 | 4 |
| Less: Uncollectible Revenues | 3,149 | 3,318 | 2,693 | 2,990 | 2,332 | 5 |
| Total Operating Revenues | 1,361,845 | 1,416,789 | 1,542,785 | 1,726,332 | 1,885,982 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 15,293 | 6,095 | 4,392 | 7,142 | 6,593 | 7 |
| General Support Expenses | 85,408 | 87,478 | 101,975 | 74,229 | 75,423 | 8 |
| Central Office Switching | 192,744 | 169,779 | 190,841 | 168,658 | 170,586 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 101,347 | 102,703 | 85,188 | 74,425 | 73,588 | 11 |
| Info. Origination/Termination | 27,783 | 22,005 | 27,864 | 24,707 | 29,500 | 12 |
| Cable & Wire Facilities | 108,725 | 97,092 | 81,511 | 126,837 | 103,541 | 13 |
| Total Plant Specific Operations | 531,301 | 485,152 | 491,771 | 475,998 | 459,231 | 14 |
| Other Plant, Property & Equipment | | | | | | 15 |
| Network Operations | 74,883 | 79,927 | 75,205 | 72,617 | 81,699 | 16 |
| Access Expense | 12,585 | 11,508 | 29,091 | 27,924 | 26,402 | 17 |
| Depreciation and Amortization | 336,642 | 301,174 | 262,124 | 260,759 | 279,292 | 18 |
| Total Plant Non-Specific Operations | 424,110 | 392,608 | 366,420 | 361,300 | 387,393 | 19 |
| Marketing Expense | 1,965 | 2,066 | 4,128 | 5,104 | 11,097 | 20 |
| Services Expense | 155,291 | 157,838 | 186,350 | 193,628 | 165,603 | 21 |
| Total Customer Operations | 157,256 | 159,904 | 190,478 | 198,732 | 176,700 | 22 |
| Executive & Planning | 106,903 | 180,097 | 189,640 | 176,217 | 200,323 | 23 |
| General & Administrative | 252,048 | 316,983 | 308,634 | 375,140 | 405,148 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 358,951 | 497,080 | 498,274 | 551,357 | 605,470 | 27 |
| Total Operations Expense | 1,471,619 | 1,534,744 | 1,546,944 | 1,587,387 | 1,628,795 | 28 |
| Other Operating Income & Expenses | 5,177 | 5,036 | 1,691 | 5,075 | 1,520 | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 70,421 | 70,673 | 84,141 | 88,048 | 90,081 | 31 |
| Net Operating Income Before FIT | (175,017) | (183,592) | (86,608) | 55,972 | 168,626 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 3,722 | (42,449) | 2,727 | 2,244 | 5,823 | 34 |
| Provision - Def. Operating Income Taxes - Net | (65,530) | (2,095) | (36,881) | 6,186 | 45,262 | 35 |
| Net Operating Income | (\$113,209) | (\$139,048) | (\$52,455) | \$47,542 | \$117,541 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| 37 Net Operating Income | (\$113,209) | (\$139,048) | (\$52,455) | \$47,542 | \$117,541 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | 1,607 |
| 39 Interest Income | 7,529 | 17,314 | 24,561 | 24,232 | 17,180 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | | | | | |
| 44 Other Non-Operating Income | | 22,661 | 1,657 | 39,240 | |
| 45 Special Charges | 1,204 | 1,077 | 1,329 | 818 | 2,105 |
| 46 Total Non-Operating Income & Expenses | 6,325 | 38,898 | 24,889 | 62,655 | 16,682 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 821 | 3,510 | 3,116 | 13,778 | (796) |
| 48 Other | | | 235 | 2,291 | |
| 49 Total Non-Operating Taxes | 821 | 3,510 | 3,351 | 16,069 | (796) |
| 50 Income Available Before Interest Charges | (107,705) | (103,660) | (30,917) | 94,127 | 135,018 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | | 1,750 | 4,313 |
| 52 Other Interest Expense | (731) | (2,573) | 1,880 | 289 | (353) |
| 53 Total Interest Charges | (731) | (2,573) | 1,880 | 2,039 | 3,960 |
| 54 Income Before Extraordinary & Nonreg Items | (106,973) | (101,087) | (32,797) | 92,088 | 131,058 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | (\$106,973) | (\$101,087) | (\$32,797) | \$92,088 | \$131,058 |
| <hr/> | | | | | |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$1,330,980 | \$1,520,137 | \$1,678,933 | \$1,922,845 | \$1,833,788 |
| 60 Transferred from Income | (106,973) | (101,087) | (32,797) | 92,088 | 131,058 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | 16,800 | 126,000 | 336,000 | 42,000 |
| 64 Adjustments | | (71,270) | | | |
| 65 Ending Year Balance | 1,224,006 | 1,330,980 | 1,520,137 | 1,678,933 | 1,922,846 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | | | |
| 67 Total Retained Earnings | \$1,224,006 | \$1,330,980 | \$1,520,137 | \$1,678,933 | \$1,922,846 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$1,461,907 | \$1,377,878 | \$1,410,134 | \$923,692 | \$220,639 |
| 2 Accounts Receivable (Net) | 495,001 | 438,731 | 473,388 | 495,293 | 627,668 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 57,509 | 44,536 | 84,633 | 148,767 | 154,089 |
| 5 Total Current Assets | 2,014,417 | 1,861,145 | 1,968,155 | 1,567,752 | 1,002,396 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 85,087 | 126,163 | 158,437 | 181,910 | 269,927 |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | | | | | 35,309 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | | | |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | 85,087 | 126,163 | 158,437 | 181,910 | 305,236 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 10,391,556 | 10,704,895 | 10,669,552 | 10,598,878 | 10,565,469 |
| 14 Less: Accumulated Depr and Amort. | 6,704,062 | 6,803,549 | 6,424,571 | 5,848,162 | 5,362,226 |
| 15 Net Regulated Plant | 3,687,494 | 3,901,346 | 4,244,981 | 4,750,716 | 5,203,243 |
| 16 Total Assets & Other Debits | \$5,786,998 | \$5,888,654 | \$6,371,573 | \$6,500,378 | \$6,510,875 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$357,924 | \$292,690 | \$396,005 | \$272,237 | \$358,385 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 3,542 | 5,005 | 10,970 | 5,105 | |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | 42,142 | 46,199 | 59,652 | 52,508 | 35,208 |
| 22 Current Deferred Income Taxes | (16,843) | (10,874) | (10,722) | (4,235) | (2,800) |
| 23 Other Current Liabilities | 38,765 | 38,693 | 53,594 | 113,308 | 156,960 |
| 24 Total Current Liabilities | 425,530 | 371,713 | 509,499 | 438,923 | 547,753 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 41,400 | 83,933 | 127,218 | 161,117 | 213,626 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 595,614 | 607,090 | 541,200 | 599,146 | 703,434 |
| 28 Other Deferred Credits | 32,832 | 68,876 | 350,591 | 373,193 | 184,411 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | (43,218) | 12,866 | 35,726 | 51,123 | 12,023 |
| 31 Total Other Liab. and Def. Credits | 585,228 | 688,832 | 927,517 | 1,023,462 | 899,868 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 60,002 | 60,002 | 60,002 | 60,002 | 60,002 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 89,708 | 48,245 | 37,346 | 30,764 | 57,079 |
| 35 Retained Earnings | 4,585,130 | 4,635,929 | 4,709,991 | 4,786,110 | 4,732,547 |
| 36 Total Stockholder's Equity | 4,734,840 | 4,744,176 | 4,807,339 | 4,876,876 | 4,849,628 |
| 37 Total Liab. and Stockholder's Equity | \$5,786,998 | \$5,888,654 | \$6,371,573 | \$6,500,378 | \$6,510,875 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|-------------------|------------------|-------------------|-------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | 622,245 | \$677,531 | \$763,460 | \$762,043 | \$792,802 | 1 |
| Network Access Services | 1,154,004 | 1,304,198 | 1,506,129 | 1,554,918 | 1,661,037 | 2 |
| Long Distance Network Services | | | | | | 3 |
| Miscellaneous Revenues | 645,096 | 643,427 | 425,365 | 395,020 | 416,618 | 4 |
| Less: Uncollectible Revenues | 45,841 | 41,394 | 35,309 | 20,399 | 13,617 | 5 |
| Total Operating Revenues | 2,375,504 | 2,583,762 | 2,659,645 | 2,691,582 | 2,856,840 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 4,851 | 12,252 | 15,480 | 16,397 | 16,157 | 7 |
| General Support Expenses | 140,226 | 66,603 | 59,069 | 49,800 | 45,479 | 8 |
| Central Office Switching | 73,317 | 74,694 | 85,797 | 88,801 | 84,400 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 196,650 | 110,538 | 258,172 | 178,045 | 100,170 | 11 |
| Info. Origination/Termination | 124,581 | 162,208 | 195,326 | 186,332 | 152,050 | 12 |
| Cable & Wire Facilities | 227,094 | 166,280 | 154,403 | 124,323 | 108,263 | 13 |
| Total Plant Specific Operations | 766,719 | 592,575 | 768,247 | 643,698 | 506,519 | 14 |
| Other Plant, Property & Equipment | | | | | | 15 |
| Network Operations | 200,893 | 246,189 | 268,663 | 268,859 | 309,358 | 16 |
| Access Expense | 64,075 | 74,397 | 82,429 | 61,825 | 96,292 | 17 |
| Depreciation and Amortization | 616,629 | 691,279 | 681,495 | 698,907 | 666,082 | 18 |
| Total Plant Non-Specific Operations | 881,597 | 1,011,865 | 1,032,587 | 1,029,591 | 1,071,732 | 19 |
| Marketing Expense | 138,459 | 143,150 | 143,510 | 143,042 | 182,461 | 20 |
| Services Expense | 165,368 | 192,407 | 220,513 | 247,107 | 189,895 | 21 |
| Total Customer Operations | 303,827 | 335,557 | 364,023 | 390,149 | 372,356 | 22 |
| Executive & Planning | 69,899 | 51,371 | 73,649 | 97,363 | 177,014 | 23 |
| General & Administrative | 352,026 | 372,767 | 403,734 | 420,842 | 412,678 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 421,925 | 424,138 | 477,383 | 518,205 | 589,692 | 27 |
| Total Operations Expense | 2,374,068 | 2,364,135 | 2,642,240 | 2,581,643 | 2,540,299 | 28 |
| Other Operating Income & Expenses | 1,992 | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 107,287 | 172,824 | 174,860 | 165,479 | 190,540 | 31 |
| Net Operating Income Before FIT | (103,859) | 46,803 | (157,455) | (55,540) | 126,001 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | (6,352) | 49,161 | 2,165 | (19,392) | 87,550 | 34 |
| Provision - Def. Operating Income Taxes - Net | (42,607) | (26,308) | (63,576) | (8,619) | (44,709) | 35 |
| Net Operating Income | (\$54,900) | \$23,950 | (\$96,044) | (\$27,529) | \$83,160 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|--------------|
| 37 Net Operating Income | (\$54,900) | \$23,950 | (\$96,044) | (\$27,529) | \$83,160 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | 12,188 |
| 39 Interest Income | 8,296 | 36,075 | 52,738 | 37,218 | 255,712 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | | | | | |
| 44 Other Non-Operating Income | (164) | 230,698 | 895 | 91,960 | (7,254) |
| 45 Special Charges | 758 | 1,041 | 629 | 2,787 | 3,982 |
| 46 Total Non-Operating Income & Expenses | 7,374 | 265,732 | 53,004 | 126,391 | 256,664 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 2,287 | 89,526 | 18,467 | 43,912 | 51,952 |
| 48 Other | | 9,636 | | 87 | |
| 49 Total Non-Operating Taxes | 2,287 | 99,162 | 18,467 | 43,999 | 51,952 |
| 50 Income Available Before Interest Charges | (49,813) | 190,520 | (61,507) | 54,863 | 287,872 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | | | 56,448 |
| 52 Other Interest Expense | 986 | (10,418) | 14,612 | 1,300 | 3,895 |
| 53 Total Interest Charges | 986 | (10,418) | 14,612 | 1,300 | 60,343 |
| 54 Income Before Extraordinary & Nonreg Items | (50,799) | 200,938 | (76,119) | 53,563 | 227,529 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | (\$50,799) | \$200,938 | (\$76,119) | \$53,563 | \$227,529 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$4,635,929 | \$4,709,991 | \$4,786,110 | \$4,732,547 | \$11,874,018 |
| 60 Transferred from Income | (50,799) | 200,938 | (76,119) | 53,563 | 227,529 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | 275,000 | | | 7,369,000 |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 4,585,130 | 4,635,929 | 4,709,991 | 4,786,110 | 4,732,547 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | | | |
| 67 Total Retained Earnings | \$4,585,130 | \$4,635,929 | \$4,709,991 | \$4,786,110 | \$4,732,547 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---------------|---------------|---------------|---------------|---------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$1,171,639 | \$317,386 | (\$2,868,757) | \$851,328 | \$512,311 |
| 2 Accounts Receivable (Net) | 109,074,814 | 70,031,390 | 78,597,876 | 81,707,918 | 84,823,657 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 7,355,366 | 13,265,776 | 13,003,571 | 13,172,466 | 13,530,367 |
| 5 Total Current Assets | 117,601,818 | 83,614,552 | 88,732,690 | 95,731,712 | 98,866,336 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 209,437,779 | 155,233,271 | 156,274,047 | 116,191,219 | 13,282,179 |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | 16,135 | 271,917 | 104,061 | (63,795) | 426,993 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | | | |
| 11 Other Non-Current Assets | 184,395,250 | 184,560,250 | 184,725,250 | 184,890,250 | 185,055,250 |
| 12 Total Non-Current Assets | 393,849,164 | 340,065,438 | 341,103,358 | 301,017,674 | 198,764,422 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 1,477,756,362 | 1,463,135,558 | 1,447,829,751 | 1,420,548,003 | 1,400,353,222 |
| 14 Less: Accumulated Depr and Amort. | 1,062,397,661 | 1,003,489,506 | 950,712,655 | 892,159,241 | 839,629,993 |
| 15 Net Regulated Plant | 415,358,701 | 459,646,052 | 497,117,096 | 528,388,762 | 560,723,229 |
| 16 Total Assets & Other Debits | \$926,809,683 | \$883,326,042 | \$926,953,144 | \$925,138,148 | \$858,353,987 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$41,495,735 | \$41,126,023 | \$72,742,293 | \$35,593,639 | \$41,094,741 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 3,647,685 | 3,427,071 | 3,404,605 | 3,713,973 | 3,893,387 |
| 20 Customer Deposits | 167 | 10,696 | 25,599 | 26,509 | 59,706 |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 5,406,199 | 8,117,022 | 8,441,952 | 9,327,712 | 8,908,054 |
| 24 Total Current Liabilities | 50,549,785 | 52,680,812 | 84,614,450 | 48,661,833 | 53,955,888 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | | | | | |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 64,425,451 | 57,456,924 | 60,208,072 | 77,705,800 | 56,759,978 |
| 28 Other Deferred Credits | (19,933,084) | (18,484,872) | (17,551,263) | (16,316,615) | (14,953,664) |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 125,522,428 | 117,772,442 | 110,603,238 | 104,190,955 | 98,363,817 |
| 31 Total Other Liab. and Def. Credits | 170,014,795 | 156,744,494 | 153,260,047 | 165,580,141 | 140,170,132 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | | | | | |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 451,236,610 | 451,236,610 | 451,236,610 | 451,236,610 | 451,236,610 |
| 35 Retained Earnings | 255,008,493 | 222,664,126 | 237,842,038 | 259,659,564 | 212,991,357 |
| 36 Total Stockholder's Equity | 706,245,103 | 673,900,736 | 689,078,648 | 710,896,174 | 664,227,967 |
| 37 Total Liab. and Stockholder's Equity | \$926,809,683 | \$883,326,042 | \$926,953,144 | \$925,138,148 | \$858,353,987 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$120,484,077 | \$140,123,177 | \$149,040,096 | \$149,758,574 | \$158,986,026 | 1 |
| Network Access Services | 94,381,432 | 81,363,743 | 88,125,531 | 90,415,128 | 107,708,627 | 2 |
| Long Distance Network Services | 1,226,548 | 1,887,000 | 1,389,688 | 1,734,709 | 2,196,598 | 3 |
| Miscellaneous Revenues | 76,047,683 | 81,982,154 | 87,189,468 | 84,817,132 | 70,103,826 | 4 |
| Less: Uncollectible Revenues | 4,854,247 | 3,672,497 | 4,559,224 | 2,919,517 | 3,110,744 | 5 |
| Total Operating Revenues | 287,285,493 | 301,683,576 | 321,185,560 | 323,806,026 | 335,884,333 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 898,789 | 278,027 | 356,807 | 347,984 | 350,830 | 7 |
| General Support Expenses | 11,370,039 | 14,383,701 | 13,629,509 | 15,933,424 | 19,280,686 | 8 |
| Central Office Switching | 6,010,448 | 7,208,399 | 8,568,931 | 9,054,441 | 8,954,538 | 9 |
| Operator Systems Expense | 136,768 | 140,762 | 183,173 | 221,443 | 495,622 | 10 |
| Central Office Transmission | 4,844,024 | 4,397,632 | 4,701,969 | 5,761,252 | 5,581,298 | 11 |
| Info. Origination/Termination | 6,392,939 | 5,163,107 | 5,561,025 | 6,511,953 | 5,679,359 | 12 |
| Cable & Wire Facilities | 23,981,234 | 25,617,616 | 26,181,564 | 27,755,642 | 29,386,226 | 13 |
| Total Plant Specific Operations | 53,634,240 | 57,189,244 | 59,182,978 | 65,586,138 | 69,728,560 | 14 |
| Other Plant, Property & Equipment | 224,100 | 7,693 | 126 | (625) | 527 | 15 |
| Network Operations | 14,001,775 | 21,152,056 | 24,969,320 | 23,825,945 | 24,353,363 | 16 |
| Access Expense | 5,497,275 | 5,874,711 | 6,190,979 | 9,904,262 | 12,072,783 | 17 |
| Depreciation and Amortization | 69,960,582 | 68,643,556 | 68,662,256 | 69,411,916 | 72,655,379 | 18 |
| Total Plant Non-Specific Operations | 89,683,733 | 95,678,016 | 99,822,681 | 103,141,498 | 109,082,053 | 19 |
| Marketing Expense | 9,594,650 | 8,370,341 | 11,439,028 | 11,250,545 | 10,261,648 | 20 |
| Services Expense | 30,784,728 | 32,216,833 | 34,820,141 | 34,969,600 | 39,107,058 | 21 |
| Total Customer Operations | 40,379,378 | 40,587,174 | 46,259,169 | 46,220,145 | 49,368,706 | 22 |
| Executive & Planning | 2,700,736 | 2,449,774 | 3,131,175 | 3,547,014 | 3,942,235 | 23 |
| General & Administrative | 26,865,708 | 17,755,135 | 15,131,154 | 16,848,974 | 17,949,465 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 29,566,444 | 20,204,909 | 18,262,329 | 20,395,988 | 21,891,700 | 27 |
| Total Operations Expense | 213,263,795 | 213,659,343 | 223,527,156 | 235,343,770 | 250,071,017 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 21,085,940 | 20,683,254 | 20,195,685 | 21,440,996 | 21,448,332 | 31 |
| Net Operating Income Before FIT | 52,935,757 | 67,340,979 | 77,462,718 | 67,021,261 | 64,364,983 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 4,319,277 | 26,798,339 | 31,580,964 | 19,951,494 | 23,896,043 | 34 |
| Provision - Def. Operating Income Taxes - Net | 6,737,964 | 1,274,506 | (2,279,432) | 1,872,231 | (3,067,948) | 35 |
| Net Operating Income | \$41,878,516 | \$39,268,134 | \$48,161,186 | \$45,197,536 | \$43,536,888 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---------------|---------------|---------------|---------------|---------------|
| 37 Net Operating Income | \$41,878,516 | \$39,268,134 | \$48,161,186 | \$45,197,536 | \$43,536,888 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | 5,146,604 | 15,862,681 | 15,071,996 | 6,088,461 | 220,838 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | 193,102 | 434,968 | 452,486 | 513,296 | 489,260 |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | | | | | |
| 44 Other Non-Operating Income | 1,270,293 | 1,957,067 | 1,444,165 | 1,311,313 | 1,227,185 |
| 45 Special Charges | 257,249 | 272,320 | 233,820 | 384,825 | 166,842 |
| 46 Total Non-Operating Income & Expenses | 6,352,750 | 17,982,396 | 16,734,827 | 7,528,244 | 1,770,441 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 7,683,653 | | | | |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | 7,683,653 | | | | |
| 50 Income Available Before Interest Charges | 40,547,613 | 57,250,530 | 64,896,013 | 52,725,780 | 45,307,329 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | | | |
| 52 Other Interest Expense | 8,203,246 | 7,428,441 | 6,713,539 | 6,057,574 | 5,450,748 |
| 53 Total Interest Charges | 8,203,246 | 7,428,441 | 6,713,539 | 6,057,574 | 5,450,748 |
| 54 Income Before Extraordinary & Nonreg Items | 32,344,367 | 49,822,089 | 58,182,474 | 46,668,206 | 39,856,581 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | 20,829,143 | 34,780,341 | 35,677,209 | | |
| 57 Total Extraordinary & Nonregulated Items | 20,829,143 | 34,780,341 | 35,677,209 | | |
| 58 Net Income | \$53,173,511 | \$84,602,430 | \$93,859,683 | \$46,668,206 | \$39,856,581 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$222,664,126 | \$237,842,038 | \$259,659,564 | \$212,991,358 | \$173,134,778 |
| 60 Transferred from Income | 32,344,367 | 49,822,089 | 58,182,474 | 46,668,206 | 39,856,581 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | 65,000,000 | 80,000,000 | | |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 255,008,493 | 222,664,126 | 237,842,038 | 259,659,564 | 212,991,359 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | | | |
| 67 Total Retained Earnings | \$255,008,493 | \$222,664,126 | \$237,842,038 | \$259,659,564 | \$212,991,359 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$408,145 | \$255,241 | \$204,294 | \$259,519 | (\$3,612) |
| 2 Accounts Receivable (Net) | 236,867 | 344,205 | 311,630 | 504,185 | 476,773 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 553,583 | 560,322 | 554,551 | 431,335 | 440,043 |
| 5 Total Current Assets | 1,198,595 | 1,159,768 | 1,070,475 | 1,195,039 | 913,204 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 952,129 | 886,016 | 794,458 | 994,317 | 941,662 |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | 69,705 | 69,705 | 69,705 | 69,705 | 69,705 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | | | |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | 1,021,834 | 955,721 | 864,163 | 1,064,022 | 1,011,367 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 20,444,292 | 19,467,193 | 18,673,893 | 17,934,084 | 17,141,611 |
| 14 Less: Accumulated Depr and Amort. | 15,855,505 | 15,180,801 | 14,367,805 | 13,368,234 | 12,414,793 |
| 15 Net Regulated Plant | 4,588,787 | 4,286,392 | 4,306,088 | 4,565,850 | 4,726,818 |
| 16 Total Assets & Other Debits | \$6,809,216 | \$6,401,881 | \$6,240,726 | \$6,824,911 | \$6,651,389 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$279,769 | \$60,320 | \$79,459 | \$65,953 | \$76,468 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | | | | | |
| 20 Customer Deposits | 12,637 | 14,047 | 16,829 | 18,419 | 18,943 |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 75,794 | 25,165 | (19,540) | 174,388 | 149,250 |
| 24 Total Current Liabilities | 368,200 | 99,532 | 76,748 | 258,760 | 244,661 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | | | | | |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | (192,070) | (192,918) | (203,842) | (39,823) | 68,724 |
| 28 Other Deferred Credits | 574,337 | 540,119 | 524,697 | 540,352 | 569,885 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 1,419,284 | 1,468,102 | 1,288,584 | 1,215,848 | 1,171,473 |
| 31 Total Other Liab. and Def. Credits | 1,801,551 | 1,815,303 | 1,609,439 | 1,716,377 | 1,810,082 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | | | | | |
| 35 Retained Earnings | 4,559,465 | 4,407,046 | 4,474,539 | 4,769,774 | 4,516,646 |
| 36 Total Stockholder's Equity | 4,639,465 | 4,487,046 | 4,554,539 | 4,849,774 | 4,596,646 |
| 37 Total Liab. and Stockholder's Equity | \$6,809,216 | \$6,401,881 | \$6,240,726 | \$6,824,911 | \$6,651,389 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|------------------|------------------|------------------|------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$1,309,614 | \$1,296,313 | \$1,231,626 | \$1,343,747 | \$1,358,235 | 1 |
| Network Access Services | 1,755,450 | 1,748,659 | 1,793,265 | 1,884,780 | 1,943,155 | 2 |
| Long Distance Network Services | 517,908 | 452,704 | 546,806 | 887,587 | 1,022,824 | 3 |
| Miscellaneous Revenues | 1,143,987 | 1,092,626 | 1,030,370 | 919,919 | 887,666 | 4 |
| Less: Uncollectible Revenues | 82,981 | 17,971 | (1,956) | 11,620 | (8,872) | 5 |
| Total Operating Revenues | 4,643,978 | 4,572,331 | 4,604,023 | 5,024,413 | 5,220,752 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | (1,515) | 37,434 | 49,384 | 34,819 | 40,335 | 7 |
| General Support Expenses | 241,738 | 275,299 | 258,441 | 233,155 | 236,675 | 8 |
| Central Office Switching | 445,363 | 458,000 | 488,377 | 507,802 | 422,753 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 73,340 | 92,974 | 27,353 | 26,331 | 32,204 | 11 |
| Info. Origination/Termination | 238,130 | 195,526 | 208,151 | 253,832 | 270,351 | 12 |
| Cable & Wire Facilities | 283,886 | 272,990 | 186,671 | 193,597 | 269,746 | 13 |
| Total Plant Specific Operations | 1,280,942 | 1,332,223 | 1,218,377 | 1,249,536 | 1,272,064 | 14 |
| Other Plant, Property & Equipment | 70,453 | 67,649 | 71,451 | 74,401 | 71,881 | 15 |
| Network Operations | 345,683 | 329,809 | 312,611 | 307,844 | 301,802 | 16 |
| Access Expense | 20,742 | | | | 69,616 | 17 |
| Depreciation and Amortization | 730,717 | 812,996 | 1,021,071 | 962,393 | 1,028,726 | 18 |
| Total Plant Non-Specific Operations | 1,167,595 | 1,210,454 | 1,405,133 | 1,344,638 | 1,472,025 | 19 |
| Marketing Expense | 29,609 | 20,136 | 20,671 | 31,940 | 26,782 | 20 |
| Services Expense | 664,430 | 673,702 | 685,272 | 723,862 | 695,610 | 21 |
| Total Customer Operations | 694,039 | 693,838 | 705,943 | 755,802 | 722,392 | 22 |
| Executive & Planning | 337,198 | 339,485 | 371,357 | 397,142 | 577,696 | 23 |
| General & Administrative | 332,468 | 279,107 | 291,273 | 271,570 | 320,183 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 669,666 | 618,592 | 662,630 | 668,712 | 897,879 | 27 |
| Total Operations Expense | 3,812,242 | 3,855,107 | 3,992,083 | 4,018,688 | 4,364,360 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 261,936 | 245,372 | 170,535 | 246,202 | 271,555 | 31 |
| Net Operating Income Before FIT | 569,800 | 471,852 | 441,405 | 759,523 | 584,837 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 139,409 | 17,482 | 292,330 | 377,771 | 362,145 | 34 |
| Provision - Def. Operating Income Taxes - Net | (50,560) | 34,009 | (227,007) | (171,534) | (191,492) | 35 |
| Net Operating Income | \$480,951 | \$420,361 | \$376,082 | \$553,286 | \$414,184 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| 37 Net Operating Income | \$480,951 | \$420,361 | \$376,082 | \$553,286 | \$414,184 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | | | | | |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | 66,113 | 91,558 | 2,674 | 152,655 | 171,627 |
| 44 Other Non-Operating Income | | | | | |
| 45 Special Charges | 12,128 | 15,169 | 12,262 | 4,173 | 3,827 |
| 46 Total Non-Operating Income & Expenses | 53,985 | 76,389 | (9,588) | 148,482 | 167,800 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | | | | | |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | | | | | |
| 50 Income Available Before Interest Charges | 534,936 | 496,750 | 366,494 | 701,768 | 581,984 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | | | |
| 52 Other Interest Expense | 35 | 60 | 60 | 640 | 1,800 |
| 53 Total Interest Charges | 35 | 60 | 60 | 640 | 1,800 |
| 54 Income Before Extraordinary & Nonreg Items | 534,901 | 496,690 | 366,434 | 701,128 | 580,184 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | \$534,901 | \$496,690 | \$366,434 | \$701,128 | \$580,184 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$3,421,030 | \$3,580,081 | \$3,675,457 | \$3,574,984 | \$3,942,427 |
| 60 Transferred from Income | 468,788 | 405,132 | 363,760 | 548,473 | 408,557 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | 360,000 | 384,000 | 384,000 | 448,000 | 776,000 |
| 64 Adjustments | (22,482) | (180,183) | (75,136) | | |
| 65 Ending Year Balance | 3,507,336 | 3,421,030 | 3,580,081 | 3,675,457 | 3,574,984 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | 1,052,129 | 986,016 | 894,458 | 1,094,317 | 941,662 |
| 67 Total Retained Earnings | \$4,559,465 | \$4,407,046 | \$4,474,539 | \$4,769,774 | \$4,516,646 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$1,220 | \$1,220 | \$1,000 | \$234,663 | \$178,653 |
| 2 Accounts Receivable (Net) | 5,964,401 | 6,900,415 | 3,922,641 | 8,333,582 | 8,716,458 |
| 3 Current Deferred Income Taxes | 54,467 | 45,306 | 61,207 | 50,349 | 122,905 |
| 4 Other Current Assets | 767,205 | 933,635 | 643,445 | 895,726 | 812,787 |
| 5 Total Current Assets | 6,787,293 | 7,880,576 | 4,628,293 | 9,514,319 | 9,830,803 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 2,527,960 | 2,652,308 | 2,650,125 | 5,472,594 | 3,828,991 |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 256,704 | 351,388 | 498,034 | 1,312,821 | 1,228,921 |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | 2,784,664 | 3,003,696 | 3,148,159 | 6,785,416 | 5,057,912 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 71,601,250 | 71,013,992 | 69,302,928 | 68,991,673 | 66,580,160 |
| 14 Less: Accumulated Depr and Amort. | 51,158,089 | 50,407,696 | 49,554,744 | 47,731,255 | 43,768,730 |
| 15 Net Regulated Plant | 20,443,160 | 20,606,296 | 19,748,185 | 21,260,417 | 22,811,430 |
| 16 Total Assets & Other Debits | \$30,015,117 | \$31,490,568 | \$27,524,637 | \$37,560,153 | \$37,700,144 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$5,503,433 | \$7,822,553 | \$3,223,364 | \$4,244,910 | \$4,542,196 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | | | | | |
| 20 Customer Deposits | | 1,182 | 1,182 | 1,295 | 4,013 |
| 21 Current Maturities - Long-Term Debt | | | | | |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 147,003 | 383,646 | 650,261 | 662,885 | 676,698 |
| 24 Total Current Liabilities | 5,650,436 | 8,207,381 | 3,874,807 | 4,909,089 | 5,222,907 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | | | | | |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | 11,935 | 13,808 | 21,302 |
| 27 Non-Current Deferred Taxes | 2,761,852 | 2,150,206 | 1,589,295 | 1,580,070 | 2,000,495 |
| 28 Other Deferred Credits | 771,177 | 1,060,037 | 1,371,819 | 1,653,738 | 1,959,155 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 994,255 | (958,180) | 45,786 | 46,080 | 46,296 |
| 31 Total Other Liab. and Def. Credits | 4,527,283 | 2,252,063 | 3,018,835 | 3,293,696 | 4,027,248 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 677,719 | 677,719 | 677,719 | 677,719 | 677,719 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 1,581,615 | 1,581,615 | 1,581,615 | 1,581,615 | 1,581,615 |
| 35 Retained Earnings | 17,578,064 | 18,771,790 | 18,371,660 | 27,098,033 | 26,190,655 |
| 36 Total Stockholder's Equity | 19,837,397 | 21,031,124 | 20,630,994 | 29,357,367 | 28,449,989 |
| 37 Total Liab. and Stockholder's Equity | \$30,015,117 | \$31,490,568 | \$27,524,637 | \$37,560,153 | \$37,700,144 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|-------------------|--------------------|-------------------|--------------------|--------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$6,777,829 | \$6,947,570 | \$6,992,604 | \$7,004,827 | \$7,013,828 | 1 |
| Network Access Services | 9,075,300 | 9,338,829 | 10,047,571 | 11,124,255 | 12,281,595 | 2 |
| Long Distance Network Services | 134,295 | 220,042 | 255,725 | 251,624 | 196,568 | 3 |
| Miscellaneous Revenues | 1,373,369 | 1,412,660 | 1,223,253 | 1,519,375 | 1,351,012 | 4 |
| Less: Uncollectible Revenues | 189,575 | (87,569) | 280,111 | 148,851 | 487,545 | 5 |
| Total Operating Revenues | 17,171,217 | 18,006,670 | 18,239,042 | 19,751,231 | 20,355,459 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 1,505 | 15,693 | 12,433 | 11,425 | 12,153 | 7 |
| General Support Expenses | 1,487,092 | 1,517,313 | 1,292,625 | 1,225,984 | 1,033,756 | 8 |
| Central Office Switching | 695,522 | 805,018 | 795,423 | 787,760 | 885,491 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 79,643 | 73,512 | 95,093 | 96,349 | 90,558 | 11 |
| Info. Origination/Termination | | | | | | 12 |
| Cable & Wire Facilities | 2,190,256 | 1,826,215 | 1,984,948 | 1,851,997 | 1,909,349 | 13 |
| Total Plant Specific Operations | 4,454,018 | 4,237,751 | 4,180,522 | 3,973,515 | 3,931,307 | 14 |
| Other Plant, Property & Equipment | 12,345 | 38,946 | 9,803 | 38 | 281 | 15 |
| Network Operations | 1,535,849 | 1,688,180 | 1,563,796 | 1,593,414 | 1,505,305 | 16 |
| Access Expense | 417,350 | 384,631 | 430,761 | 406,557 | 454,367 | 17 |
| Depreciation and Amortization | 2,631,331 | 2,769,964 | 2,666,490 | 4,169,811 | 4,072,228 | 18 |
| Total Plant Non-Specific Operations | 4,596,875 | 4,881,721 | 4,670,850 | 6,169,820 | 6,032,181 | 19 |
| Marketing Expense | 371,641 | 377,589 | 597,186 | 517,290 | 446,191 | 20 |
| Services Expense | 2,023,283 | 1,986,517 | 2,373,899 | 2,151,678 | 1,679,441 | 21 |
| Total Customer Operations | 2,394,924 | 2,364,106 | 2,971,084 | 2,668,968 | 2,125,632 | 22 |
| Executive & Planning | 571,201 | 616,510 | 644,037 | 887,559 | 773,306 | 23 |
| General & Administrative | 2,378,412 | 2,348,740 | 2,579,863 | 2,517,028 | 3,211,555 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 2,949,613 | 2,965,250 | 3,223,899 | 3,404,587 | 3,984,861 | 27 |
| Total Operations Expense | 14,395,430 | 14,448,828 | 15,046,355 | 16,216,890 | 16,073,981 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | 23,714 | 11,427 | 22,365 | 99,351 | 53,434 | 30 |
| Other Taxes | 742,623 | 836,535 | 830,974 | 844,518 | 882,004 | 31 |
| Net Operating Income Before FIT | 2,009,450 | 2,709,880 | 2,339,348 | 2,590,472 | 3,346,040 | 32 |
| Investment Tax Credits - Net | | 11,935 | 1,873 | 7,494 | 7,498 | 33 |
| Federal Income Taxes | 2,114,833 | 468,271 | 1,014,367 | 1,535,487 | 1,432,548 | 34 |
| Provision - Def. Operating Income Taxes - Net | (457,199) | 691,375 | 603,370 | (113,893) | (342,643) | 35 |
| Net Operating Income | \$351,816 | \$1,562,169 | \$723,484 | \$1,176,372 | \$2,263,633 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| 37 Net Operating Income | \$351,816 | \$1,562,169 | \$723,484 | \$1,176,372 | \$2,263,633 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | |
| 39 Interest Income | | | | | |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | 4,410 |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | | | 1,789,585 | 1,522,580 | 638,951 |
| 44 Other Non-Operating Income | | | 4,461,438 | 10,032,668 | 10,482,745 |
| 45 Special Charges | (150) | (383) | 1,954 | 13,004 | 7,893 |
| 46 Total Non-Operating Income & Expenses | 150 | 383 | 6,249,068 | 11,542,244 | 11,118,213 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | (778,650) | (138,343) | 210,942 | 2,941,056 | 3,650,750 |
| 48 Other | 68,320 | 94,229 | 1,486,416 | 51,884 | 15,149 |
| 49 Total Non-Operating Taxes | (710,330) | (44,114) | 1,697,358 | 2,992,940 | 3,665,899 |
| 50 Income Available Before Interest Charges | 1,062,296 | 1,606,666 | 5,275,194 | 9,725,676 | 9,715,947 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | | 440 | 203,661 |
| 52 Other Interest Expense | 57,316 | 75,184 | 92,723 | 102,858 | |
| 53 Total Interest Charges | 57,316 | 75,184 | 92,723 | 103,298 | 203,661 |
| 54 Income Before Extraordinary & Nonreg Items | 1,004,979 | 1,531,482 | 5,182,471 | 9,622,378 | 9,512,286 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | 1,906,295 | 767,269 | | | |
| 57 Total Extraordinary & Nonregulated Items | 1,906,295 | 767,269 | | | |
| 58 Net Income | \$2,911,274 | \$2,298,751 | \$5,182,471 | \$9,622,378 | \$9,512,286 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$18,771,790 | \$14,166,497 | \$24,682,455 | \$25,297,657 | \$21,829,321 |
| 60 Transferred from Income | 2,911,274 | 2,298,751 | 3,392,798 | 8,099,798 | 8,873,336 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | 4,105,000 | 4,628,000 | 13,908,755 | 8,715,000 | 5,405,000 |
| 64 Adjustments | | 6,934,542 | | | |
| 65 Ending Year Balance | 17,578,064 | 18,771,790 | 14,166,497 | 24,682,455 | 25,297,657 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | 4,205,163 | 2,415,578 | 892,998 |
| 67 Total Retained Earnings | \$17,578,064 | \$18,771,790 | \$18,371,660 | \$27,098,033 | \$26,190,655 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$2,622,609 | \$2,234,501 | \$2,339,492 | \$2,090,104 | \$241,873 |
| 2 Accounts Receivable (Net) | 565,756 | 551,121 | 738,072 | 687,638 | 1,286,055 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 60,595 | 67,946 | 162,014 | 182,227 | 172,617 |
| 5 Total Current Assets | 3,248,960 | 2,853,568 | 3,239,578 | 2,959,969 | 1,700,545 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | | | | | 170,450 |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | 100 | 100 | 100 | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | | | |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | 100 | 100 | 100 | | 170,450 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 18,418,292 | 18,796,724 | 18,654,522 | 18,265,961 | 17,718,799 |
| 14 Less: Accumulated Depr and Amort. | 10,421,373 | 10,170,192 | 9,490,141 | 8,631,366 | 8,038,403 |
| 15 Net Regulated Plant | 7,996,919 | 8,626,532 | 9,164,381 | 9,634,595 | 9,680,396 |
| 16 Total Assets & Other Debits | \$11,245,979 | \$11,480,200 | \$12,404,059 | \$12,594,564 | \$11,551,391 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$418,344 | \$328,859 | \$456,242 | \$338,378 | \$578,976 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 70,870 | 73,406 | 89,408 | 63,990 | 45,868 |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | 3,656 | 13,048 | 12,980 | 22,356 | |
| 22 Current Deferred Income Taxes | (5,375) | (5,873) | (6,344) | (2,485) | (2,275) |
| 23 Other Current Liabilities | 108,091 | 59,831 | 52,056 | 56,522 | 85,937 |
| 24 Total Current Liabilities | 595,586 | 469,271 | 604,342 | 478,761 | 708,506 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 855 | 4,511 | 14,140 | 13,350 | 15,074 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 1,632,820 | 1,734,094 | 1,304,768 | 1,249,695 | 1,745,720 |
| 28 Other Deferred Credits | | | 1,526,783 | 1,583,859 | 316,134 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 421,760 | 537,958 | 555,771 | 601,758 | 527,548 |
| 31 Total Other Liab. and Def. Credits | 2,054,580 | 2,272,052 | 3,387,322 | 3,435,312 | 2,589,402 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 3,611,919 | 3,527,330 | 3,574,886 | 3,569,353 | 3,668,739 |
| 35 Retained Earnings | 4,973,039 | 5,197,036 | 4,813,369 | 5,087,788 | 4,559,670 |
| 36 Total Stockholder's Equity | 8,594,958 | 8,734,366 | 8,398,255 | 8,667,141 | 8,238,409 |
| 37 Total Liab. and Stockholder's Equity | \$11,245,979 | \$11,480,200 | \$12,404,059 | \$12,594,564 | \$11,551,391 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|--------------------|--------------------|--------------------|-------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$854,857 | \$982,316 | \$1,171,457 | \$1,216,085 | \$1,201,128 | 1 |
| Network Access Services | 1,909,905 | 1,971,262 | 2,085,789 | 2,067,844 | 2,274,268 | 2 |
| Long Distance Network Services | | | | | | 3 |
| Miscellaneous Revenues | 538,493 | 589,900 | 535,872 | 557,841 | 749,887 | 4 |
| Less: Uncollectible Revenues | 3,841 | 16,773 | 16,303 | 1,291 | 7,239 | 5 |
| Total Operating Revenues | 3,299,414 | 3,526,705 | 3,776,815 | 3,840,479 | 4,218,044 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 7,397 | 3,808 | 18,175 | 20,108 | 21,619 | 7 |
| General Support Expenses | 201,783 | 72,638 | 77,060 | 53,023 | 52,835 | 8 |
| Central Office Switching | 150,446 | 160,689 | 202,903 | 143,664 | 118,835 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 193,987 | 220,570 | 323,185 | 204,796 | 136,428 | 11 |
| Info. Origination/Termination | 128,422 | 186,849 | 174,843 | 205,871 | 326,507 | 12 |
| Cable & Wire Facilities | 296,076 | 254,235 | 210,510 | 205,949 | 189,301 | 13 |
| Total Plant Specific Operations | 978,111 | 898,789 | 1,006,676 | 833,411 | 845,525 | 14 |
| Other Plant, Property & Equipment | | | | | | 15 |
| Network Operations | 332,553 | 365,421 | 372,395 | 371,359 | 366,350 | 16 |
| Access Expense | 60,191 | 90,217 | 94,751 | 83,262 | 125,623 | 17 |
| Depreciation and Amortization | 1,022,736 | 1,206,705 | 1,227,592 | 1,007,695 | 767,537 | 18 |
| Total Plant Non-Specific Operations | 1,415,480 | 1,662,343 | 1,694,738 | 1,462,316 | 1,259,510 | 19 |
| Marketing Expense | 219,055 | 235,298 | 234,487 | 234,711 | 260,950 | 20 |
| Services Expense | 248,981 | 287,490 | 310,149 | 361,361 | 380,659 | 21 |
| Total Customer Operations | 468,036 | 522,788 | 544,636 | 596,072 | 641,609 | 22 |
| Executive & Planning | 77,936 | 61,889 | 112,095 | 133,277 | 138,209 | 23 |
| General & Administrative | 543,477 | 510,791 | 664,984 | 694,367 | 668,809 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 621,413 | 572,680 | 777,079 | 827,644 | 807,018 | 27 |
| Total Operations Expense | 3,483,040 | 3,656,600 | 4,023,129 | 3,719,443 | 3,553,662 | 28 |
| Other Operating Income & Expenses | 1,037 | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 179,243 | 212,054 | 206,135 | 217,399 | 237,022 | 31 |
| Net Operating Income Before FIT | (361,832) | (341,949) | (452,449) | (96,363) | 427,360 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 8,953 | (25,840) | (239,500) | (90,573) | 68,208 | 34 |
| Provision - Def. Operating Income Taxes - Net | (135,856) | (67,846) | 50,501 | 52,475 | 28,317 | 35 |
| Net Operating Income | (\$234,929) | (\$248,263) | (\$263,450) | (\$58,265) | \$330,835 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| 37 Net Operating Income | (\$234,929) | (\$248,263) | (\$263,450) | (\$58,265) | \$330,835 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | 65,838 |
| 39 Interest Income | 19,110 | 62,147 | 105,218 | 102,748 | 6,514 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | | | | | |
| 44 Other Non-Operating Income | (11) | 1,402,876 | 7,277 | 822,789 | (32,145) |
| 45 Special Charges | 965 | 1,496 | 778 | 3,456 | 3,244 |
| 46 Total Non-Operating Income & Expenses | 18,134 | 1,463,527 | 111,717 | 922,081 | 36,963 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 6,346 | 488,382 | 34,314 | 322,131 | 18,232 |
| 48 Other | | 66,762 | (1) | 802 | |
| 49 Total Non-Operating Taxes | 6,346 | 555,144 | 34,313 | 322,933 | 18,232 |
| 50 Income Available Before Interest Charges | (223,141) | 660,120 | (186,046) | 540,883 | 349,566 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | | | 80,941 |
| 52 Other Interest Expense | 856 | (72,547) | 88,373 | 12,765 | 29,254 |
| 53 Total Interest Charges | 856 | (72,547) | 88,373 | 12,765 | 110,195 |
| 54 Income Before Extraordinary & Nonreg Items | (223,997) | 732,667 | (274,419) | 528,118 | 239,371 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | (\$223,997) | \$732,667 | (\$274,419) | \$528,118 | \$239,371 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$5,197,036 | \$4,813,369 | \$5,087,788 | \$4,559,670 | \$4,321,299 |
| 60 Transferred from Income | (223,997) | 732,667 | (274,419) | 528,118 | 239,371 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | 349,000 | | | 1,000 |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | 4,973,039 | 5,197,036 | 4,813,369 | 5,087,788 | 4,559,670 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | | | |
| 67 Total Retained Earnings | \$4,973,039 | \$5,197,036 | \$4,813,369 | \$5,087,788 | \$4,559,670 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$1,196,954 | \$1,181,920 | \$1,701,042 | \$3,367,356 | \$3,587,582 |
| 2 Accounts Receivable (Net) | 1,497,117 | 664,190 | 1,051,452 | 754,935 | 906,019 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 838,856 | 647,439 | 733,906 | 797,846 | 384,539 |
| 5 Total Current Assets | 3,532,927 | 2,493,550 | 3,486,400 | 4,920,137 | 4,878,140 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 3,645,432 | 3,761,401 | 2,959,889 | 1,377,620 | 714,979 |
| 7 Unamortized Debt Issuance Costs | 7,200 | 9,600 | 12,000 | 14,400 | 16,800 |
| 8 Deferred Charges | 5,832 | 5,832 | 5,832 | 5,832 | 5,832 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 288,255 | 296,791 | 462,647 | 454,160 | 508,267 |
| 11 Other Non-Current Assets | 2,814,230 | 2,590,117 | 3,290,215 | 3,414,800 | 3,197,177 |
| 12 Total Non-Current Assets | 6,760,949 | 6,663,741 | 6,730,583 | 5,266,812 | 4,443,055 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 25,150,618 | 25,424,547 | 24,900,195 | 24,189,892 | 22,699,916 |
| 14 Less: Accumulated Depr and Amort. | 14,784,017 | 14,207,800 | 13,315,881 | 12,326,395 | 11,402,782 |
| 15 Net Regulated Plant | 10,366,601 | 11,216,747 | 11,584,314 | 11,863,497 | 11,297,134 |
| 16 Total Assets & Other Debits | \$20,660,477 | \$20,374,037 | \$21,801,297 | \$22,050,446 | \$20,618,329 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$1,443,300 | \$1,427,605 | \$1,349,684 | \$751,529 | \$648,590 |
| 18 Notes Payable | 429,275 | 427,219 | 420,782 | 431,615 | 400,857 |
| 19 Advanced Billings | 478,585 | 499,021 | 518,747 | 186,482 | 122,621 |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | 299,235 | 398,980 | 398,980 | 357,143 | 357,143 |
| 22 Current Deferred Income Taxes | | | | | |
| 23 Other Current Liabilities | 859,639 | 546,114 | 779,869 | 740,030 | 890,600 |
| 24 Total Current Liabilities | 3,510,034 | 3,298,939 | 3,468,062 | 2,466,799 | 2,419,811 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 1,994,896 | 2,393,876 | 2,792,856 | 3,285,714 | 2,142,857 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 2,081,035 | 1,829,115 | 1,965,157 | 2,278,443 | 2,281,063 |
| 28 Other Deferred Credits | 296,445 | 292,251 | 275,423 | 318,710 | 321,509 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 273,309 | 266,987 | 798,160 | 823,753 | 950,356 |
| 31 Total Other Liab. and Def. Credits | 2,650,789 | 2,388,353 | 3,038,740 | 3,420,906 | 3,552,928 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 240,000 | 240,000 | 240,000 | 240,000 | 240,000 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | (2,154,475) | (2,601,601) | (2,335,774) | (1,946,961) | (2,129,768) |
| 35 Retained Earnings | 14,419,233 | 14,654,469 | 14,597,413 | 14,583,989 | 14,392,500 |
| 36 Total Stockholder's Equity | 12,504,758 | 12,292,868 | 12,501,639 | 12,877,028 | 12,502,733 |
| 37 Total Liab. and Stockholder's Equity | \$20,660,477 | \$20,374,037 | \$21,801,297 | \$22,050,446 | \$20,618,329 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|------------------|------------------|------------------|------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$1,626,544 | \$1,617,781 | \$1,683,511 | \$1,742,657 | \$1,774,199 | 1 |
| Network Access Services | 3,141,202 | 3,074,538 | 3,102,188 | 2,887,656 | 3,179,549 | 2 |
| Long Distance Network Services | | | | | | 3 |
| Miscellaneous Revenues | 885,380 | 788,197 | 782,278 | 764,585 | 684,888 | 4 |
| Less: Uncollectible Revenues | 22,502 | 21,366 | 29,726 | 66,874 | 24,293 | 5 |
| Total Operating Revenues | 5,630,624 | 5,459,150 | 5,538,251 | 5,328,024 | 5,614,342 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 5,861 | 6,338 | 24,698 | 14,847 | 5,597 | 7 |
| General Support Expenses | 542,053 | 503,226 | 433,337 | 324,038 | 284,802 | 8 |
| Central Office Switching | 374,678 | 284,024 | 229,062 | 333,046 | 246,712 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 161,704 | 144,632 | 209,145 | | 105,291 | 11 |
| Info. Origination/Termination | 121,097 | 107,796 | 94,846 | 66,454 | 89,077 | 12 |
| Cable & Wire Facilities | 300,656 | 538,525 | 550,828 | 481,196 | 528,989 | 13 |
| Total Plant Specific Operations | 1,506,049 | 1,584,541 | 1,541,916 | 1,219,581 | 1,260,467 | 14 |
| Other Plant, Property & Equipment | (1) | (2,866) | 124 | (813) | | 15 |
| Network Operations | 330,006 | 208,340 | 159,806 | 122,881 | 164,437 | 16 |
| Access Expense | 110,189 | 103,943 | 92,586 | 94,647 | 111,969 | 17 |
| Depreciation and Amortization | 1,090,497 | 1,031,017 | 1,269,163 | 1,102,855 | 1,165,724 | 18 |
| Total Plant Non-Specific Operations | 1,530,691 | 1,340,434 | 1,521,679 | 1,319,570 | 1,442,130 | 19 |
| Marketing Expense | 115,736 | 134,883 | 232,091 | 183,237 | 162,771 | 20 |
| Services Expense | 404,135 | 469,734 | 740,773 | 861,522 | 837,754 | 21 |
| Total Customer Operations | 519,871 | 604,617 | 972,864 | 1,044,759 | 1,000,525 | 22 |
| Executive & Planning | 394,502 | 373,871 | 369,173 | 356,300 | 729,451 | 23 |
| General & Administrative | 798,014 | 768,638 | 712,398 | 673,501 | 722,265 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 1,192,516 | 1,142,509 | 1,081,571 | 1,029,801 | 1,451,716 | 27 |
| Total Operations Expense | 4,749,127 | 4,672,101 | 5,118,030 | 4,613,711 | 5,154,839 | 28 |
| Other Operating Income & Expenses | | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 424,008 | 420,064 | 397,785 | 401,583 | 392,151 | 31 |
| Net Operating Income Before FIT | 457,489 | 366,985 | 22,436 | 312,730 | 67,353 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 122,750 | (126,558) | 26,109 | 12,955 | 138,934 | 34 |
| Provision - Def. Operating Income Taxes - Net | 22,633 | 173,343 | (154,959) | (39,609) | (205,450) | 35 |
| Net Operating Income | \$312,106 | \$320,200 | \$151,286 | \$339,384 | \$133,869 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| 37 Net Operating Income | \$312,106 | \$320,200 | \$151,286 | \$339,384 | \$133,869 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | 25,326 | 22,426 | 5,500 | 5,052 | 5,020 |
| 39 Interest Income | 35,496 | 62,753 | 93,509 | 120,003 | 34,202 |
| 40 Income - Sinking and Other Funds | | | | | 63,492 |
| 41 Allowance for Funds Used During Construction | 1,679 | 17,640 | 71,014 | 21,442 | 20,517 |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | (254,756) | 1,227 | (346,601) | (240,281) | 13,288 |
| 44 Other Non-Operating Income | (224,441) | (106,780) | 723,120 | 454,388 | 292,980 |
| 45 Special Charges | 13,414 | 8,176 | 38,972 | 49,151 | 19,463 |
| 46 Total Non-Operating Income & Expenses | (430,110) | (10,910) | 507,570 | 311,453 | 410,035 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | (79,265) | (19,996) | 288,883 | 168,873 | 121,506 |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | (79,265) | (19,996) | 288,883 | 168,873 | 121,506 |
| 50 Income Available Before Interest Charges | (38,739) | 329,286 | 369,973 | 481,964 | 422,398 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 135,909 | 167,945 | 226,414 | 185,481 | 119,783 |
| 52 Other Interest Expense | 6,841 | 50,726 | 32,129 | 35,532 | 21,916 |
| 53 Total Interest Charges | 142,750 | 218,671 | 258,543 | 221,013 | 141,699 |
| 54 Income Before Extraordinary & Nonreg Items | (181,489) | 110,615 | 111,430 | 260,951 | 280,699 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | (\$181,489) | \$110,615 | \$111,430 | \$260,951 | \$280,699 |
| <hr/> | | | | | |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$15,071,483 | \$15,014,427 | \$15,001,003 | \$14,809,516 | \$14,611,390 |
| 60 Transferred from Income | 73,267 | 110,615 | 111,430 | 260,951 | 267,411 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | 53,747 | 53,558 | 69,224 | 69,464 | 69,286 |
| 64 Adjustments | (254,756) | | (28,782) | | |
| 65 Ending Year Balance | 14,836,247 | 15,071,483 | 15,014,427 | 15,001,003 | 14,809,515 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | (417,014) | (417,014) | (417,014) | (417,014) | (417,015) |
| 67 Total Retained Earnings | \$14,419,233 | \$14,654,469 | \$14,597,413 | \$14,583,989 | \$14,392,500 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|-------------|-------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$1,520,876 | \$1,180,981 | \$773,109 | \$377,003 | \$89,148 |
| 2 Accounts Receivable (Net) | 409,826 | 209,740 | 242,228 | 398,199 | 375,296 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 39,639 | 35,339 | 104,754 | 106,364 | 108,144 |
| 5 Total Current Assets | 1,970,341 | 1,426,060 | 1,120,091 | 881,566 | 572,588 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | | | | | 19,152 |
| 7 Unamortized Debt Issuance Costs | | | | | |
| 8 Deferred Charges | | | | | |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | | | | | |
| 11 Other Non-Current Assets | | | | | |
| 12 Total Non-Current Assets | | | | | 19,152 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 9,995,673 | 10,096,696 | 10,134,072 | 9,947,055 | 9,759,363 |
| 14 Less: Accumulated Depr and Amort. | 5,580,663 | 5,230,848 | 4,863,914 | 4,337,306 | 3,899,045 |
| 15 Net Regulated Plant | 4,415,010 | 4,865,848 | 5,270,158 | 5,609,749 | 5,860,318 |
| 16 Total Assets & Other Debits | \$6,385,351 | \$6,291,908 | \$6,390,249 | \$6,491,315 | \$6,452,058 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$371,155 | \$241,428 | \$242,995 | \$236,732 | \$315,397 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 20,262 | 22,411 | 25,212 | 17,951 | 16,095 |
| 20 Customer Deposits | | | | | |
| 21 Current Maturities - Long-Term Debt | 979 | 2,348 | 2,349 | 8,495 | |
| 22 Current Deferred Income Taxes | (2,975) | (3,720) | (4,190) | (2,940) | (2,030) |
| 23 Other Current Liabilities | 32,962 | 51,638 | 62,024 | 67,196 | 49,875 |
| 24 Total Current Liabilities | 422,383 | 314,105 | 328,390 | 327,434 | 379,337 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | | 978 | 3,327 | | 8,495 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 955,207 | 919,947 | 860,739 | 861,104 | 918,706 |
| 28 Other Deferred Credits | | | 86,258 | 81,094 | 2,546 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | (94,379) | 53,692 | 142,507 | 159,040 | 22,568 |
| 31 Total Other Liab. and Def. Credits | 860,828 | 973,639 | 1,089,504 | 1,101,238 | 943,820 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 2,400,000 | 2,400,000 | 2,400,000 | 2,400,000 | 2,400,000 |
| 33 Preferred Stock | | | | | |
| 34 Other Paid in Capital | 2,838,902 | 2,742,037 | 2,690,954 | 2,683,357 | 2,775,139 |
| 35 Retained Earnings | (136,762) | (138,851) | (121,926) | (20,714) | (54,733) |
| 36 Total Stockholder's Equity | 5,102,140 | 5,003,186 | 4,969,028 | 5,062,643 | 5,120,406 |
| 37 Total Liab. and Stockholder's Equity | \$6,385,351 | \$6,291,908 | \$6,390,249 | \$6,491,315 | \$6,452,058 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|------------------|-------------------|--------------------|------------------|------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$711,490 | \$789,812 | \$891,011 | \$911,751 | \$964,627 | 1 |
| Network Access Services | 857,812 | 813,731 | 896,281 | 1,035,411 | 1,012,761 | 2 |
| Long Distance Network Services | | | | | | 3 |
| Miscellaneous Revenues | 317,185 | 322,931 | 243,540 | 314,582 | 319,620 | 4 |
| Less: Uncollectible Revenues | 1,554 | 19,080 | 12,312 | 4,181 | 11,849 | 5 |
| Total Operating Revenues | 1,884,933 | 1,907,394 | 2,018,520 | 2,257,563 | 2,285,159 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | 5,619 | 13,756 | 12,775 | 16,967 | 16,831 | 7 |
| General Support Expenses | 114,840 | 59,858 | 69,412 | 61,479 | 39,811 | 8 |
| Central Office Switching | 86,881 | 79,379 | 99,913 | 91,248 | 60,197 | 9 |
| Operator Systems Expense | | | | | | 10 |
| Central Office Transmission | 73,178 | 93,979 | 161,240 | 117,359 | 72,070 | 11 |
| Info. Origination/Termination | 67,222 | 95,772 | 120,694 | 150,493 | 180,325 | 12 |
| Cable & Wire Facilities | 173,031 | 160,008 | 128,166 | 124,693 | 89,019 | 13 |
| Total Plant Specific Operations | 520,771 | 502,752 | 592,200 | 562,239 | 458,253 | 14 |
| Other Plant, Property & Equipment | | | | | | 15 |
| Network Operations | 176,432 | 231,022 | 242,182 | 260,634 | 284,981 | 16 |
| Access Expense | 41,878 | 54,770 | 56,774 | 50,626 | 56,176 | 17 |
| Depreciation and Amortization | 524,127 | 535,205 | 538,834 | 529,655 | 525,353 | 18 |
| Total Plant Non-Specific Operations | 742,437 | 820,997 | 837,790 | 840,915 | 866,510 | 19 |
| Marketing Expense | 102,677 | 104,251 | 103,548 | 111,366 | 128,261 | 20 |
| Services Expense | 125,592 | 152,687 | 190,776 | 247,502 | 318,296 | 21 |
| Total Customer Operations | 228,269 | 256,938 | 294,324 | 358,868 | 446,557 | 22 |
| Executive & Planning | 41,921 | 33,397 | 56,407 | 57,221 | 33,960 | 23 |
| General & Administrative | 272,278 | 309,389 | 346,236 | 339,051 | 321,628 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 314,199 | 342,786 | 402,643 | 396,272 | 355,588 | 27 |
| Total Operations Expense | 1,805,676 | 1,923,473 | 2,126,957 | 2,158,294 | 2,126,908 | 28 |
| Other Operating Income & Expenses | 887 | | | | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 86,730 | 112,602 | 111,606 | 132,097 | 138,543 | 31 |
| Net Operating Income Before FIT | (6,586) | (128,681) | (220,043) | (32,828) | 19,708 | 32 |
| Investment Tax Credits - Net | | | | | | 33 |
| Federal Income Taxes | 65,052 | (922) | (36,273) | (12,532) | (39,001) | 34 |
| Provision - Def. Operating Income Taxes - Net | (67,219) | (43,077) | (45,663) | (24,099) | 14,747 | 35 |
| Net Operating Income | (\$4,419) | (\$84,682) | (\$138,107) | \$3,803 | \$43,962 | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------|-------------|-------------|------------|------------|
| 37 Net Operating Income | (\$4,419) | (\$84,682) | (\$138,107) | \$3,803 | \$43,962 |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | 7,749 |
| 39 Interest Income | 10,983 | 22,582 | 24,307 | 13,712 | 12,668 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | | | |
| 42 Gains/Losses - Disposal of Property | | | | | |
| 43 Equity in Earnings of Affiliated Companies | | | | | |
| 44 Other Non-Operating Income | (65) | 81,546 | 37,580 | 34,754 | |
| 45 Special Charges | 718 | 915 | 563 | 1,345 | 1,354 |
| 46 Total Non-Operating Income & Expenses | 10,200 | 103,213 | 61,324 | 47,121 | 19,063 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | 3,505 | 34,904 | 19,363 | 16,460 | 5,385 |
| 48 Other | | 3,471 | (1) | 34 | |
| 49 Total Non-Operating Taxes | 3,505 | 38,375 | 19,362 | 16,494 | 5,385 |
| 50 Income Available Before Interest Charges | 2,276 | (19,844) | (96,145) | 34,430 | 57,640 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | | | | | |
| 52 Other Interest Expense | 187 | (2,919) | 5,067 | 411 | 66,312 |
| 53 Total Interest Charges | 187 | (2,919) | 5,067 | 411 | 66,312 |
| 54 Income Before Extraordinary & Nonreg Items | 2,089 | (16,925) | (101,212) | 34,019 | (8,672) |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | \$2,089 | (\$16,925) | (\$101,212) | \$34,019 | (\$8,672) |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | (\$138,851) | (\$121,926) | (\$20,714) | (\$54,733) | (\$46,061) |
| 60 Transferred from Income | 2,089 | (16,925) | (101,212) | 34,019 | (8,672) |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | | | | | |
| 63 Common Stock | | | | | |
| 64 Adjustments | | | | | |
| 65 Ending Year Balance | (136,762) | (138,851) | (121,926) | (20,714) | (54,733) |
| 66 Appropriated/Undistr Affiliate Retained Earnings | | | | | |
| 67 Total Retained Earnings | (\$136,762) | (\$138,851) | (\$121,926) | (\$20,714) | (\$54,733) |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | | | |
| 1 Cash and Temporary Cash Investments | \$9,284,431 | \$7,198,680 | \$5,640,617 | \$11,021,099 | \$11,275,443 |
| 2 Accounts Receivable (Net) | 26,270,647 | 18,380,437 | 11,680,077 | 8,008,818 | 11,246,301 |
| 3 Current Deferred Income Taxes | | | | | |
| 4 Other Current Assets | 1,114,390 | 1,616,373 | 1,977,002 | 1,423,580 | 1,931,172 |
| 5 Total Current Assets | 36,669,468 | 27,195,490 | 19,297,696 | 20,453,496 | 24,452,916 |
| NON-CURRENT ASSETS | | | | | |
| 6 Investments | 9,130,970 | 8,906,231 | 8,946,299 | 8,093,655 | 7,832,137 |
| 7 Unamortized Debt Issuance Costs | 39,375 | 51,975 | 64,575 | 77,175 | 89,775 |
| 8 Deferred Charges | 662,655 | 710,127 | 762,231 | 814,333 | 847,793 |
| 9 Other Jurisdictional Assets - Net | | | | | |
| 10 Non-Current Deferred Income Taxes | 18,234 | 208,898 | 119,165 | 3,289,505 | 2,191,389 |
| 11 Other Non-Current Assets | 4,331,297 | 4,312,818 | 4,291,177 | 177,924 | 747,954 |
| 12 Total Non-Current Assets | 14,182,531 | 14,190,049 | 14,183,447 | 12,452,592 | 11,709,048 |
| REGULATED PLANT | | | | | |
| 13 Total Telecommunications Plant | 70,333,461 | 69,158,033 | 67,736,082 | 64,966,062 | 65,149,611 |
| 14 Less: Accumulated Depr and Amort. | 42,975,607 | 38,831,682 | 34,977,723 | 31,685,617 | 32,196,983 |
| 15 Net Regulated Plant | 27,357,854 | 30,326,351 | 32,758,359 | 33,280,445 | 32,952,628 |
| 16 Total Assets & Other Debits | \$78,209,853 | \$71,711,890 | \$66,239,502 | \$66,186,532 | \$69,114,592 |
| CURRENT LIABILITIES | | | | | |
| 17 Accounts Payable | \$25,401,170 | \$18,600,219 | \$12,055,594 | \$5,104,408 | \$3,008,986 |
| 18 Notes Payable | | | | | |
| 19 Advanced Billings | 268,093 | 163,455 | 175,185 | 190,830 | 201,893 |
| 20 Customer Deposits | 102,460 | 99,425 | 115,878 | 127,658 | 141,536 |
| 21 Current Maturities - Long-Term Debt | 1,518,633 | 1,518,633 | 1,518,633 | 1,518,633 | 1,518,633 |
| 22 Current Deferred Income Taxes | (1,148) | (1,584) | | | |
| 23 Other Current Liabilities | 2,412,130 | (315,727) | 2,617,178 | 4,781,529 | 1,893,059 |
| 24 Total Current Liabilities | 29,701,338 | 20,064,421 | 16,482,468 | 11,723,058 | 6,764,107 |
| LONG-TERM DEBT | | | | | |
| 25 Long-Term Debt | 2,657,606 | 4,176,238 | 5,694,870 | 7,213,503 | 8,732,149 |
| OTHER LIAB. & DEFERRED CREDITS | | | | | |
| 26 Unamortized ITC | | | | | |
| 27 Non-Current Deferred Taxes | 2,267,496 | 2,526,190 | 3,319,185 | 6,893,749 | 8,113,907 |
| 28 Other Deferred Credits | 234,775 | | 19 | 19 | 19 |
| 29 Other Jurisdictional Differences - Net | | | | | |
| 30 Other Liabilities | 5,766,912 | 10,050,995 | 4,323,960 | 7,583,541 | 5,272,971 |
| 31 Total Other Liab. and Def. Credits | 8,269,183 | 12,577,185 | 7,643,164 | 14,477,309 | 13,386,897 |
| STOCKHOLDER'S EQUITY | | | | | |
| 32 Common Stock | 59,908 | 59,845 | 59,846 | 59,846 | 59,846 |
| 33 Preferred Stock | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| 34 Other Paid in Capital | (1,097,469) | (1,226,345) | (1,260,878) | (1,260,878) | (1,260,878) |
| 35 Retained Earnings | 38,119,287 | 35,560,546 | 37,120,032 | 33,473,694 | 40,932,473 |
| 36 Total Stockholder's Equity | 37,581,726 | \$34,894,046 | \$36,419,000 | 32,772,662 | 40,231,441 |
| 37 Total Liab. and Stockholder's Equity | \$78,209,853 | \$71,711,890 | \$66,239,502 | \$66,186,532 | \$69,114,595 |

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

| INCOME STATEMENT | 2009 | 2008 | 2007 | 2006 | 2005 | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|-----------|
| TELEPHONE OPERATING REVENUES | | | | | | |
| Local Network Services | \$3,026,623 | \$3,171,932 | \$3,437,353 | \$3,631,319 | \$3,987,206 | 1 |
| Network Access Services | 8,801,159 | 8,839,860 | 8,942,465 | 9,469,723 | 10,531,607 | 2 |
| Long Distance Network Services | 612,767 | 990,026 | 1,439,444 | 1,087,867 | 1,303,026 | 3 |
| Miscellaneous Revenues | 3,519,253 | 3,992,082 | 3,966,512 | 4,268,616 | 4,378,543 | 4 |
| Less: Uncollectible Revenues | 330,000 | 216,962 | 301,000 | 32,500 | 179,000 | 5 |
| Total Operating Revenues | 15,629,802 | 16,776,938 | 17,484,774 | 18,425,025 | 20,021,382 | 6 |
| TELEPHONE OPERATING EXPENSES | | | | | | |
| Network Support Expenses | | | | 12,035 | 8,764 | 7 |
| General Support Expenses | 560,798 | 614,284 | 616,969 | 898,232 | 652,010 | 8 |
| Central Office Switching | 622,072 | 730,264 | 701,625 | 673,581 | 604,984 | 9 |
| Operator Systems Expense | | | 88 | | | 10 |
| Central Office Transmission | 1,598,115 | 1,672,982 | 1,179,985 | 1,451,358 | 1,261,462 | 11 |
| Info. Origination/Termination | 974,710 | 1,162,764 | 958,748 | 1,021,874 | 1,002,534 | 12 |
| Cable & Wire Facilities | 431,718 | 643,380 | 538,320 | 811,693 | 1,044,012 | 13 |
| Total Plant Specific Operations | 4,187,413 | 4,823,674 | 3,995,734 | 4,868,773 | 4,573,766 | 14 |
| Other Plant, Property & Equipment | 1,523 | (60,775) | 48,225 | 180,753 | 36,070 | 15 |
| Network Operations | 694,823 | 728,698 | 709,825 | 893,658 | 926,791 | 16 |
| Access Expense | (379) | 9,027 | 1,055 | | | 17 |
| Depreciation and Amortization | 4,106,702 | 4,001,162 | 3,798,761 | 3,590,189 | 3,744,436 | 18 |
| Total Plant Non-Specific Operations | 4,802,669 | 4,678,112 | 4,557,866 | 4,664,600 | 4,707,296 | 19 |
| Marketing Expense | 1,401,199 | 1,665,320 | 1,207,287 | 692,691 | 910,113 | 20 |
| Services Expense | 2,381,235 | 2,537,056 | 2,849,868 | 3,159,195 | 3,078,303 | 21 |
| Total Customer Operations | 3,782,434 | 4,202,376 | 4,057,154 | 3,851,886 | 3,988,415 | 22 |
| Executive & Planning | 1,035,212 | 1,228,752 | 1,645,519 | 1,530,299 | 1,581,076 | 23 |
| General & Administrative | 3,874,853 | 2,890,724 | 3,776,284 | 6,250,744 | 6,841,809 | 24 |
| Provision - Uncollectible Notes Rec. | | | | | | 25 |
| Other | | | | | | 26 |
| Total Corporate Operations | 4,910,065 | 4,119,476 | 5,421,804 | 7,781,043 | 8,422,885 | 27 |
| Total Operations Expense | 17,682,581 | 17,823,638 | 18,032,559 | 21,166,301 | 21,692,362 | 28 |
| Other Operating Income & Expenses | | | | 610,910 | | 29 |
| State & Local Income Taxes | | | | | | 30 |
| Other Taxes | 1,233,719 | 1,165,936 | 1,159,006 | 1,033,862 | 1,281,462 | 31 |
| Net Operating Income Before FIT | (3,286,497) | (2,212,636) | (1,706,791) | (3,164,228) | (2,952,442) | 32 |
| Investment Tax Credits - Net | | | | | (107) | 33 |
| Federal Income Taxes | 2,885,656 | 2,782,178 | 2,636,907 | (220,924) | (1,036,662) | 34 |
| Provision - Def. Operating Income Taxes - Net | | | | | (11,183) | 35 |
| Net Operating Income | (\$6,172,153) | (\$4,994,814) | (\$4,343,698) | (\$2,943,304) | (\$1,904,704) | 36 |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---------------|---------------|---------------|---------------|---------------|
| 37 Net Operating Income | (\$6,172,153) | (\$4,994,814) | (\$4,343,698) | (\$2,943,304) | (\$1,904,704) |
| NON-OPERATING INCOME & EXPENSES | | | | | |
| 38 Dividend Income | | | | | 200,659 |
| 39 Interest Income | 51,665 | 69,631 | 321,601 | 454,165 | 256,162 |
| 40 Income - Sinking and Other Funds | | | | | |
| 41 Allowance for Funds Used During Construction | | | 69,380 | 16,772 | 11,645 |
| 42 Gains/Losses - Disposal of Property | 97,202 | 12,181 | (19,884) | 4,317 | 98,287 |
| 43 Equity in Earnings of Affiliated Companies | 323,799 | 467,728 | 391,465 | 133,563 | 78,315 |
| 44 Other Non-Operating Income | 12,502,530 | 10,436,103 | 9,714,379 | 9,475,960 | 10,821,574 |
| 45 Special Charges | 32,067 | 64,955 | 47,858 | 158,009 | 44,312 |
| 46 Total Non-Operating Income & Expenses | 12,943,129 | 10,920,688 | 10,429,083 | 9,926,768 | 11,422,331 |
| NON-OPERATING TAXES | | | | | |
| 47 Federal Income Taxes | | | (47,536) | 2,191,252 | 3,721,813 |
| 48 Other | | | | | |
| 49 Total Non-Operating Taxes | | | (47,536) | 2,191,252 | 3,721,813 |
| 50 Income Available Before Interest Charges | 6,770,976 | 5,925,874 | 6,132,921 | 4,792,211 | 5,795,815 |
| INTEREST CHARGES | | | | | |
| 51 Interest on Funded Debt | 148,159 | 328,803 | 590,810 | 684,668 | 599,384 |
| 52 Other Interest Expense | (47,519) | (218,114) | 50,210 | 110,064 | 26,617 |
| 53 Total Interest Charges | 100,640 | 110,689 | 641,020 | 794,733 | 626,001 |
| 54 Income Before Extraordinary & Nonreg Items | 6,670,336 | 5,815,185 | 5,491,901 | 3,997,479 | 5,169,814 |
| EXTRAORDINARY & NONREG ITEMS | | | | | |
| 55 Extraordinary Items | | | | | |
| 56 Nonregulated Revenues | | | | | |
| 57 Total Extraordinary & Nonregulated Items | | | | | |
| 58 Net Income | \$6,670,336 | \$5,815,185 | \$5,491,901 | \$3,997,479 | \$5,169,814 |
| RETAINED EARNINGS STATEMENT | | | | | |
| Unappropriated Retained Earnings: | | | | | |
| 59 Beginning Year Balance | \$35,092,818 | \$36,728,567 | \$33,340,131 | \$40,854,158 | \$40,496,921 |
| 60 Transferred from Income | 6,346,536 | 5,347,459 | 5,100,437 | 3,863,916 | 5,091,499 |
| 61 Appropriations | | | | | |
| Dividends Declared: | | | | | |
| 62 Preferred Stock | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| 63 Common Stock | 4,735,742 | 4,289,024 | 4,281,424 | 9,633,204 | 4,281,424 |
| 64 Adjustments | (1,116,876) | (2,669,184) | 2,594,423 | (1,719,739) | (427,838) |
| 65 Ending Year Balance | 37,795,488 | 35,092,818 | 36,728,567 | 33,340,131 | 40,854,158 |
| 66 Appropriated/Undistr Affiliate Retained Earnings | 323,799 | 467,728 | 391,465 | 133,563 | 78,315 |
| 67 Total Retained Earnings | \$38,119,287 | \$35,560,546 | \$37,120,032 | \$33,473,694 | \$40,932,473 |