

Table 1 T

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$517,920	\$533,202	\$531,058	\$516,782	\$474,013
2 Accounts Receivable (Net)	1,184,599	1,278,897	1,366,073	1,216,082	2,555,861
3 Current Deferred Income Taxes	243	219	498	336	331,006
4 Other Current Assets	255,199	260,535	282,711	279,558	388,468
5 Total Current Assets	1,957,961	2,072,854	2,180,340	2,012,758	3,749,349
NON-CURRENT ASSETS					
6 Investments	707,400	635,480	396,054	309,262	703,894
7 Unamortized Debt Issuance Costs	10,867	12,137	13,522	14,879	61,337
8 Deferred Charges	124,777	171,962	248,406	674,406	674,151
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	10,392	14,376	8,968	8,758	1,618,529
11 Other Non-Current Assets	682,100	624,682	833,422	837,128	810,049
12 Total Non-Current Assets	1,535,536	1,458,637	1,500,373	1,844,434	3,867,959
REGULATED PLANT					
13 Total Telecommunications Plant	33,692,455	33,754,697	33,286,321	33,365,894	32,736,782
14 Less: Accumulated Depr and Amort.	22,113,415	21,927,878	21,226,826	20,390,940	18,796,098
15 Net Regulated Plant	11,579,040	11,826,819	12,059,495	12,974,955	13,940,683
16 Total Assets & Other Debits	\$15,072,537	\$15,358,310	\$15,740,208	\$16,832,147	\$21,557,992
CURRENT LIABILITIES					
17 Accounts Payable	\$957,444	\$883,358	\$1,165,188	\$1,460,835	\$3,680,996
18 Notes Payable	2,066,512	3,628,674	2,722,602	2,660,318	2,054,298
19 Advanced Billings	170,288	174,493	190,768	200,132	206,944
20 Customer Deposits	7,879	7,874	8,339	9,228	9,857
21 Current Maturities - Long-Term Debt	255,437	5,362	7,714	207,301	155,618
22 Current Deferred Income Taxes	33,392	38,633	11,693	(88,518)	389,689
23 Other Current Liabilities	634,606	652,327	679,546	813,877	994,953
24 Total Current Liabilities	4,125,558	5,390,722	4,785,850	5,263,173	7,492,356
LONG-TERM DEBT					
25 Long-Term Debt	2,688,367	2,943,851	2,954,251	2,971,502	3,868,233
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC	21,113	23,270	25,482	27,957	87,884
27 Non-Current Deferred Taxes	197,547	549,279	436,008	639,400	2,202,339
28 Other Deferred Credits	319,192	244,076	294,014	885,933	712,434
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	4,130,901	3,706,415	4,459,565	4,540,819	4,013,944
31 Total Other Liab. and Def. Credits	4,668,753	4,523,040	5,215,069	6,094,110	7,016,601
STOCKHOLDER'S EQUITY					
32 Common Stock	29,566	29,566	29,566	29,566	29,566
33 Preferred Stock	927	927	927	1,013	1,013
34 Other Paid in Capital	5,694,225	2,683,867	2,682,325	2,116,346	2,106,606
35 Retained Earnings	(2,134,859)	(213,662)	72,220	356,436	1,043,616
36 Total Stockholder's Equity	3,589,860	2,500,698	2,785,038	2,503,361	3,180,802
37 Total Liab. and Stockholder's Equity	\$15,072,537	\$15,358,310	\$15,740,208	\$16,832,147	\$21,557,992

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$2,752,108	\$2,964,835	\$3,175,438	\$3,473,892	\$3,853,342	1
Network Access Services	2,552,088	2,496,956	2,536,691	2,494,329	2,578,678	2
Long Distance Network Services	148,407	155,158	177,714	185,174	213,341	3
Miscellaneous Revenues	914,672	1,147,550	1,332,562	1,529,821	1,384,931	4
Less: Uncollectible Revenues	69,034	43,201	82,563	51,026	202,941	5
Total Operating Revenues	6,298,242	6,721,298	7,139,842	7,632,191	7,827,351	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	17,153	19,928	17,233	14,904	11,435	7
General Support Expenses	438,264	486,098	481,540	501,949	458,867	8
Central Office Switching	252,480	262,220	264,336	261,667	243,867	9
Operator Systems Expense	654	739	1,120	893	713	10
Central Office Transmission	141,796	137,523	135,887	130,098	126,758	11
Info. Origination/Termination	381,404	309,824	285,597	302,992	308,526	12
Cable & Wire Facilities	1,071,522	1,119,694	1,113,271	1,096,016	1,014,055	13
Total Plant Specific Operations	2,303,272	2,336,026	2,298,982	2,308,519	2,164,222	14
Other Plant, Property & Equipment	9,168	10,030	13,864	8,408	7,999	15
Network Operations	822,627	867,448	844,357	796,145	875,037	16
Access Expense	142,516	172,510	189,427	175,656	181,755	17
Depreciation and Amortization	1,580,841	1,703,941	1,831,106	2,298,959	2,289,236	18
Total Plant Non-Specific Operations	2,555,153	2,753,929	2,878,754	3,279,169	3,354,027	19
Marketing Expense	408,004	324,353	308,485	307,524	311,189	20
Services Expense	661,537	699,909	731,325	725,700	754,092	21
Total Customer Operations	1,069,541	1,024,263	1,039,809	1,033,224	1,065,281	22
Executive & Planning	40,905	43,363	49,703	84,949	70,442	23
General & Administrative	1,114,173	1,073,459	1,021,026	1,116,245	1,945,829	24
Provision - Uncollectible Notes Rec.				0	0	25
Other						26
Total Corporate Operations	1,155,078	1,116,822	1,070,729	1,201,195	2,016,270	27
Total Operations Expense	7,083,044	7,231,039	7,288,274	7,822,107	8,599,800	28
Other Operating Income & Expenses	87,379	138,559	310,827	(423)	(9,941)	29
State & Local Income Taxes	189	5,104	390	126	59	30
Other Taxes	531,020	577,345	557,259	622,347	722,231	31
Net Operating Income Before FIT	(1,228,631)	(953,631)	(395,254)	(812,812)	(1,504,679)	32
Investment Tax Credits - Net	2,152	2,211	2,472	10,017	3,151	33
Federal Income Taxes	(205,732)	(286,289)	(9,407)	(484,355)	(520,569)	34
Provision - Def. Operating Income Taxes - Net	(245,982)	(90,539)	(184,522)	148,362	(82,300)	35
Net Operating Income	(\$774,766)	(\$574,591)	(\$198,852)	(\$466,802)	(\$898,659)	36

Table 3 T

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(774,766)	(574,591)	(198,852)	(466,802)	(898,659)
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	482	83	795	487	303
39 Interest Income	49,619	44,204	20,122	33,356	11,286
40 Income - Sinking and Other Funds		236	63		1
41 Allowance for Funds Used During Construction	19,854	21,504	18,925	9,896	13,865
42 Gains/Losses - Disposal of Property	80	1,072	105	385	48
43 Equity in Earnings of Affiliated Companies	32,058	31,343	48,867	118,310	41,618
44 Other Non-Operating Income	19,610	22,851	9,071	37,182	78,842
45 Special Charges	10,782	15,150	16,946	18,427	13,255
46 Total Non-Operating Income & Expenses	110,921	106,155	81,000	181,189	132,707
NON-OPERATING TAXES					
47 Federal Income Taxes	13,903	14,690	126	24,590	29,003
48 Other	2,051	6,024	24,562	2,704	5,097
49 Total Non-Operating Taxes	15,954	20,713	24,688	27,294	34,099
50 Income Available Before Interest Charges	(679,798)	(489,149)	(142,541)	(312,907)	(800,051)
INTEREST CHARGES					
51 Interest on Funded Debt	204,603	205,713	208,823	234,104	301,037
52 Other Interest Expense	174,339	193,388	151,751	79,969	134,244
53 Total Interest Charges	378,942	399,101	360,574	314,073	458,531
54 Income Before Extraordinary & Nonreg Items	(1,058,740)	(888,250)	(503,115)	(626,980)	(1,258,582)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items	19	622			(453,043)
56 Nonregulated Revenues	384,640	234,735	239,770	215,933	225,233
57 Total Extraordinary & Nonregulated Items	384,659	235,356	239,770	215,933	(227,810)
58 Net Income	(\$67,395)	(\$65,276)	(\$26,329)	(\$41,096)	(\$148,609)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	(\$334,139)	(\$19,211)	\$314,760	\$1,048,553	\$1,575,789
60 Transferred from Income	(763,122)	(684,604)	(312,211)	(455,148)	(556,706)
61 Appropriations		(720)			
Dividends Declared:					
62 Preferred Stock	3,149	180	51	54	54
63 Common Stock	211,985	26,937	105,748	100,117	207,162
64 Adjustments	(973,612)	(393,514)	87,048	(173,626)	230,467
65 Ending Year Balance	(2,286,007)	(334,139)	(16,202)	319,609	1,042,332
66 Appropriated/Undistr Affiliate Retained Earnings	151,149	120,477	88,422	36,827	1,284
67 Total Retained Earnings	(\$2,134,859)	(\$213,662)	\$72,220	\$356,436	\$1,043,616

Table 1 WT

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$50,246	\$50,089	\$45,861	\$69,782	\$56,690
2 Accounts Receivable (Net)	199,495	202,276	234,416	225,058	1,257,420
3 Current Deferred Income Taxes	243	219	498	336	311
4 Other Current Assets	27,300	27,925	29,186	28,530	33,258
5 Total Current Assets	277,284	280,509	309,961	323,707	1,347,679
NON-CURRENT ASSETS					
6 Investments	366,026	296,209	44,277	(38,979)	357,579
7 Unamortized Debt Issuance Costs	259	308	386	437	491
8 Deferred Charges	5,366	5,342	10,779	11,155	10,359
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	10,392	14,376	8,968	8,758	8,043
11 Other Non-Current Assets	211,874	207,967	209,572	213,469	219,620
12 Total Non-Current Assets	593,916	524,202	273,983	194,839	596,093
REGULATED PLANT					
13 Total Telecommunications Plant	3,607,887	3,543,404	3,472,326	3,413,223	3,333,981
14 Less: Accumulated Depr and Amort.	2,378,370	2,221,796	2,070,638	1,932,258	1,777,718
15 Net Regulated Plant	1,229,518	1,321,609	1,401,689	1,480,965	1,556,263
16 Total Assets & Other Debits	\$2,100,718	\$2,126,320	\$1,985,633	\$1,999,511	\$3,500,035
CURRENT LIABILITIES					
17 Accounts Payable	\$137,441	\$95,983	\$121,682	\$192,279	\$1,714,667
18 Notes Payable	3,078	2,883	4,483	6,518	6,997
19 Advanced Billings	13,871	14,637	12,963	13,268	12,779
20 Customer Deposits	189	227	298	360	399
21 Current Maturities - Long-Term Debt	3,770	3,826	5,990	6,198	4,690
22 Current Deferred Income Taxes	(44)	(18)	(11)	(14)	326
23 Other Current Liabilities	18,369	27,292	18,535	24,008	26,916
24 Total Current Liabilities	176,674	144,829	163,941	242,616	1,766,774
LONG-TERM DEBT					
25 Long-Term Debt	37,207	43,479	55,009	74,990	78,498
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC	13	20	28	44	109
27 Non-Current Deferred Taxes	185,659	209,441	195,543	169,766	159,786
28 Other Deferred Credits	29,330	27,716	16,484	18,153	20,182
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	146,564	143,095	134,185	129,752	140,827
31 Total Other Liab. and Def. Credits	361,567	380,273	346,240	317,715	320,903
STOCKHOLDER'S EQUITY					
32 Common Stock	28,566	28,566	28,566	28,566	28,566
33 Preferred Stock	927	927	927	1,013	1,013
34 Other Paid in Capital	549,765	548,720	547,158	544,178	543,572
35 Retained Earnings	946,013	979,526	843,791	790,432	760,707
36 Total Stockholder's Equity	1,525,271	1,557,739	1,420,442	1,364,189	1,333,859
37 Total Liab. and Stockholder's Equity	\$2,100,718	\$2,126,320	\$1,985,633	\$1,999,511	\$3,500,035

Table 2 WT

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

INCOME STATEMENT	2007	2006	2006	2006	2006	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$315,834	\$326,776	\$343,882	\$349,594	\$352,074	1
Network Access Services	344,285	357,159	405,914	400,590	398,183	2
Long Distance Network Services	5,771	6,867	8,092	9,243	10,297	3
Miscellaneous Revenues	196,544	192,191	152,695	154,037	158,468	4
Less: Uncollectible Revenues	10,458	6,714	5,835	6,737	14,614	5
Total Operating Revenues	851,977	876,280	904,748	906,727	904,408	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	1,245	1,115	1,079	1,322	1,001	7
General Support Expenses	35,101	39,852	43,242	57,482	45,570	8
Central Office Switching	26,614	27,485	25,980	26,999	27,656	9
Operator Systems Expense	283	340	531	531	255	10
Central Office Transmission	13,222	13,832	13,691	12,765	12,223	11
Info. Origination/Termination	21,002	21,675	19,304	18,516	21,665	12
Cable & Wire Facilities	55,746	56,626	61,258	63,786	62,993	13
Total Plant Specific Operations	153,213	160,925	165,085	181,402	171,363	14
Other Plant, Property & Equipment	189	309	255	171	239	15
Network Operations	54,062	54,126	55,072	53,979	58,303	16
Access Expense	17,567	23,382	26,639	23,367	22,883	17
Depreciation and Amortization	176,583	177,868	179,417	179,860	135,936	18
Total Plant Non-Specific Operations	248,400	255,686	261,383	257,377	217,361	19
Marketing Expense	26,562	24,187	21,357	20,245	20,633	20
Services Expense	70,305	72,555	73,525	78,388	82,386	21
Total Customer Operations	96,868	96,742	94,881	98,633	103,019	22
Executive & Planning	17,838	19,124	20,969	53,225	19,907	23
General & Administrative	53,899	66,186	68,106	70,704	75,318	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	71,737	85,310	89,075	123,929	95,225	27
Total Operations Expense	570,217	598,662	610,425	661,341	586,968	28
Other Operating Income & Expenses	41	622	12	88	(42)	29
State & Local Income Taxes	175	5,104	171	107	202	30
Other Taxes	49,893	52,976	50,914	51,121	52,297	31
Net Operating Income Before FIT	231,732	220,159	243,251	194,245	264,900	32
Investment Tax Credits - Net	2	7	13	62	125	33
Federal Income Taxes	82,694	78,443	90,503	60,675	42,244	34
Provision - Def. Operating Income Taxes - Net	(4,095)	(2,947)	(8,485)	10,096	29,718	35
Net Operating Income	\$153,135	\$144,670	\$161,246	\$123,535	\$193,062	36

Table 3 WT

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

	2007	2006	2006	2006	2006
37 Net Operating Income	\$153,135	\$144,670	\$161,246	\$123,535	\$193,062
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income			795		
39 Interest Income	26,590	20,491	5,757	16,247	4,008
40 Income - Sinking and Other Funds		236	63		1
41 Allowance for Funds Used During Construction	975	934	778	1,100	1,590
42 Gains/Losses - Disposal of Property	82	1,072	101	393	62
43 Equity in Earnings of Affiliated Companies	1,510	388	(739)	(2,276)	(4,099)
44 Other Non-Operating Income	19,031	20,257	8,389	12,498	8,183
45 Special Charges	1,043	3,240	191	1,855	3,407
46 Total Non-Operating Income & Expenses	47,145	40,138	14,954	26,108	6,339
NON-OPERATING TAXES					
47 Federal Income Taxes	7,764	7,722	3,075	4,189	(2,613)
48 Other	1,396	1,248	20	69	(763)
49 Total Non-Operating Taxes	9,159	8,970	3,095	4,258	(3,377)
50 Income Available Before Interest Charges	191,121	175,838	173,104	145,385	202,778
INTEREST CHARGES					
51 Interest on Funded Debt	2,676	3,607	4,534	5,168	5,682
52 Other Interest Expense	8,046	6,998	6,931	7,894	62,306
53 Total Interest Charges	10,723	10,606	11,465	13,063	67,988
54 Income Before Extraordinary & Nonreg Items	180,398	165,233	161,639	132,322	134,789
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items	19	622			
56 Nonregulated Revenues	56,535	(39)	(49)	(123)	(27)
57 Total Extraordinary & Nonregulated Items	56,554	583	(49)	(123)	(27)
58 Net Income	\$236,952	\$165,815	\$161,590	\$132,199	\$134,762
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$968,522	\$830,879	\$777,670	\$748,181	\$655,045
60 Transferred from Income	178,941	165,155	162,327	134,962	115,916
61 Appropriations	-	(720)	-	-	-
Dividends Declared:					
62 Preferred Stock	3,149	180	51	54	54
63 Common Stock	211,985	26,937	105,748	100,117	27,162
64 Adjustments	2,556	3,672	(310)	(453)	(1,785)
65 Ending Year Balance	934,886	973,309	833,888	782,519	741,961
66 Appropriated/Undistr Affiliate Retained Earnings	11,127	11,004	9,903	7,914	18,747
67 Total Retained Earnings	\$946,013	\$984,313	\$843,791	\$790,432	\$760,707

Table 1 AT

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$464,346	\$483,628	\$485,615	\$447,839	\$419,455
2 Accounts Receivable (Net)	1,119,158	1,214,152	1,282,792	1,132,139	2,379,264
3 Current Deferred Income Taxes					330,696
4 Other Current Assets	241,073	246,577	268,220	265,374	372,700
5 Total Current Assets	1,824,577	1,944,357	2,036,627	1,845,352	3,502,115
NON-CURRENT ASSETS					
6 Investments	521,416	455,644	270,903	209,924	614,395
7 Unamortized Debt Issuance Costs	10,608	11,829	13,136	14,443	60,845
8 Deferred Charges	119,515	166,557	242,869	668,115	668,056
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					1,610,486
11 Other Non-Current Assets	654,951	601,605	808,905	811,945	783,814
12 Total Non-Current Assets	1,306,491	1,235,635	1,335,814	1,704,426	3,737,596
REGULATED PLANT					
13 Total Telecommunications Plant	32,626,339	32,703,913	32,264,254	32,365,938	31,760,610
14 Less: Accumulated Depr and Amort.	21,415,686	21,273,212	20,616,772	19,823,080	18,270,778
15 Net Regulated Plant	11,210,654	11,430,701	11,647,481	12,542,858	13,489,832
16 Total Assets & Other Debits	\$14,341,722	\$14,610,693	\$15,019,923	\$16,092,636	\$20,729,544
CURRENT LIABILITIES					
17 Accounts Payable	\$919,815	\$849,901	\$1,124,397	\$1,409,329	\$3,523,032
18 Notes Payable	2,063,434	3,625,792	2,718,119	2,653,800	2,047,302
19 Advanced Billings	165,303	170,446	187,089	196,461	203,332
20 Customer Deposits	7,674	7,628	8,056	8,924	9,556
21 Current Maturities - Long-Term Debt	251,667	1,536	1,725	201,103	150,928
22 Current Deferred Income Taxes	33,435	38,651	11,703	(88,503)	389,363
23 Other Current Liabilities	625,335	635,009	670,170	800,533	981,109
24 Total Current Liabilities	4,066,664	5,328,963	4,721,259	5,181,646	7,304,622
LONG-TERM DEBT					
25 Long-Term Debt	2,651,160	2,900,372	2,899,241	2,896,512	3,789,734
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC	21,100	23,250	25,454	27,913	87,776
27 Non-Current Deferred Taxes	149,429	494,426	374,492	581,095	2,151,689
28 Other Deferred Credits	285,588	276,926	275,923	867,252	695,881
29 Other Jurisdictional Differences - Net		13,082			
30 Other Liabilities	4,094,940	3,667,511	4,423,745	4,502,054	3,971,990
31 Total Other Liab. and Def. Credits	4,551,057	4,475,195	5,099,613	5,978,314	6,907,336
STOCKHOLDER'S EQUITY					
32 Common Stock	1,001	1,001	1,001	1,001	1,001
33 Preferred Stock					
34 Other Paid in Capital	5,595,697	2,586,383	2,586,404	2,023,405	2,014,271
35 Retained Earnings	(2,523,858)	(604,338)	(287,596)	11,757	712,580
36 Total Stockholder's Equity	3,072,840	1,983,046	2,299,809	2,036,163	2,727,852
37 Total Liab. and Stockholder's Equity	\$14,341,722	\$14,610,693	\$15,019,923	\$16,092,636	\$20,729,544

Table 2 AT

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$2,665,193	\$2,871,445	\$3,077,417	\$3,372,888	\$3,752,278	1
Network Access Services	2,411,631	2,353,678	2,377,340	2,338,886	2,418,736	2
Long Distance Network Services	144,025	150,050	171,760	178,556	206,063	3
Miscellaneous Revenues	860,186	1,090,278	1,281,839	1,477,066	1,332,997	4
Less: Uncollectible Revenues	66,706	41,978	80,877	49,184	200,420	5
Total Operating Revenues	6,014,329	6,423,471	6,827,479	7,318,212	7,509,655	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	16,379	19,161	16,510	14,085	10,707	7
General Support Expenses	425,303	471,827	469,728	486,331	443,522	8
Central Office Switching	239,894	249,365	253,068	249,911	232,985	9
Operator Systems Expense	625	704	1,110	884	713	10
Central Office Transmission	134,630	131,217	129,503	124,242	119,864	11
Info. Origination/Termination	374,961	303,431	279,933	296,647	301,341	12
Cable & Wire Facilities	1,055,007	1,103,337	1,095,385	1,078,231	995,903	13
Total Plant Specific Operations	2,246,798	2,279,044	2,245,238	2,250,331	2,105,034	14
Other Plant, Property & Equipment	8,979	9,717	13,609	8,241	7,763	15
Network Operations	805,436	850,229	827,605	778,735	855,811	16
Access Expense	134,708	163,980	180,477	167,730	175,299	17
Depreciation and Amortization	1,525,445	1,647,147	1,776,499	2,242,903	2,241,442	18
Total Plant Non-Specific Operations	2,474,567	2,671,074	2,798,189	3,197,609	3,280,315	19
Marketing Expense	397,809	316,365	301,263	300,301	303,902	20
Services Expense	635,422	672,652	707,007	698,543	727,021	21
Total Customer Operations	1,033,231	989,017	1,008,269	998,844	1,030,923	22
Executive & Planning	28,329	30,182	35,189	65,387	56,190	23
General & Administrative	1,083,253	1,036,997	985,292	1,083,922	1,906,874	24
Provision - Uncollectible Notes Rec.				0	0	25
Other						26
Total Corporate Operations	1,111,582	1,067,179	1,020,481	1,149,309	1,963,064	27
Total Operations Expense	6,866,178	7,006,313	7,072,178	7,596,093	8,379,336	28
Other Operating Income & Expenses	87,339	137,938	310,815	(510)	(9,898)	29
State & Local Income Taxes	14	4,815	219	16	(143)	30
Other Taxes	513,725	559,430	541,103	605,133	705,616	31
Net Operating Income Before FIT	(1,278,249)	(1,009,149)	(475,207)	(883,540)	(1,585,052)	32
Investment Tax Credits - Net	2,150	2,204	2,459	9,956	3,026	33
Federal Income Taxes	(228,919)	(310,768)	(39,419)	(503,056)	(540,918)	34
Provision - Def. Operating Income Taxes - Net	(242,781)	(85,565)	(181,074)	143,928	(85,415)	35
Net Operating Income	(\$804,399)	(\$610,611)	(\$252,255)	(\$514,457)	(\$955,693)	36

Table 3 AT

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(\$804,399)	(\$610,611)	(\$252,255)	(\$514,457)	(\$955,693)
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	38,101	29,802	14,586	29,353	10,067
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	19,554	21,277	18,705	9,453	13,495
42 Gains/Losses - Disposal of Property	5	97	3	3	(14)
43 Equity in Earnings of Affiliated Companies	30,548	30,955	49,605	120,586	45,717
44 Other Non-Operating Income	(3,827)	(1,899)	(3,939)	22,958	68,354
45 Special Charges	10,014	13,839	16,984	17,615	11,350
46 Total Non-Operating Income & Expenses	74,367	66,394	61,977	164,739	126,267
NON-OPERATING TAXES					
47 Federal Income Taxes	10,826	5,155	(5,349)	18,785	29,354
48 Other	655	4,776	24,542	2,635	5,861
49 Total Non-Operating Taxes	11,481	9,931	19,193	21,421	35,215
50 Income Available Before Interest Charges	(741,513)	(554,148)	(209,471)	(371,138)	(864,640)
INTEREST CHARGES					
51 Interest on Funded Debt	201,926	202,106	204,289	228,936	295,355
52 Other Interest Expense	173,017	192,450	150,271	78,972	126,542
53 Total Interest Charges	374,943	394,556	354,560	307,908	421,897
54 Income Before Extraordinary & Nonreg Items	(1,116,456)	(948,704)	(564,031)	(679,046)	(1,286,537)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					(453,043)
56 Nonregulated Revenues	384,689	234,773	239,819	216,056	225,261
57 Total Extraordinary & Nonregulated Items	384,689	234,773	239,819	216,056	(227,782)
58 Net Income	(\$731,768)	(\$713,931)	(\$324,212)	(\$462,990)	(\$1,514,319)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	(\$713,812)	(\$366,112)	(\$17,156)	\$730,043	\$1,266,525
60 Transferred from Income	(818,900)	(744,886)	(373,818)	(509,367)	(588,733)
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	155,000		149,859	64,660	180,000
64 Adjustments	(976,169)	(397,187)	87,359	(173,172)	232,251
65 Ending Year Balance	(2,663,880)	(1,508,185)	(453,473)	(17,156)	730,043
66 Appropriated/Undistr Affiliate Retained Earnings	140,022	109,474	78,518	28,913	(17,463)
67 Total Retained Earnings	(\$2,523,858)	(\$604,338)	(\$287,596)	\$11,757	\$712,580

Table 1 BT

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$53,574	\$49,574	\$45,443	\$68,943	\$54,558
2 Accounts Receivable (Net)	65,441	64,745	83,281	83,943	176,597
3 Current Deferred Income Taxes	243	219	498	336	311
4 Other Current Assets	14,126	13,958	14,490	14,185	15,768
5 Total Current Assets	133,384	128,497	143,712	167,406	247,234
NON-CURRENT ASSETS					
6 Investments	185,984	179,836	125,151	99,339	89,499
7 Unamortized Debt Issuance Costs	259	308	386	437	491
8 Deferred Charges	5,262	5,405	5,537	6,291	6,095
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	10,392	14,376	8,968	8,758	8,043
11 Other Non-Current Assets	27,148	23,077	24,517	25,183	26,235
12 Total Non-Current Assets	229,045	223,002	164,559	140,008	130,363
REGULATED PLANT					
13 Total Telecommunications Plant	1,066,116	1,050,784	1,022,068	999,957	976,172
14 Less: Accumulated Depr and Amort.	697,730	654,666	610,054	567,860	525,321
15 Net Regulated Plant	368,386	396,118	412,014	432,097	450,851
16 Total Assets & Other Debits	\$730,815	\$747,617	\$720,285	\$739,511	\$828,448
CURRENT LIABILITIES					
17 Accounts Payable	\$37,630	\$33,457	\$40,791	\$51,506	\$157,964
18 Notes Payable	3,078	2,883	4,483	6,518	6,997
19 Advanced Billings	4,985	4,047	3,678	3,671	3,612
20 Customer Deposits	205	246	283	305	301
21 Current Maturities - Long-Term Debt	3,770	3,826	5,990	6,198	4,690
22 Current Deferred Income Taxes	(44)	(18)	(11)	(14)	326
23 Other Current Liabilities	9,271	17,319	9,376	13,343	13,845
24 Total Current Liabilities	58,894	61,758	64,591	81,527	187,734
LONG-TERM DEBT					
25 Long-Term Debt	37,207	43,479	55,009	74,990	78,498
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC	13	20	28	44	109
27 Non-Current Deferred Taxes	48,118	54,853	61,516	58,305	50,650
28 Other Deferred Credits	33,604	(32,850)	(45,830)	(41,382)	(50,392)
29 Other Jurisdictional Differences - Net		(13,082)	(13,347)	(13,392)	(12,807)
30 Other Liabilities	35,961	38,904	35,821	38,766	41,954
31 Total Other Liab. and Def. Credits	117,696	124,728	115,456	115,796	109,266
STOCKHOLDER'S EQUITY					
32 Common Stock	28,565	28,565	28,565	28,565	28,565
33 Preferred Stock	927	927	927	1,013	1,013
34 Other Paid in Capital	98,528	97,484	95,921	92,941	92,335
35 Retained Earnings	388,999	390,676	359,816	344,678	331,036
36 Total Stockholder's Equity	517,019	517,652	485,230	467,198	452,950
37 Total Liab. and Stockholder's Equity	\$730,815	\$747,617	\$720,285	\$739,511	\$828,448

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

INCOME STATEMENT	2006	2005	2004	2003		
TELEPHONE OPERATING REVENUES						
Local Network Services	\$86,915	\$93,390	\$98,021	\$101,005	\$101,064	1
Network Access Services	140,457	143,279	159,350	155,443	159,942	2
Long Distance Network Services	4,382	5,109	5,954	6,618	7,279	3
Miscellaneous Revenues	54,486	57,272	50,723	52,755	51,933	4
Less: Uncollectible Revenues	2,328	1,223	1,686	1,842	2,521	5
Total Operating Revenues	283,913	297,827	312,363	313,979	317,696	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	774	767	723	819	728	7
General Support Expenses	12,961	14,271	11,812	15,619	15,345	8
Central Office Switching	12,586	12,854	11,268	11,756	10,882	9
Operator Systems Expense	29	34	10	9	0	10
Central Office Transmission	7,166	6,306	6,384	5,856	6,895	11
Info. Origination/Termination	6,443	6,393	5,663	6,345	7,185	12
Cable & Wire Facilities	16,514	16,357	17,886	17,785	18,152	13
Total Plant Specific Operations	56,474	56,982	53,744	58,188	59,188	14
Other Plant, Property & Equipment	189	313	255	167	235	15
Network Operations	17,191	17,218	16,752	17,411	19,226	16
Access Expense	7,809	8,530	8,951	7,926	6,456	17
Depreciation and Amortization	55,397	56,794	54,606	56,056	47,794	18
Total Plant Non-Specific Operations	80,586	82,855	80,564	81,560	73,712	19
Marketing Expense	10,195	7,988	7,222	7,223	7,286	20
Services Expense	26,115	27,257	24,318	27,157	27,071	21
Total Customer Operations	36,310	35,246	31,540	34,380	34,358	22
Executive & Planning	12,576	13,181	14,515	19,563	14,251	23
General & Administrative	30,920	36,462	35,733	32,323	38,955	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	43,496	49,643	50,248	51,886	53,206	27
Total Operations Expense	216,865	224,726	216,096	226,014	220,464	28
Other Operating Income & Expenses	41	622	12	88	(42)	29
State & Local Income Taxes	175	290	171	110	202	30
Other Taxes	17,295	17,915	16,156	17,215	16,615	31
Net Operating Income Before FIT	49,618	55,518	79,952	70,728	80,373	32
Investment Tax Credits - Net	2	7	13	62	125	33
Federal Income Taxes	23,187	24,480	30,011	18,701	20,348	34
Provision - Def. Operating Income Taxes - Net	(3,200)	(4,974)	(3,448)	4,434	3,116	35
Net Operating Income	\$29,633	\$36,020	\$53,402	\$47,655	\$57,033	36

Table 3 BT

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$29,633	\$36,020	\$53,402	\$47,655	\$57,033
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	482	83	795	487	303
39 Interest Income	11,518	14,402	5,536	4,002	1,219
40 Income - Sinking and Other Funds	-	236	63	-	1
41 Allowance for Funds Used During Construction	300	227	220	443	370
42 Gains/Losses - Disposal of Property	75	975	101	381	62
43 Equity in Earnings of Affiliated Companies	1,510	388	(739)	(2,276)	(4,099)
44 Other Non-Operating Income	23,437	24,750	13,010	14,224	10,489
45 Special Charges	768	1,311	(38)	812	1,905
46 Total Non-Operating Income & Expenses	36,555	39,762	19,023	16,450	6,439
NON-OPERATING TAXES					
47 Federal Income Taxes	3,077	9,535	5,475	5,805	(350)
48 Other	1,396	1,248	20	69	(763)
49 Total Non-Operating Taxes	4,473	10,782	5,495	5,874	(1,116)
50 Income Available Before Interest Charges	61,715	64,999	66,930	58,231	64,589
INTEREST CHARGES					
51 Interest on Funded Debt	2,676	3,607	4,534	5,168	5,682
52 Other Interest Expense	1,322	938	1,480	996	7,702
53 Total Interest Charges	3,999	4,545	6,014	6,165	36,634
54 Income Before Extraordinary & Nonreg Items	57,716	60,454	60,916	52,066	27,954
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items	19	622	-	-	-
56 Nonregulated Revenues	(49)	(39)	(49)	(123)	(27)
57 Total Extraordinary & Nonregulated Items	(30)	583	(49)	(123)	(27)
58 Net Income	\$57,686	\$61,037	\$60,867	\$51,944	\$27,927
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$379,673	\$346,902	\$331,916	\$318,510	\$309,264
60 Transferred from Income	55,778	60,282	61,606	54,219	32,027
61 Appropriations		(720)			
Dividends Declared:					
62 Preferred Stock	3,149	180	51	54	54
63 Common Stock	56,985	26,937	43,248	35,457	27,162
64 Adjustments	2,556	3,672	(310)	(453)	(1,785)
65 Ending Year Balance	377,873	379,673	349,913	336,765	312,289
66 Appropriated/Undistr Affiliate Retained Earnings	11,127	11,004	9,903	7,914	18,747
67 Total Retained Earnings	\$388,999	\$390,676	\$359,816	\$344,678	\$331,036

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$19,797,189	\$4,686,925	\$5,671,736	\$6,165,133	\$1,231,496
2 Accounts Receivable (Net)	4,615,554	5,687,632	5685823	5,700,495	7,563,360
3 Current Deferred Income Taxes					
4 Other Current Assets	678,024	526,257	240,015	335,735	589,136
5 Total Current Assets	25,090,767	10,900,814	11,597,574	12,201,363	9,383,992
NON-CURRENT ASSETS					
6 Investments				36,000	36,000
7 Unamortized Debt Issuance Costs			60,350	71,776	83,201
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets	837,230	808,573	3,167,390	4,010,107	3,321,045
12 Total Non-Current Assets	837,230	808,573	3,227,740	4,117,883	3,440,246
REGULATED PLANT					
13 Total Telecommunications Plant	207,552,726	207,245,247	199,186,576	195,208,908	192,803,748
14 Less: Accumulated Depr and Amort.	137,844,672	129,620,859	120,746,036	114,021,473	107,836,078
15 Net Regulated Plant	69,708,054	77,624,388	78,440,540	81,187,435	84,967,670
16 Total Assets & Other Debits	\$95,636,051	\$89,333,775	\$93,265,854	\$97,506,681	\$97,791,908
CURRENT LIABILITIES					
17 Accounts Payable	\$1,946,825	\$4,107,084	\$1,437,016	\$2,587,020	\$2,493,049
18 Notes Payable					
19 Advanced Billings	1,677,086	1,154,898	912,108	985,418	1,002,353
20 Customer Deposits	4,950	21,082	24,140	14,090	14,450
21 Current Maturities - Long-Term Debt			2,272,400	2,272,400	2,272,400
22 Current Deferred Income Taxes					
23 Other Current Liabilities	2,012,036	4,036,705	1,828,494	1,230,700	1,784,952
24 Total Current Liabilities	5,640,897	9,319,769	6,474,158	7,089,628	7,567,204
LONG-TERM DEBT					
25 Long-Term Debt			8,456,800	10,729,200	13,001,600
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	13,211,798	14,643,756	16,868,887	18,613,527	16,960,510
28 Other Deferred Credits	1,442,113	1,803,130	1,244,072	1,456,738	2,127,005
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	285,074	346,381	471,871	681,856	115,437
31 Total Other Liab. and Def. Credits	14,938,985	16,793,267	18,584,830	20,752,121	19,202,952
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	4,527,661	4,527,661	4,527,661
35 Retained Earnings	51,039,963	39,204,533	38,517,012	37,702,677	36,787,098
36 Total Stockholder's Equity	75,056,169	63,220,739	59,750,066	58,935,731	58,020,152
37 Total Liab. and Stockholder's Equity	\$95,636,051	\$89,333,775	\$93,265,854	\$97,506,680	\$97,791,908

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$18,502,938	\$21,929,075	\$25,168,635	\$26,745,285	\$27,489,753	1
Network Access Services	24,277,114	22,673,630	22,079,824	22,142,551	22,080,878	2
Long Distance Network Services	1,077,001	1,440,859	1,649,941	1,855,933	2,126,556	3
Miscellaneous Revenues	5,203,497	6,018,559	6,928,431	6,954,226	7,100,083	4
Less: Uncollectible Revenues	430,589	360,629	647,983	689,099	620,168	5
Total Operating Revenues	48,629,961	51,701,494	55,178,848	57,008,896	58,177,102	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	354,345	333,635	321,959	409,113	357,906	7
General Support Expenses	1,798,798	2,159,767	2,265,146	2,157,114	2,327,021	8
Central Office Switching	1,737,536	1,972,798	2,208,233	1,980,410	2,114,433	9
Operator Systems Expense						10
Central Office Transmission	973,909	1,026,668	1,060,259	829,904	947,655	11
Info. Origination/Termination	209,048	226,510	221,530	228,324	236,230	12
Cable & Wire Facilities	3,471,088	3,440,480	3,578,149	3,477,026	4,120,442	13
Total Plant Specific Operations	8,544,724	9,159,858	9,655,276	9,081,891	10,103,687	14
Other Plant, Property & Equipment	(9,927)	7,225	4,367	25,826	59,347	15
Network Operations	3,161,450	3,059,637	3,143,152	3,046,745	2,940,691	16
Access Expense	1,583,898	1,657,259	1,715,088	1,429,716	1,301,041	17
Depreciation and Amortization	10,218,267	9,887,642	9,681,082	9,553,704	9,395,139	18
Total Plant Non-Specific Operations	14,953,688	14,611,763	14,543,689	14,055,991	13,696,218	19
Marketing Expense	3,706,999	2,301,812	1,781,140	1,756,540	1,877,241	20
Services Expense	2,597,376	2,547,742	3,262,046	3,379,559	3,635,801	21
Total Customer Operations	6,304,375	4,849,554	5,043,186	5,136,099	5,513,042	22
Executive & Planning	481,060	433,640	367,528	408,842	433,313	23
General & Administrative	3,340,394	6,020,856	3,712,973	3,848,097	4,246,896	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	3,821,454	6,454,496	4,080,501	4,256,939	4,680,209	27
Total Operations Expense	33,624,241	35,075,671	33,322,652	32,530,920	33,993,156	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	4,540,725	4,538,931	3,158,682	4,574,631	4,673,686	31
Net Operating Income Before FIT	10,464,995	12,086,892	18,697,514	19,903,345	19,510,260	32
Investment Tax Credits - Net						33
Federal Income Taxes	5,014,799	5,523,446	7,644,646	4,589,005	6,222,831	34
Provision - Def. Operating Income Taxes - Net	(1,356,320)	(1,279,903)	(1,124,000)	2,273,659	442,082	35
Net Operating Income	\$6,806,516	\$7,843,349	\$12,176,868	\$13,040,681	\$12,845,347	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$6,806,516	\$7,843,349	\$12,176,868	\$13,040,681	\$12,845,347
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income			2,066	2,160	1,512
39 Interest Income	318,779	365,835	304,874	104,830	56,149
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	57,469	72,179	74,907	87,835	90,558
42 Gains/Losses - Disposal of Property					5,218
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	11,661,169	(2,264,554)	(7,033,516)	(7,250,603)	(7,413,652)
45 Special Charges					
46 Total Non-Operating Income & Expenses	12,037,417	(1,826,540)	(6,651,669)	(7,055,778)	(7,260,215)
NON-OPERATING TAXES					
47 Federal Income Taxes	111,573	(1,074,815)	(2,353,942)	(2,500,262)	(2,572,774)
48 Other					
49 Total Non-Operating Taxes	111,573	(1,074,815)	(2,353,942)	(2,500,262)	(2,572,774)
50 Income Available Before Interest Charges	18,732,360	7,091,624	7,879,141	8,485,165	8,157,906
INTEREST CHARGES					
51 Interest on Funded Debt		622,045	1,156,058	1,368,768	1,582,889
52 Other Interest Expense	219,468	130,058	11,749	11,816	28,542
53 Total Interest Charges	219,468	752,103	1,167,807	1,380,584	1,611,431
54 Income Before Extraordinary & Nonreg Items	18,512,892	6,339,521	6,711,334	7,104,581	6,546,475
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$18,512,892	\$6,339,521	\$6,711,334	\$7,104,581	\$6,546,475
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$39,204,533	\$38,517,012	\$37,702,677	\$36,787,098	\$35,603,626
60 Transferred from Income	18,512,892	6,339,521	6,711,334	7,104,581	6,546,475
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	6,677,462	5,652,000	5,896,999	6,189,002	5,363,003
64 Adjustments					
65 Ending Year Balance	51,039,963	39,204,533	38,517,012	37,702,677	36,787,098
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$51,039,963	\$39,204,533	\$38,517,012	\$37,702,677	\$36,787,098

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$1,031,414	\$1,361,588	\$1,641,919	\$1,454,246	\$1,171,996
2 Accounts Receivable (Net)	693,712	694,029	696,355	864,553	858,297
3 Current Deferred Income Taxes	19,044	17,602	15,843	13,845	11,511
4 Other Current Assets	165,881	132,105	161,777	134,911	146,520
5 Total Current Assets	1,910,052	2,205,324	2,515,894	2,467,555	2,188,324
NON-CURRENT ASSETS					
6 Investments					
7 Unamortized Debt Issuance Costs				1,003	2,118
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	8,127	9,242
REGULATED PLANT					
13 Total Telecommunications Plant	13,931,518	13,558,568	13,392,455	12,863,882	12,223,945
14 Less: Accumulated Depr and Amort.	8,305,193	7,673,029	7,184,844	6,479,884	5,742,660
15 Net Regulated Plant	5,626,325	5,885,538	6,207,611	6,383,998	6,481,285
16 Total Assets & Other Debits	\$7,543,501	\$8,097,987	\$8,730,629	\$8,859,680	\$8,678,851
CURRENT LIABILITIES					
17 Accounts Payable	\$412,574	\$330,602	\$262,699	\$215,496	\$149,589
18 Notes Payable					
19 Advanced Billings	94,520	112,556	106,922	100,840	95,434
20 Customer Deposits					
21 Current Maturities - Long-Term Debt	149,402	145,072	140,338	142,380	138,008
22 Current Deferred Income Taxes					
23 Other Current Liabilities	188,412	340,074	140,811	148,568	159,417
24 Total Current Liabilities	844,908	928,304	650,770	607,284	542,448
LONG-TERM DEBT					
25 Long-Term Debt	3,207,377	3,353,937	3,501,270	3,635,270	3,773,292
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC		4,973	4,973	4,973	4,973
27 Non-Current Deferred Taxes	718,566	921,379	1,119,547	1,072,303	1,052,142
28 Other Deferred Credits	54,126	50,007	44,979	39,271	32,603
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					
31 Total Other Liab. and Def. Credits	772,692	976,359	1,169,499	1,116,547	1,089,718
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	2,454,523	2,575,386	3,145,090	3,236,579	3,009,393
36 Total Stockholder's Equity	2,718,523	2,839,386	3,409,090	3,500,579	3,273,393
37 Total Liab. and Stockholder's Equity	\$7,543,501	\$8,097,987	\$8,730,629	\$8,859,680	\$8,678,851

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$692,079	\$821,620	\$818,686	\$829,674	\$837,798	1
Network Access Services	3,311,468	3,220,005	3,106,648	3,233,824	2,911,006	2
Long Distance Network Services	13,910	26,703	48,464	75,679	90,113	3
Miscellaneous Revenues	646,532	681,570	558,005	447,527	392,475	4
Less: Uncollectible Revenues	38,627	28,500	18,041	19,401	47,955	5
Total Operating Revenues	4,625,362	4,721,398	4,513,762	4,567,303	4,183,437	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses						7
General Support Expenses	128,038	103,555	93,522	97,971	92,372	8
Central Office Switching	257,248	273,672	241,369	256,665	262,501	9
Operator Systems Expense						10
Central Office Transmission	261,258	167,069	176,968	98,348	40,817	11
Info. Origination/Termination	422,733	363,009	394,683	281,293	133,517	12
Cable & Wire Facilities	421,934	417,102	401,656	353,973	431,723	13
Total Plant Specific Operations	1,491,212	1,324,407	1,308,198	1,088,250	960,930	14
Other Plant, Property & Equipment			791			15
Network Operations	368,788	329,855	348,172	274,230	344,729	16
Access Expense	24,106	24,142	23,954	23,822	19,144	17
Depreciation and Amortization	897,049	913,896	924,596	864,309	621,521	18
Total Plant Non-Specific Operations	1,289,942	1,267,892	1,297,513	1,162,361	985,394	19
Marketing Expense	25,761	14,748	14,814	8,580	12,079	20
Services Expense	306,258	313,076	312,925	291,599	277,638	21
Total Customer Operations	332,018	327,824	327,739	300,179	289,717	22
Executive & Planning	470,641	456,653	484,507	529,481	361,289	23
General & Administrative	873,062	815,705	798,790	804,384	851,575	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,343,703	1,272,358	1,283,297	1,333,865	1,212,864	27
Total Operations Expense	4,456,876	4,192,482	4,216,747	3,884,655	3,448,905	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	226,146	263,071	236,609	260,959	261,802	31
Net Operating Income Before FIT	(57,660)	265,844	60,406	421,689	472,730	32
Investment Tax Credits - Net					3,125	33
Federal Income Taxes	(83,823)	32,190	(7,986)	(4,691)	(14,678)	34
Provision - Def. Operating Income Taxes - Net				17,828	56,194	35
Net Operating Income	\$26,163	\$233,654	\$68,392	\$408,552	\$434,339	36

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

	2007	2006		2004	2003
37 Net Operating Income	\$26,163	\$233,654	\$68,392	\$408,552	\$434,339
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	33,381	37,425	29,943	17,469	9,148
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					12,778
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income		1,360	3,970		2,000
45 Special Charges	2,360	2,425	1,204	2,655	1,080
46 Total Non-Operating Income & Expenses	31,021	36,360	32,709	14,814	22,846
NON-OPERATING TAXES					
47 Federal Income Taxes	6,704	5,400	7,566	3,607	322
48 Other					
49 Total Non-Operating Taxes	6,704	5,400	7,566	3,607	322
50 Income Available Before Interest Charges	50,480	264,614	93,535	419,759	456,863
INTEREST CHARGES					
51 Interest on Funded Debt	171,343	178,319	185,024	191,457	197,667
52 Other Interest Expense				1,116	1,116
53 Total Interest Charges	171,343	178,319	185,024	192,573	198,783
54 Income Before Extraordinary & Nonreg Items	(120,863)	86,295	(91,489)	227,186	258,080
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$120,863)	\$86,295	(\$91,489)	\$227,186	\$258,080
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$2,575,386	\$2,620,091	\$3,236,579	\$3,009,391	\$2,751,311
60 Transferred from Income	(120,863)	86,295	(91,489)	227,186	258,080
61 Appropriations					
Dividends Declared:					
62 Preferred Stock		131,000			
63 Common Stock					
64 Adjustments					
65 Ending Year Balance	2,454,523	2,575,386	3,145,090	3,236,577	3,009,391
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$2,454,523	\$2,575,386	\$3,145,090	\$3,236,577	\$3,009,391

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$15,234	\$105,268	\$1,439,927	\$1,564,044	\$1,952,416
2 Accounts Receivable (Net)	908,139	1,026,179	850,156	585,065	577,255
3 Current Deferred Income Taxes	18,699	6,227	75,875		
4 Other Current Assets	28,461	186,340	394,061	374,890	313,243
5 Total Current Assets	970,534	1,324,014	2,760,020	2,523,999	2,842,914
NON-CURRENT ASSETS					
6 Investments	1,515,456	1,217,352	1,633,127	4,182,083	4,740,351
7 Unamortized Debt Issuance Costs	16,749	19,540	23,262	31,100	34,586
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	660,959	646,615	140,897	125,822	598,946
11 Other Non-Current Assets	634,459	630,408	(5,402)	7,787	175,765
12 Total Non-Current Assets	2,827,623	2,513,915	1,791,884	4,346,792	5,549,648
REGULATED PLANT					
13 Total Telecommunications Plant	15,966,007	15,437,328	15,344,140	14,628,188	14,209,490
14 Less: Accumulated Depr and Amort.	10,418,868	9,364,592	8,399,351	7,499,948	6,633,384
15 Net Regulated Plant	5,547,139	6,072,735	6,944,789	7,128,240	7,576,106
16 Total Assets & Other Debits	\$9,345,295	\$9,910,665	\$11,496,693	\$13,999,031	\$15,968,668
CURRENT LIABILITIES					
17 Accounts Payable	(\$1,259,152)	(\$404,582)	\$3,664,933	\$493,579	\$483,786
18 Notes Payable					
19 Advanced Billings			1,064	12,958	3,870
20 Customer Deposits					
21 Current Maturities - Long-Term Debt	141,576	132,997	124,938		
22 Current Deferred Income Taxes					
23 Other Current Liabilities	183,299	1,000,473	(19,651)	(169,527)	1,311,780
24 Total Current Liabilities	(934,277)	728,888	3,771,283	337,010	1,799,436
LONG-TERM DEBT					
25 Long-Term Debt	958,620	1,100,196	1,233,193	2,787,460	3,058,186
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	797,027	985,823	853,632	982,786	1,031,872
28 Other Deferred Credits	1,888,454	1,977,624	333,377	333,377	369,588
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	10,000	30,000	424,009	166,838	203,512
31 Total Other Liab. and Def. Credits	2,695,481	2,993,447	1,611,018	1,483,001	1,604,972
STOCKHOLDER'S EQUITY					
32 Common Stock	81,160	81,160	81,160	81,160	81,160
33 Preferred Stock					
34 Other Paid in Capital	1,140,000				(38,681)
35 Retained Earnings	5,404,311	5,006,975	4,800,039	9,310,400	9,463,595
36 Total Stockholder's Equity	6,625,471	5,088,135	4,881,199	9,391,560	9,506,074
37 Total Liab. and Stockholder's Equity	\$9,345,295	\$9,910,665	\$11,496,693	\$13,999,031	\$15,968,668

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,177,147	\$1,206,253	\$1,264,620	\$1,514,717	\$1,392,146	1
Network Access Services	2,671,872	2,460,939	2,608,241	2,372,411	2,501,935	2
Long Distance Network Services	10,428	11,427	10,320	(339)	(433)	3
Miscellaneous Revenues	416,541	405,532	464,252	451,713	520,138	4
Less: Uncollectible Revenues	65,299	(12,006)	(9,966)	16,200	16,200	5
Total Operating Revenues	4,210,689	4,096,157	4,357,399	4,322,302	4,397,586	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	1	5,866	11,420	19,565	18,609	7
General Support Expenses	304,074	426,438	386,913	336,339	392,397	8
Central Office Switching	234,816	172,157	230,366	241,275	189,800	9
Operator Systems Expense						10
Central Office Transmission	15,852	13,418	39,496	36,443	73,983	11
Info. Origination/Termination		61,503	30,143	31,537	38,643	12
Cable & Wire Facilities	176,994	258,456	303,319	395,080	352,534	13
Total Plant Specific Operations	731,736	937,838	1,001,658	1,060,239	1,065,966	14
Other Plant, Property & Equipment	426		13,466		2,474	15
Network Operations	254,011	143,280	147,917	19,075	25,432	16
Access Expense	114,959	46,724	60,237			17
Depreciation and Amortization	1,051,085	965,242	932,036	895,832	864,102	18
Total Plant Non-Specific Operations	1,420,482	1,155,246	1,153,657	914,907	892,008	19
Marketing Expense	61,971	69,394	96,787	13,737	74,802	20
Services Expense	654,312	654,030	612,866	546,320	524,334	21
Total Customer Operations	716,283	723,424	709,653	560,057	599,136	22
Executive & Planning	226,660	138,567	446,456	409,587	457,611	23
General & Administrative	495,619	514,222	1,004,544	557,202	823,477	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	722,279	652,789	1,451,000	966,789	1,281,088	27
Total Operations Expense	3,590,779	3,469,297	4,315,968	3,501,992	3,838,198	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	204,183	551,392	171,893	230,822	234,104	31
Net Operating Income Before FIT	415,727	75,468	(130,462)	589,488	325,284	32
Investment Tax Credits - Net						33
Federal Income Taxes	426,046	133,601	(158,667)	(227,364)	(4,240)	34
Provision - Def. Operating Income Taxes - Net	(306,502)	(449,400)	(10,326)	371,572	29,480	35
Net Operating Income	\$296,183	\$391,267	\$38,530	\$445,280	\$300,044	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$296,183	\$391,267	\$38,530	\$445,280	\$300,044
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income			114,873	86,938	62,062
39 Interest Income	3,329	8,256	4,960	14,422	15,685
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	(280,409)	274,868
44 Other Non-Operating Income			(1,901)		
45 Special Charges	575	835	2,640	26,343	46,694
46 Total Non-Operating Income & Expenses	199,875	1,158,067	329,784	(205,392)	305,921
NON-OPERATING TAXES					
47 Federal Income Taxes		(142,595)	(78,531)	12,280	8,224
48 Other	(98,125)	943,725			
49 Total Non-Operating Taxes	(98,125)	801,130	(78,531)	12,280	8,224
50 Income Available Before Interest Charges	594,183	748,204	446,845	227,608	597,741
INTEREST CHARGES					
51 Interest on Funded Debt	94,820	114,546	168,641	222,796	242,218
52 Other Interest Expense	99,882	3,722	6,027	3,486	3,575
53 Total Interest Charges	194,702	118,268	174,668	226,282	245,793
54 Income Before Extraordinary & Nonreg Items	399,481	629,936	272,177	1,326	351,948
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues	(2,145)				
57 Total Extraordinary & Nonregulated Items	(2,145)				
58 Net Income	\$397,336	\$629,936	\$272,177	\$1,326	\$351,948
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$4,827,811	\$4,800,039	\$9,590,809	\$6,738,533	\$6,815,975
60 Transferred from Income	221,308	450,772	57,684	281,735	77,080
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock		423,000	4,782,536	154,521	154,522
64 Adjustments					
65 Ending Year Balance	\$5,049,119	4,827,811	4,865,957	6,865,747	6,738,533
66 Appropriated/Undistr Affiliate Retained Earnings	355,192	179,164	(65,918)	2,444,653	2,725,062
67 Total Retained Earnings	\$5,404,311	\$5,006,975	\$4,800,039	\$9,310,400	\$9,463,595

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$1,044	\$2,718	\$4,700	\$4,028	\$1,323
2 Accounts Receivable (Net)	59,655	83,767	90,197	204,065	189,922
3 Current Deferred Income Taxes	3,714	3,300	2,898	2,458	2,016
4 Other Current Assets	395,558	274,136	109,580	13,215	4,788
5 Total Current Assets	459,971	363,921	207,375	223,766	198,049
NON-CURRENT ASSETS					
6 Investments	(9,565)	23,598	519	86,862	264,394
7 Unamortized Debt Issuance Costs					1,102
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	56,665	56,552	54,743	49,097	19,290
11 Other Non-Current Assets					
12 Total Non-Current Assets	47,100	80,150	55,262	135,959	284,786
REGULATED PLANT					
13 Total Telecommunications Plant	2,743,380	2,704,137	2,661,167	2,626,661	3,044,491
14 Less: Accumulated Depr and Amort.	1,518,940	1,379,314	1,227,415	1,083,126	1,490,623
15 Net Regulated Plant	1,224,440	1,324,823	1,433,752	1,543,535	1,553,868
16 Total Assets & Other Debits	\$1,731,511	\$1,768,894	\$1,696,389	\$1,903,260	\$2,036,703
CURRENT LIABILITIES					
17 Accounts Payable	\$40,321	\$33,292	\$20,319	\$498,027	\$527,653
18 Notes Payable				(250,000)	(270,000)
19 Advanced Billings					
20 Customer Deposits	3,157	4,295	8,345	8,343	10,175
21 Current Maturities - Long-Term Debt					22,993
22 Current Deferred Income Taxes					
23 Other Current Liabilities	15,435	15,208	10,934	(56,325)	4,147
24 Total Current Liabilities	58,913	52,795	39,598	200,045	294,968
LONG-TERM DEBT					
25 Long-Term Debt					118,674
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC				1,869	3,833
27 Non-Current Deferred Taxes	280,128	293,305	262,785	236,022	131,730
28 Other Deferred Credits	17,708	16,492	15,307	13,052	973
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					
31 Total Other Liab. and Def. Credits	297,836	309,797	278,092	250,943	136,536
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	1,346,962	1,378,502	1,350,899	1,424,472	1,458,725
36 Total Stockholder's Equity	1,374,762	1,406,302	1,378,699	1,452,272	1,486,525
37 Total Liab. and Stockholder's Equity	\$1,731,511	\$1,768,894	\$1,696,389	\$1,903,260	\$2,036,703

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$230,917	\$233,149	\$231,694	\$228,391	\$192,867	1
Network Access Services	618,505	672,025	690,150	664,491	657,905	2
Long Distance Network Services	982	1,360	1,923	2,999	5,464	3
Miscellaneous Revenues	88,929	96,524	94,135	104,222	121,156	4
Less: Uncollectible Revenues	2,958	1,617	(11,841)	8,032	2,463	5
Total Operating Revenues	936,375	1,001,441	1,029,743	992,071	974,929	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses			222	895	(326)	7
General Support Expenses	73,539	73,355	76,181	64,430	70,499	8
Central Office Switching	19,958	29,509	20,976	77,040	108,428	9
Operator Systems Expense						10
Central Office Transmission	55,247	58,289	54,191	58,870	55,160	11
Info. Origination/Termination						12
Cable & Wire Facilities	48,304	35,250	39,828	45,379	51,885	13
Total Plant Specific Operations	197,048	196,403	191,398	246,614	285,646	14
Other Plant, Property & Equipment	492	519	608	1,176	(3,952)	15
Network Operations	102,118	97,917	96,635	73,296	53,008	16
Access Expense	10,690	11,147	11,285	10,741		17
Depreciation and Amortization	157,022	154,594	153,439	150,366	115,739	18
Total Plant Non-Specific Operations	270,322	264,177	261,967	235,579	164,795	19
Marketing Expense	21,977	18,810	16,174	18,676	20,928	20
Services Expense	112,680	102,574	104,709	107,589	128,836	21
Total Customer Operations	134,657	121,384	120,883	126,265	149,764	22
Executive & Planning	259,537	307,928	187,678	179,274	166,762	23
General & Administrative	67,969	67,203	64,651	87,336	45,290	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	327,506	375,131	252,329	266,610	212,052	27
Total Operations Expense	929,533	957,095	826,577	875,068	812,257	28
Other Operating Income & Expenses	28	10	101	2,950		29
State & Local Income Taxes						30
Other Taxes	37,189	38,692	33,267	45,475	40,151	31
Net Operating Income Before FIT	(30,319)	5,664	170,000	74,478	122,521	32
Investment Tax Credits - Net						33
Federal Income Taxes	7,719	6,242	27,470	(54,622)	16,104	34
Provision - Def. Operating Income Taxes - Net	(13,703)	(9,322)	19,770	82,860	28,652	35
Net Operating Income	(\$24,335)	\$8,744	\$122,760	\$46,240	\$77,765	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(\$24,335)	\$8,744	\$122,760	\$46,240	\$77,765
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income					
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	1,415	212	222	30,794	1,537
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	(33,163)	23,079	(66,343)	92,468	104,137
44 Other Non-Operating Income					
45 Special Charges			377		116
46 Total Non-Operating Income & Expenses	(31,748)	23,291	(66,498)	123,262	105,558
NON-OPERATING TAXES					
47 Federal Income Taxes		16,593			
48 Other					
49 Total Non-Operating Taxes		16,593			
50 Income Available Before Interest Charges	(56,083)	15,442	56,262	169,502	183,323
INTEREST CHARGES					
51 Interest on Funded Debt				2,337	7,587
52 Other Interest Expense	(24,543)	(12,161)	(2,215)	(7,082)	(14,316)
53 Total Interest Charges	(24,543)	(12,161)	(2,215)	(4,745)	(6,729)
54 Income Before Extraordinary & Nonreg Items	(31,540)	27,603	58,477	174,247	190,052
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$31,540)	\$27,603	\$58,477	\$174,247	\$190,052
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$1,134,904	\$1,130,380	\$1,137,610	\$1,264,331	\$1,178,416
60 Transferred from Income	1,623	4,524	124,820	81,779	85,915
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock			132,050	208,500	
64 Adjustments					
65 Ending Year Balance	1,136,527	1,134,904	1,130,380	1,137,610	1,264,331
66 Appropriated/Undistr Affiliate Retained Earnings	210,435	243,598	220,519	286,862	194,394
67 Total Retained Earnings	\$1,346,962	\$1,378,502	\$1,350,899	\$1,424,472	\$1,458,725

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$373,204	\$343,955	\$118,860	\$481,622	\$275,263
2 Accounts Receivable (Net)	1,582,393	1,442,987	874,750	606,712	757,240
3 Current Deferred Income Taxes	20,781	19,143	17,374	15,535	13,641
4 Other Current Assets	307,411	363,814	307,924	277,368	297,874
5 Total Current Assets	2,283,789	2,169,899	1,318,908	1,381,237	1,344,018
NON-CURRENT ASSETS					
6 Investments	135,293	204,274	148,730		231,027
7 Unamortized Debt Issuance Costs	11,227	12,676	14,125	15,574	17,023
8 Deferred Charges	114,681				
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	1,125,066	1,144,134	1,054,780	1,120,573	973,742
11 Other Non-Current Assets					
12 Total Non-Current Assets	1,386,267	1,361,084	1,217,635	1,136,147	1,221,792
REGULATED PLANT					
13 Total Telecommunications Plant	13,114,657	13,250,749	13,209,321	12,939,157	11,925,921
14 Less: Accumulated Depr and Amort.	7,415,128	7,262,420	6,881,075	6,417,400	5,857,919
15 Net Regulated Plant	5,699,529	5,988,329	6,328,246	6,521,757	6,068,002
16 Total Assets & Other Debits	\$9,369,585	\$9,519,312	\$8,864,789	\$9,039,141	\$8,633,812
CURRENT LIABILITIES					
17 Accounts Payable	\$306,169	\$224,650	\$249,477	\$447,968	\$556,060
18 Notes Payable					
19 Advanced Billings	188	9,429	7,100	120	(271)
20 Customer Deposits					
21 Current Maturities - Long-Term Debt	146,747	139,634	132,866	120,297	108,887
22 Current Deferred Income Taxes					
23 Other Current Liabilities	653,397	755,190	368,430	1,056,439	583,120
24 Total Current Liabilities	1,106,501	1,128,903	757,873	1,624,824	1,247,796
LONG-TERM DEBT					
25 Long-Term Debt	1,218,363	1,365,121	1,504,773	1,651,577	1,775,530
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC				3,768	15,168
27 Non-Current Deferred Taxes	809,217	816,813	840,844	797,366	740,127
28 Other Deferred Credits	2,418,261	2,413,443	2,408,240	2,402,826	2,405,073
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					267,728
31 Total Other Liab. and Def. Credits	3,227,478	3,230,256	3,249,084	3,203,960	3,428,096
STOCKHOLDER'S EQUITY					
32 Common Stock	210,000	210,000	210,000	210,000	210,000
33 Preferred Stock	138,850	138,850	138,850	138,850	138,850
34 Other Paid in Capital					
35 Retained Earnings	3,468,393	3,446,182	3,004,209	2,209,930	1,833,540
36 Total Stockholder's Equity	3,817,243	3,795,032	3,353,059	2,558,780	2,182,390
37 Total Liab. and Stockholder's Equity	\$9,369,585	\$9,519,312	\$8,864,789	\$9,039,141	\$8,633,812

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,430,372	\$1,469,448	\$1,495,939	\$1,486,194	\$1,476,143	1
Network Access Services 1	3,927,767	4,399,797	4,259,818	3,655,384	3,906,294	2
Long Distance Network Services						3
Miscellaneous Revenues	101,451	115,968	135,013	161,370	240,597	4
Less: Uncollectible Revenues	15,671	5,704	16,800	3,000	1,760	5
Total Operating Revenues	5,443,919	5,979,509	5,873,970	5,299,948	5,621,274	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	17,979	20,975	22,441	23,246	6,981	7
General Support Expenses	523,414	563,802	565,625	496,587	563,272	8
Central Office Switching	364,025	370,039	365,046	302,027	311,941	9
Operator Systems Expense						10
Central Office Transmission	386,224	334,362	212,765	103,196	119,844	11
Info. Origination/Termination						12
Cable & Wire Facilities	389,926	342,411	321,572	313,770	346,956	13
Total Plant Specific Operations	1,681,568	1,631,589	1,487,449	1,238,826	1,348,994	14
Other Plant, Property & Equipment					56	15
Network Operations	405,440	449,958	450,606	343,777	371,982	16
Access Expense	67,418	46,009	48,835	35,483	38,657	17
Depreciation and Amortization	657,119	764,954	702,850	612,248	588,149	18
Total Plant Non-Specific Operations	1,129,977	1,260,921	1,202,291	991,508	998,844	19
Marketing Expense	14,489	17,423	22,131	27,321	98,276	20
Services Expense	315,613	300,395	309,069	282,857	323,083	21
Total Customer Operations	330,102	317,818	331,200	310,178	421,359	22
Executive & Planning	566,073	554,667	675,662	715,306	610,203	23
General & Administrative	1,153,665	1,171,471	793,262	777,455	967,051	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,719,738	1,726,138	1,468,924	1,492,761	1,577,254	27
Total Operations Expense	4,861,385	4,936,466	4,489,864	4,033,273	4,346,451	28
Other Operating Income & Expenses		5		1,010	10	29
State & Local Income Taxes						30
Other Taxes	245,339	253,108	171,128	237,358	202,943	31
Net Operating Income Before FIT	337,195	789,940	1,212,978	1,030,327	1,071,890	32
Investment Tax Credits - Net			3,768	11,400	12,200	33
Federal Income Taxes 1	109,878	372,699	298,900	375,217	1,148,684	34
Provision - Def. Operating Income Taxes - Net	10,255	(115,322)	106,578	(51,035)	(828,643)	35
Net Operating Income	\$217,062	\$532,563	\$811,268	\$717,545	\$764,049	36

1 Restated in 2001

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$217,062	\$532,563	\$811,268	\$717,545	\$764,049
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	17,162	10,733	6,355	2,828	3,898
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	(68,981)	55,544	148,730	(231,027)	74,193
44 Other Non-Operating Income	22,600	20,800	17,750	17,750	30,500
45 Special Charges	16,512	28,656	10,200	17,085	1,119,458
46 Total Non-Operating Income & Expenses	(45,731)	58,421	162,635	(227,534)	(1,010,867)
NON-OPERATING TAXES					
47 Federal Income Taxes	7,905	978	4,625	3,169	(367,884)
48 Other					
49 Total Non-Operating Taxes	7,905	978	4,625	3,169	(367,884)
50 Income Available Before Interest Charges	163,426	590,006	969,278	486,842	121,066
INTEREST CHARGES					
51 Interest on Funded Debt	70,869	77,685	84,073	90,142	95,387
52 Other Interest Expense	1,434	1,436	22,014	358	58,976
53 Total Interest Charges	72,303	79,121	106,087	90,500	154,363
54 Income Before Extraordinary & Nonreg Items	91,123	510,885	863,191	396,342	(33,297)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$91,123	\$510,885	\$863,191	\$396,342	(\$33,297)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$3,446,182	\$3,004,209	\$2,880,931	\$2,322,474	\$2,498,876
60 Transferred from Income	91,123	510,885	714,461	627,369	(107,490)
61 Appropriations					
Dividends Declared:					
62 Preferred Stock	9,024	9,024	9,024	9,024	9,024
63 Common Stock	59,888	59,888	59,888	59,888	59,888
64 Adjustments					
65 Ending Year Balance	3,468,393	3,446,182	3,526,480	2,880,931	2,322,474
66 Appropriated/Undistr Affiliate Retained Earnings			(522,271)	(671,001)	(488,934)
67 Total Retained Earnings	\$3,468,393	\$3,446,182	\$3,004,209	\$2,209,930	\$1,833,540

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$19,101	\$19,476	\$19,028	\$18,386	\$18,859
2 Accounts Receivable (Net)	1,943,218	2,493,500	2,004,183	2,110,350	2,454,170
3 Current Deferred Income Taxes	16,611	22,138	7,555	13,575	10,916
4 Other Current Assets	404,808	522,228	445,990	480,128	505,089
5 Total Current Assets	2,383,738	3,057,342	2,476,756	2,622,439	2,989,034
NON-CURRENT ASSETS					
6 Investments	481,516	440,285	377,747	578,731	542,497
7 Unamortized Debt Issuance Costs					
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	19,883	26,927	32,329	37,490	32,942
11 Other Non-Current Assets					
12 Total Non-Current Assets	501,399	467,212	410,076	616,221	575,439
REGULATED PLANT					
13 Total Telecommunications Plant	29,778,357	30,017,308	29360777.15	29,248,397	28,997,636
14 Less: Accumulated Depr and Amort.	20,553,791	19,094,657	16993392.98	15,410,268	13,743,722
15 Net Regulated Plant	9,224,566	10,922,651	12,367,384	13,838,129	15,253,913
16 Total Assets & Other Debits	\$12,109,704	\$14,447,205	\$15,254,216	\$17,076,790	\$18,818,387
CURRENT LIABILITIES					
17 Accounts Payable	\$1,225,301	1,597,395	\$1,430,897	\$1,668,248	\$1,763,448
18 Notes Payable	257,500	312,500	338,000	382,000	407,000
19 Advanced Billings	22,448	(2,710)	33,184	16,559	30,064
20 Customer Deposits	50,821	55,485	56,074	53,484	52,826
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	213,937	176,116	124,913	210,334	307,328
24 Total Current Liabilities	1,770,007	2,138,786	1,983,067	2,330,625	2,560,666
LONG-TERM DEBT					
25 Long-Term Debt					
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	1,461,296	1,751,686	2,023,989	2,120,966	2,298,222
28 Other Deferred Credits		-			
29 Other Jurisdictional Differences - Net					
30 Other Liabilities		-			
31 Total Other Liab. and Def. Credits	1,461,296	1,751,686	2,023,989	2,120,966	2,298,222
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	4,180,581	5,858,913	6,549,340	7,927,379	9,261,679
36 Total Stockholder's Equity	8,878,401	10,556,733	11,247,160	12,625,199	13,959,499
37 Total Liab. and Stockholder's Equity	\$12,109,704	\$14,447,205	\$15,254,216	\$17,076,790	\$18,818,386

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$2,022,737	\$2,034,378	\$1,939,191	\$2,033,309	\$2,095,886	1
Network Access Services	5,075,334	5,003,427	5,837,573	5,845,267	5,685,865	2
Long Distance Network Services	54,317	108,102	126,460	165,732	181,047	3
Miscellaneous Revenues	476,177	484,235	451,038	460,318	456,740	4
Less: Uncollectible Revenues	60,518	13,120	14,079	63,640	6,654	5
Total Operating Revenues	7,568,047	7,617,022	8,340,183	8,440,986	8,412,884	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	3,266	11,406				7
General Support Expenses	489,826	515,165	345,581	258,064	306,318	8
Central Office Switching	547,078	509,823	545,435	691,309	637,082	9
Operator Systems Expense						10
Central Office Transmission	64		2,219	27,255	32,277	11
Info. Origination/Termination				33		12
Cable & Wire Facilities	655,235	735,587	586,800	552,977	550,899	13
Total Plant Specific Operations	1,695,469	1,771,981	1,480,035	1,529,638	1,526,576	14
Other Plant, Property & Equipment	41,254					15
Network Operations	394,895	418,601	365,741	347,326	308,917	16
Access Expense	215,413	168,122	174,917	191,826	128,154	17
Depreciation and Amortization	1,856,946	1,867,543	1,837,718	1,839,135	1,794,101	18
Total Plant Non-Specific Operations	2,508,508	2,454,266	2,378,376	2,378,287	2,231,172	19
Marketing Expense	426,837	346,966	336,184	472,154	489,336	20
Services Expense	761,798	869,502	818,699	719,339	588,354	21
Total Customer Operations	1,188,635	1,216,468	1,154,883	1,191,493	1,077,690	22
Executive & Planning	252,859	354,528	280,760	372,015	360,008	23
General & Administrative	1,345,051	1,493,492	1,687,294	1,264,256	1,355,227	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,597,910	1,848,020	1,968,054	1,636,271	1,715,235	27
Total Operations Expense	6,990,522	7,290,735	6,981,348	6,735,689	6,550,673	28
Other Operating Income & Expenses		5,889	9,410	10,157	12,033	29
State & Local Income Taxes	5,739	16,130	16,835			30
Other Taxes	473,935	434,972	500,358	516,439	496,642	31
Net Operating Income Before FIT	97,850	(118,926)	851,052	1,199,015	1,377,602	32
Investment Tax Credits - Net						33
Federal Income Taxes	299,143	240,390	443,013	579,756	546,224	34
Provision - Def. Operating Income Taxes - Net	(277,819)	(275,601)	(85,796)	(173,654)	(80,652)	35
Net Operating Income	\$76,527	(\$83,715)	\$493,835	\$792,913	\$912,030	36

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

	2007	2006		2004	2003
37 Net Operating Income	\$76,527	(\$83,715)	\$493,835	\$792,913	\$912,030
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	893	71	72	1,983	91
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	303,232	109,538	16,028	(58,370)	298,094
44 Other Non-Operating Income	(8,137)	31,504	52,600	4,512	11,565
45 Special Charges	6,568	8,509	10,747	13,475	18,414
46 Total Non-Operating Income & Expenses	289,420	132,604	57,953	(65,351)	291,336
NON-OPERATING TAXES					
47 Federal Income Taxes	(883)		10,508	(7,368)	(6,800)
48 Other					
49 Total Non-Operating Taxes	(883)		10,508	(7,368)	(6,800)
50 Income Available Before Interest Charges	366,830	48,889	541,281	734,930	1,210,166
INTEREST CHARGES					
51 Interest on Funded Debt					
52 Other Interest Expense	17,018	19,316	21,308	24,838	25,275
53 Total Interest Charges	17,018	19,316	21,308	24,838	25,275
54 Income Before Extraordinary & Nonreg Items	349,812	29,573	519,973	710,093	1,184,891
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues	(11,145)				
57 Total Extraordinary & Nonregulated Items	(11,145)				
58 Net Income	\$338,667	\$29,573	\$519,973	\$710,093	\$1,184,891
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$5,093,814	\$5,893,779	\$7,287,846	\$14,497,776	\$13,610,979
60 Transferred from Income	35,436	(79,965)	503,945	768,463	886,797
61 Appropriations		(720,000)			
Dividends Declared:					
62 Preferred Stock					
63 Common Stock					
64 Adjustments					
65 Ending Year Balance	5,129,250	5,093,814	7,791,791	15,266,239	14,497,776
66 Appropriated/Undistr Affiliate Retained Earnings	(948,669)	765,099	(1,242,451)	(7,338,862)	(5,236,096)
67 Total Retained Earnings	\$4,180,581	\$5,858,913	\$6,549,340	\$7,927,377	\$9,261,680

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$65,002	\$21,953	\$75,875	\$21,698	\$69,328
2 Accounts Receivable (Net)	3,333,165	3,285,401	2,771,177	2,978,247	2,418,214
3 Current Deferred Income Taxes				3,961	3,961
4 Other Current Assets	250,653	204,119	231,374	257,275	364,309
5 Total Current Assets	3,648,820	3,511,473	3,078,426	3,261,181	2,855,812
NON-CURRENT ASSETS					
6 Investments	(122,801)	1,332,446	1,229,316	1,516,667	2,507,559
7 Unamortized Debt Issuance Costs	1,144	1,709	2,274	2,839	3,404
8 Deferred Charges	3,000	6,000	14,793	27,813	77,345
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	534,698	616,937	282,333	291,342	148,950
11 Other Non-Current Assets	747,071	743,382	739,889	736,735	782,967
12 Total Non-Current Assets	1,163,112	2,700,474	2,268,605	2,575,396	3,520,225
REGULATED PLANT					
13 Total Telecommunications Plant	14,559,988	13,548,280	13,247,072	12,930,028	12,739,437
14 Less: Accumulated Depr and Amort.	8,740,535	8,102,282	7,542,775	6,987,606	6,509,066
15 Net Regulated Plant	5,819,453	5,445,998	5,704,297	5,942,422	6,230,371
16 Total Assets & Other Debits	\$10,631,385	\$11,657,945	\$11,051,328	\$11,778,999	\$12,606,408
CURRENT LIABILITIES					
17 Accounts Payable	\$605,667	\$497,131	\$196,000	\$466,213	\$466,208
18 Notes Payable	250,000	53,584	418,145	490,273	409,817
19 Advanced Billings	16,766	14,561	14,730	20,433	16,717
20 Customer Deposits	4,361	4,111	4,101	4,241	3,981
21 Current Maturities - Long-Term Debt	200,540	190,825	202,400		
22 Current Deferred Income Taxes					
23 Other Current Liabilities	59,473	568,039	196,507	214,861	155,447
24 Total Current Liabilities	1,136,807	1,328,251	1,031,883	1,196,021	1,052,170
LONG-TERM DEBT					
25 Long-Term Debt	621,098	821,643	1012445	1,439,678	1,667,972
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	1,055,341	1,095,146	1,157,667	1,203,499	1,177,348
28 Other Deferred Credits	1,389,249	1,608,125	714,000	719,506	429,455
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	215,000	238,000	148,000	169,000	207,000
31 Total Other Liab. and Def. Credits	2,659,590	2,941,271	2,019,667	2,092,005	1,813,803
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	22,502	18,577	11,877	3,069	(3,778)
35 Retained Earnings	5,999,288	6,356,103	6,783,356	6,856,126	7,884,141
36 Total Stockholder's Equity	6,213,890	6,566,780	6,987,333	7,051,295	8,072,463
37 Total Liab. and Stockholder's Equity	\$10,631,385	\$11,657,945	\$11,051,328	\$11,778,999	\$12,606,408

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$850,846	\$991,676	\$978,490	\$907,535	\$991,966	1
Network Access Services	1,655,074	1,680,438	1,855,401	1,812,416	2,110,610	2
Long Distance Network Services	30,128	31,377	35,150	64,504	72,110	3
Miscellaneous Revenues	424,289	277,114	208,679	227,599	350,978	4
Less: Uncollectible Revenues	8,611	452	28,120	21,343	4,800	5
Total Operating Revenues	2,951,726	2,980,153	3,049,600	2,990,711	3,520,864	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	11,183	10,115	10,297	9,548	12,751	7
General Support Expenses	106,406	100,114	91,526	111,471	154,573	8
Central Office Switching	201,688	203,186	220,490	235,986	204,065	9
Operator Systems Expense						10
Central Office Transmission	6,357	7,150	7,515	15,756	7,895	11
Info. Origination/Termination				3,908	304	12
Cable & Wire Facilities	309,814	309,159	246,959	254,540	276,529	13
Total Plant Specific Operations	635,448	629,724	576,787	631,209	656,117	14
Other Plant, Property & Equipment						15
Network Operations	68,906	72,218	35,782	32,514	33,119	16
Access Expense	37,798	37,173	36,184	39,571	26,237	17
Depreciation and Amortization	654,875	669,185	634,420	624,557	663,274	18
Total Plant Non-Specific Operations	761,579	778,576	706,386	696,642	722,630	19
Marketing Expense	33,499	34,475	28,393	31,392	112,775	20
Services Expense	282,160	315,319	352,294	341,832	440,038	21
Total Customer Operations	315,659	349,794	380,687	373,224	552,813	22
Executive & Planning	346,419	402,573	378,188	375,360	521,314	23
General & Administrative	454,700	555,160	453,466	421,909	537,652	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	801,119	957,733	831,654	797,269	1,058,966	27
Total Operations Expense	2,513,805	2,715,827	2,495,514	2,498,344	2,990,526	28
Other Operating Income & Expenses	402	800	119	193	69	29
State & Local Income Taxes						30
Other Taxes	160,113	203,986	168,348	189,163	173,356	31
Net Operating Income Before FIT	278,210	61,140	385,857	303,397	357,051	32
Investment Tax Credits - Net						33
Federal Income Taxes	23,843	77,175	182,585	199,578	(31,575)	34
Provision - Def. Operating Income Taxes - Net	40,412	(400,577)	(103,697)	(91,470)	52,969	35
Net Operating Income	\$213,955	\$384,542	\$306,969	\$195,289	\$335,657	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$213,955	\$384,542	\$306,969	\$195,289	\$335,657
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	3,255	4,185	57,238	51,701	31,451
39 Interest Income	16,548	25,768	2,896	46	1,054
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	(495,557)	(595,833)	(267,151)	(581,149)	(407,785)
44 Other Non-Operating Income	30,783	487,626	1,563	550	626,932
45 Special Charges	11,887	12,314	80,120	143,784	12,144
46 Total Non-Operating Income & Expenses	(456,858)	(90,568)	(285,574)	(672,636)	239,508
NON-OPERATING TAXES					
47 Federal Income Taxes	11,088	460,968	14,854	1,925	219,726
48 Other					
49 Total Non-Operating Taxes	11,088	460,968	14,854	1,925	219,726
50 Income Available Before Interest Charges	(253,991)	(166,994)	6,541	(479,272)	355,439
INTEREST CHARGES					
51 Interest on Funded Debt	46,197	55,974	69,202	81,864	95,331
52 Other Interest Expense	50,127	44,344	3,609	28,669	28,653
53 Total Interest Charges	96,324	100,318	72,811	110,533	123,984
54 Income Before Extraordinary & Nonreg Items	(350,315)	(267,312)	(66,270)	(589,805)	231,455
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$350,315)	(\$267,312)	(\$66,270)	(\$589,805)	\$231,455

RETAINED EARNINGS STATEMENT

Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$6,584,958	\$6,262,937	\$6,068,556	\$6,094,074	\$5,710,682
60 Transferred from Income	145,242	328,521	200,881	(8,656)	639,240
61 Appropriations					
Dividends Declared:					
62 Preferred Stock	6,500	6,500	6,500	6,500	6,500
63 Common Stock					
64 Adjustments				(10,363)	(249,348)
65 Ending Year Balance	6,723,700	6,584,958	6,262,937	6,068,555	6,094,074
66 Appropriated/Undistr Affiliate Retained Earnings	(724,412)	(228,855)	520,419	787,570	1,790,066
67 Total Retained Earnings	\$5,999,288	\$6,356,103	\$6,783,356	\$6,856,125	\$7,884,140

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$266,635	\$631,882	\$249,748	\$329,467	\$261,003
2 Accounts Receivable (Net)	1,280,142	1,009,617	907,116	707,101	735,690
3 Current Deferred Income Taxes					
4 Other Current Assets	229,888	356,390	344,380	321,917	251,192
5 Total Current Assets	1,776,665	1,997,888	1,501,243	1,358,486	1,247,885
NON-CURRENT ASSETS					
6 Investments	4,703,415	4,588,743	4,294,296	3,606,039	3,763,310
7 Unamortized Debt Issuance Costs	71,793	75,420	50,287	27,714	26,495
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	958,202	835,987	560,242	531,022	414,364
11 Other Non-Current Assets	245,344				
12 Total Non-Current Assets	5,978,754	5,500,150	4,904,824	4,164,775	4,204,169
REGULATED PLANT					
13 Total Telecommunications Plant	10,528,358	10,276,429	10,424,693	10,013,135	10,121,782
14 Less: Accumulated Depr and Amort.	6,397,427	6,111,572	5,697,428	5,130,570	5,262,608
15 Net Regulated Plant	4,130,930	4,164,857	4,727,265	4,882,565	4,859,174
16 Total Assets & Other Debits	\$11,886,350	\$11,662,895	\$11,133,333	\$10,405,826	\$10,311,227
CURRENT LIABILITIES					
17 Accounts Payable	\$394,468	\$480,767	\$627,578	\$407,356	\$208,960
18 Notes Payable			914,412	400,000	150,000
19 Advanced Billings	14,540	14,934	15,153	15,459	15,018
20 Customer Deposits	2,238	2,229	3,202	2,008	2,937
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	(262,742)	436,568	(108,564)	(181,988)	(92,978)
24 Total Current Liabilities	148,505	934,499	1,451,781	642,834	283,937
LONG-TERM DEBT					
25 Long-Term Debt	3,250,063	2,645,159	2,821,486	3,036,226	3,239,398
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	545,993	449,349	565,353	541,842	548,268
28 Other Deferred Credits	1,280,358	1,204,576	127,938	126,198	123,823
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	1,639,820	1,325,936	1,234,300	1,151,305	1,094,894
31 Total Other Liab. and Def. Credits	3,466,171	2,979,861	1,927,591	1,819,346	1,766,986
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	(9,359)	(18,986)	(19,211)	(18,784)	(18,720)
35 Retained Earnings	4,965,971	5,057,362	4,886,685	4,861,203	4,974,627
36 Total Stockholder's Equity	5,021,612	5,103,376	4,932,475	4,907,419	5,020,907
37 Total Liab. and Stockholder's Equity	\$11,886,350	\$11,662,895	\$11,133,333	\$10,405,826	\$10,311,227

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$188,739	\$191,946	\$199,042	\$204,260	\$199,240	1
Network Access Services	2,174,427	2,337,694	2,602,640	2,744,974	2,840,154	2
Long Distance Network Services						3
Miscellaneous Revenues	179,337	251,657	346,158	335,596	336,830	4
Less: Uncollectible Revenues	6,804	4,000	4,000	4,400		5
Total Operating Revenues	2,535,700	2,777,297	3,143,839	3,280,430	3,376,225	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	1,023	12,040	16,966	5,625	3,146	7
General Support Expenses	172,746	164,790	188,925	310,766	224,369	8
Central Office Switching	136,473	95,398	171,903	130,223	129,679	9
Operator Systems Expense						10
Central Office Transmission	184,740	132,030	99,135	40,609	36,642	11
Info. Origination/Termination	70,219	111,708	156,432	157,448	138,528	12
Cable & Wire Facilities	107,791	90,334	113,118	130,244	189,225	13
Total Plant Specific Operations	672,991	606,299	746,479	774,915	721,589	14
Other Plant, Property & Equipment	880	904	2,514	4,853	2,369	15
Network Operations	314,128	281,884	328,719	391,301	376,150	16
Access Expense	32,589	38,045	23,908	25,818	11,089	17
Depreciation and Amortization	553,354	571,704	596,443	577,487	602,333	18
Total Plant Non-Specific Operations	900,951	892,537	951,585	999,459	991,941	19
Marketing Expense	15,334	2,194	4,584	6,524	6,930	20
Services Expense	159,923	151,647	297,349	292,390	265,069	21
Total Customer Operations	175,257	153,840	301,933	298,914	271,999	22
Executive & Planning	388,295	327,134	337,242	388,611	446,154	23
General & Administrative	441,952	484,020	401,353	402,685	465,681	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	830,247	811,154	738,596	791,296	911,835	27
Total Operations Expense	2,579,446	2,463,830	2,738,591	2,864,585	2,897,363	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	145,915	135,104	136,616	119,018	3,190	31
Net Operating Income Before FIT	(189,661)	178,363	268,632	296,827	475,672	32
Investment Tax Credits - Net						33
Federal Income Taxes	(123,310)	256,678	1,141	100,955	196,253	34
Provision - Def. Operating Income Taxes - Net	(7,345)	(270,598)	(5,708)	(123,084)	(85,916)	35
Net Operating Income	(\$59,007)	\$192,283	\$273,199	\$318,956	\$365,334	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(\$59,007)	\$192,283	\$273,199	\$318,956	\$365,334
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	73,953	2,600	2,869	2,818	2,599
39 Interest Income	21,806	31,373	16,997	21,530	38,469
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	153,934	226,115	256,476	(126,287)	(57,559)
44 Other Non-Operating Income	38,793	512,565	37,554	36,092	8,352
45 Special Charges	31,324	83,183	5,109	10,016	10,954
46 Total Non-Operating Income & Expenses	257,163	689,470	308,787	(75,863)	(19,093)
NON-OPERATING TAXES					
47 Federal Income Taxes	(3,706)	185,822		4,692	
48 Other		13,888			
49 Total Non-Operating Taxes	(3,706)	199,710		4,692	
50 Income Available Before Interest Charges	201,862	682,044	581,986	238,402	346,241
INTEREST CHARGES					
51 Interest on Funded Debt	142,411	208,504	173,308	179,717	185,699
52 Other Interest Expense	132,193	99,163	127,262	86,008	90,104
53 Total Interest Charges	274,604	307,667	300,571	265,725	275,803
54 Income Before Extraordinary & Nonreg Items	(72,742)	374,377	281,415	(27,323)	70,438
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$72,742)	\$374,377	\$281,415	(\$27,323)	\$70,438

RETAINED EARNINGS STATEMENT

Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$3,171,086	\$3,226,524	\$3,432,585	\$3,419,721	\$3,375,725
60 Transferred from Income	(226,676)	148,262	24,940	98,963	127,997
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	105,000	203,700	231,000	86,100	84,000
64 Adjustments	86,350				
65 Ending Year Balance	2,925,760	3,171,086	3,226,524	3,432,585	3,419,721
66 Appropriated/Undistr Affiliate Retained Earnings	2,040,211	1,886,276	1,660,161	1,428,619	1,554,906
67 Total Retained Earnings	\$4,965,971	\$5,057,363	\$4,886,686	\$4,861,204	\$4,974,627

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	(\$459,460)	(\$336,353)	(\$94,241)	\$389,002	(\$52,855)
2 Accounts Receivable (Net)	55,456,335	55,823,061	66,311,515	58,113,702	821,143,006
3 Current Deferred Income Taxes					
4 Other Current Assets	170,341	794,258	1,165,359	952,287	675,911
5 Total Current Assets	55,167,216	56,280,965	67,382,633	59,454,990	821,766,062
NON-CURRENT ASSETS					
6 Investments	23,768,275	181,733	(94,155,887)	(109,627,704)	
7 Unamortized Debt Issuance Costs					
8 Deferred Charges	(272)	272	4,814,976	4,814,976	4,831,872
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets					
12 Total Non-Current Assets	23,768,003	182,005	(89,340,911)	(104,812,727)	4,831,872
REGULATED PLANT					
13 Total Telecommunications Plant	1,093,941,478	1,072,072,204	1,049,905,332	1,025,449,409	1,000,242,144
14 Less: Accumulated Depr and Amort.	729,927,311	674,970,125	620,953,844	568,540,944	515,345,570
15 Net Regulated Plant	364,014,166	397,102,079	428,951,488	456,908,465	484,896,574
16 Total Assets & Other Debits	\$442,949,385	\$453,565,049	\$406,993,210	\$411,550,728	\$1,311,494,508
CURRENT LIABILITIES					
17 Accounts Payable	\$27,068,974	\$26,932,459	\$39,795,546	\$46,272,063	\$923,032,500
18 Notes Payable					
19 Advanced Billings	5,481,313	6,876,667	5,391,840	5,281,084	5,024,485
20 Customer Deposits	(41,013)	(45,634)	(44,493)	(45,483)	(44,511)
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	656,770	645,750	251,472	575,222	618,520
24 Total Current Liabilities	33,166,044	34,409,242	45,394,365	52,082,886	928,630,994
LONG-TERM DEBT					
25 Long-Term Debt					
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	77,332,883	76,882,873	77,267,784	73,455,271	79,750,903
28 Other Deferred Credits	13,277,822	13,081,722	13,346,581	13,392,296	12,806,679
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					
31 Total Other Liab. and Def. Credits	90,610,705	89,964,595	90,614,365	86,847,567	92,557,582
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	319,171,636	329,190,212	270,983,480	272,619,275	290,304,932
36 Total Stockholder's Equity	319,172,636	329,191,212	270,984,480	272,620,275	290,305,932
37 Total Liab. and Stockholder's Equity	\$442,949,385	\$453,565,049	\$406,993,210	\$411,550,729	\$1,311,494,508

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$79,879,509	\$83,627,655	\$86,875,168	\$82,569,473	\$80,443,958	1
Network Access Services	115,702,130	123,465,712	138,855,299	140,353,267	138,437,761	2
Long Distance Network Services	(1,234)	23,830	(58,611)	160,319	(999)	3
Miscellaneous Revenues	54,868,078	50,102,105	31,867,497	29,270,366	29,594,869	4
Less: Uncollectible Revenues	3,570,242	2,572,319	1,038,593	1,793,509	1,967,669	5
Total Operating Revenues	246,878,241	254,646,983	256,500,760	250,559,916	246,507,920	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	114,040	70	5,255	70,570	470	7
General Support Expenses	8,509,642	9,647,177	12,150,214	14,716,908	11,155,493	8
Central Office Switching	5,459,255	5,576,544	5,757,918	5,525,226	4,839,597	9
Operator Systems Expense	70,763	84,272	26,083	22,233	899	10
Central Office Transmission	1,354,382	1,764,539	1,725,457	1,606,839	1,668,098	11
Info. Origination/Termination	8,997,864	8,770,477	7,962,023	6,267,735	5,842,247	12
Cable & Wire Facilities	13,050,063	12,513,541	13,985,901	13,572,787	11,805,819	13
Total Plant Specific Operations	37,556,010	38,356,620	41,612,851	41,782,298	35,312,623	14
Other Plant, Property & Equipment	114	(3,461)	95	2,469	2,793	15
Network Operations	11,901,558	13,082,148	13,966,416	14,234,862	14,446,949	16
Access Expense	3,566,861	4,948,370	5,615,133	4,282,906	3,457,017	17
Depreciation and Amortization	52,523,570	51,662,661	52,155,491	52,105,584	56,158,787	18
Total Plant Non-Specific Operations	67,992,103	69,689,718	71,737,135	70,625,822	74,065,546	19
Marketing Expense	4,928,176	4,947,708	3,872,866	3,737,540	3,696,715	20
Services Expense	9,369,908	10,327,717	10,099,755	11,486,198	11,037,933	21
Total Customer Operations	14,298,084	15,275,425	13,972,621	15,223,738	14,734,648	22
Executive & Planning	2,130,842	2,396,019	2,511,640	13,033,509	1,669,539	23
General & Administrative	7,847,813	12,874,622	14,423,599	17,316,117	14,424,362	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	9,978,655	15,270,640	16,935,239	30,349,627	16,093,901	27
Total Operations Expense	129,824,852	138,592,403	144,257,846	157,981,485	140,206,718	28
Other Operating Income & Expenses						29
State & Local Income Taxes		4,814,704			(39)	30
Other Taxes	12,402,373	13,620,315	13,308,760	13,434,243	13,514,307	31
Net Operating Income Before FIT	104,651,015	97,619,561	98,934,154	79,144,189	92,786,934	32
Investment Tax Credits - Net						33
Federal Income Taxes	27,925,867	34,012,116	36,596,079	24,997,298	22,084,772	34
Provision - Def. Operating Income Taxes - Net	1,384,645	154,730	(1,968,360)	2,703,167	10,390,642	35
Net Operating Income	\$75,340,503	\$63,452,715	\$64,306,435	\$51,443,723	\$60,311,520	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$75,340,503	\$63,452,715	\$64,306,435	\$51,443,723	\$60,311,520
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income					
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	222,445	193,844	68,953	119,917	563,015
42 Gains/Losses - Disposal of Property	7,028	96,607			
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	(5,849,773)	(5,804,389)	(5,848,118)	(5,817,610)	(5,849,773)
45 Special Charges	42,085	1,543,723	62,360	387,468	439,312
46 Total Non-Operating Income & Expenses	(5,662,386)	(7,057,660)	(5,841,525)	(6,085,162)	(5,726,070)
NON-OPERATING TAXES					
47 Federal Income Taxes	4,686,248	(1,812,598)	(2,399,310)	(1,615,859)	(2,262,804)
48 Other					
49 Total Non-Operating Taxes	4,686,248	(1,812,598)	(2,399,310)	(1,615,859)	(2,262,804)
50 Income Available Before Interest Charges	64,991,869	58,207,652	60,864,221	46,974,420	56,848,254
INTEREST CHARGES					
51 Interest on Funded Debt					
52 Other Interest Expense	10,446	3,112	16	76	1,153,644
53 Total Interest Charges	10,446	3,112	16	76	1,153,644
54 Income Before Extraordinary & Nonreg Items	64,981,423	58,204,540	60,864,205	46,974,344	55,694,610
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues	20,906,695				
57 Total Extraordinary & Nonregulated Items	20,906,695				
58 Net Income	\$85,888,118	\$58,204,540	\$60,864,205	\$46,974,344	\$55,694,610

RETAINED EARNINGS STATEMENT

Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$329,190,212	\$270,985,666	\$272,619,276	\$290,304,932	\$234,610,322
60 Transferred from Income	64,981,423	58,204,546	60,864,205	46,974,344	55,694,610
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	75,000,000		62,500,000	64,660,000	
64 Adjustments					
65 Ending Year Balance	319,171,636	329,190,212	270,983,481	272,619,276	290,304,932
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$319,171,636	\$329,190,212	\$270,983,481	\$272,619,276	\$290,304,932

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$221,030	\$451,870	\$771,833	\$244,537	\$456,569
2 Accounts Receivable (Net)	250,546	277,162	289,200	174,666	536,872
3 Current Deferred Income Taxes					
4 Other Current Assets	178,025	200,869	297,482	193,158	175,751
5 Total Current Assets	649,601	929,901	1,358,515	612,360	1,169,193
NON-CURRENT ASSETS					
6 Investments	357,622	552,642	641,110	2,158,000	3,383,512
7 Unamortized Debt Issuance Costs	3,905	4,341	4,777	5,212	5,648
8 Deferred Charges	7,118	14,235	22,686	39,901	25,833
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	551,415	499,193	224,476	182,096	295,334
11 Other Non-Current Assets					
12 Total Non-Current Assets	920,060	1,070,411	893,049	2,385,209	3,710,327
REGULATED PLANT					
13 Total Telecommunications Plant	7,090,646	6,995,763	7,524,996	7,386,921	7,117,331
14 Less: Accumulated Depr and Amort.	3,811,220	3,592,390	3,395,869	3,257,353	3,027,034
15 Net Regulated Plant	3,279,427	3,403,373	4,129,127	4,129,568	4,090,298
16 Total Assets & Other Debits	\$4,849,087	\$5,403,686	\$6,380,691	\$7,127,137	\$8,969,817
CURRENT LIABILITIES					
17 Accounts Payable	\$118,722	\$60,542	\$51,524	\$169,478	\$668,971
18 Notes Payable	29,972	62,041	87,451	137,858	
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	4,337	169,941	50,487	(239,255)	(2,031)
24 Total Current Liabilities	157,430	296,924	193,863	72,481	671,340
LONG-TERM DEBT					
25 Long-Term Debt	3,540,007	3,685,523	3,775,909	3,822,368	3,747,412
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					4,695
27 Non-Current Deferred Taxes	543,896	512,180	489,358	470,889	429,894
28 Other Deferred Credits	5,790	11,566	636,697	23,468	23,741
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					
31 Total Other Liab. and Def. Credits	549,686	523,746	1,126,055	494,357	458,330
STOCKHOLDER'S EQUITY					
32 Common Stock	24,300	24,300	24,300	24,300	24,300
33 Preferred Stock					
34 Other Paid in Capital	44,124	4,863	4,863	4,863	4,863
35 Retained Earnings	533,540	868,330	1,255,702	2,708,769	4,063,571
36 Total Stockholder's Equity	601,964	897,493	1,284,865	2,737,932	4,092,734
37 Total Liab. and Stockholder's Equity	\$4,849,087	\$5,403,686	\$6,380,692	\$7,127,137	\$8,969,816

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$272,122	\$283,501	\$239,965	\$217,823	\$159,997	1
Network Access Services	1,287,337	1,304,166	1,431,462	1,332,613	1,388,836	2
Long Distance Network Services	193,664	224,796	286,014	336,717	471,051	3
Miscellaneous Revenues	57,360	43,362	73,965	56,431	76,632	4
Less: Uncollectible Revenues	6,600	3,000	3,000	3,000	3,000	5
Total Operating Revenues	1,803,883	1,852,826	2,028,407	1,940,584	2,093,515	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	6,042	8,810	5,413	8,511	3,554	7
General Support Expenses	105,091	97,744	88,277	83,511	89,212	8
Central Office Switching	137,053	100,150	98,902	89,410	196,005	9
Operator Systems Expense						10
Central Office Transmission	19,853	21,982	20,258	27,836	20,226	11
Info. Origination/Termination	1,605	955	3,467	6,202	9,263	12
Cable & Wire Facilities	272,100	342,999	285,052	271,515	256,798	13
Total Plant Specific Operations	541,742	572,639	501,370	486,987	575,058	14
Other Plant, Property & Equipment						15
Network Operations	102,682	100,375	97,953	121,078	213,597	16
Access Expense	15,413	25,268				17
Depreciation and Amortization	250,138	243,880	232,869	237,290	254,886	18
Total Plant Non-Specific Operations	368,234	369,523	330,822	358,368	468,483	19
Marketing Expense	8,161	8,059	7,624	8,944	6,471	20
Services Expense	165,726	178,862	242,074	244,822	297,165	21
Total Customer Operations	173,887	186,921	249,698	253,767	303,636	22
Executive & Planning	130,256	134,010	128,441	154,026	215,639	23
General & Administrative	440,502	489,902	561,371	605,163	487,473	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	570,758	623,912	689,812	759,189	703,112	27
Total Operations Expense	1,654,621	1,752,994	1,771,702	1,858,311	2,050,289	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	103,477	111,019	106,629	119,890	115,074	31
Net Operating Income Before FIT	45,784	(11,187)	150,076	(37,616)	(71,848)	32
Investment Tax Credits - Net				4,695	4,300	33
Federal Income Taxes	924	222,725	2,560	(238,769)	(301,361)	34
Provision - Def. Operating Income Taxes - Net	(40,731)	(296,320)	(23,911)	151,815	192,492	35
Net Operating Income	\$85,591	\$62,408	\$171,427	\$54,033	\$41,321	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$85,591	\$62,408	\$171,427	\$54,033	\$41,321
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	4,232	237		272	
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction			3,527	47,250	
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	(220,663)	(218,405)	(1,520,765)	(1,234,812)	(83,111)
44 Other Non-Operating Income	3,259	629,000			
45 Special Charges	17,763	672,865	15,083	17,519	25,600
46 Total Non-Operating Income & Expenses	(230,935)	(262,034)	(1,532,321)	(1,204,809)	(108,711)
NON-OPERATING TAXES					
47 Federal Income Taxes	(924)	(12,265)	(2,560)	(3,295)	(4,848)
48 Other					
49 Total Non-Operating Taxes	(924)	(12,265)	(2,560)	(3,295)	(4,848)
50 Income Available Before Interest Charges	(144,420)	(187,361)	(1,358,334)	(1,147,481)	(62,542)
INTEREST CHARGES					
51 Interest on Funded Debt	189,876	199,694	203,990	205,665	191,828
52 Other Interest Expense	494	316	676	1,657	486
53 Total Interest Charges	190,370	200,010	204,666	207,321	192,313
54 Income Before Extraordinary & Nonreg Items	(334,790)	(387,371)	(1,562,999)	(1,354,802)	(254,855)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$334,790)	(\$387,371)	(\$1,562,999)	(\$1,354,802)	(\$254,855)

RETAINED EARNINGS STATEMENT

Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$4,531,976	\$4,700,942	\$4,633,245	\$4,753,235	\$4,924,979
60 Transferred from Income	(114,127)	(168,966)	(42,234)	(119,990)	(171,744)
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock					
64 Adjustments	(1)		109,931		
65 Ending Year Balance	4,417,849	4,531,976	4,700,942	4,633,245	4,753,235
66 Appropriated/Undistr Affiliate Retained Earnings	(3,884,309)	(3,663,646)	(3,445,241)	(1,924,476)	(689,664)
67 Total Retained Earnings	\$533,540	\$868,330	\$1,255,702	\$2,708,769	\$4,063,571

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$3,259,823	\$4,314,475	\$2,308,855	\$1,636,333	\$900,494
2 Accounts Receivable (Net)	1,377,574	1,558,425	1,916,529	2,003,070	2,134,961
3 Current Deferred Income Taxes	3,523	2,751	9,227	6,452	4,379
4 Other Current Assets	185,089	193,760	299,946	231,725	300,810
5 Total Current Assets	4,826,009	6,069,410	4,534,557	3,877,581	3,340,644
NON-CURRENT ASSETS					
6 Investments	604,976	651,046	1,284,669	1,179,024	3,201,856
7 Unamortized Debt Issuance Costs	3,198	3,936	4,674	5,412	6,027
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	769,849	793,346	241,137	225,043	138,693
11 Other Non-Current Assets	338,097	292,392	249,039	342,691	447,220
12 Total Non-Current Assets	1,716,120	1,740,721	1,779,519	1,752,170	3,793,796
REGULATED PLANT					
13 Total Telecommunications Plant	14,169,524	13,153,512	11,807,528	11,832,892	11,940,936
14 Less: Accumulated Depr and Amort.	8,067,525	7,501,545	7,008,004	6,545,698	6,176,990
15 Net Regulated Plant	6,101,999	5,651,967	4,799,524	5,287,194	5,763,946
16 Total Assets & Other Debits	\$12,644,128	\$13,462,098	\$11,113,600	\$10,916,945	\$12,898,386
CURRENT LIABILITIES					
17 Accounts Payable	140,967	598,092	\$136,362	\$128,903	\$155,064
18 Notes Payable	-	-	-	-	20,919
19 Advanced Billings	-	-	-	-	-
20 Customer Deposits	-	-	-	-	-
21 Current Maturities - Long-Term Debt	-	-	-	-	-
22 Current Deferred Income Taxes	-	-	-	-	-
23 Other Current Liabilities	200,841	366,726	679,776	453,081	552,744
24 Total Current Liabilities	341,808	964,818	816,138	581,984	728,727
LONG-TERM DEBT					
25 Long-Term Debt	842,829	994,030	1,134,278	1,264,526	1,385,387
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	709,704	757,352	851,815	929,725	806,188
28 Other Deferred Credits	1,731,476	1,775,879	55,621	47,460	41,361
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	467,217	492,368	431,243	408,752	407,920
31 Total Other Liab. and Def. Credits	2,908,397	3,025,599	1,338,678	1,385,937	1,255,469
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	8,441,094	8,367,651	7,714,506	7,574,497	9,418,803
36 Total Stockholder's Equity	8,551,094	8,477,651	7,824,506	7,684,497	9,528,803
37 Total Liab. and Stockholder's Equity	\$12,644,128	\$13,462,098	\$11,113,600	\$10,916,945	\$12,898,386

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$864,799	\$972,861	\$961,872	\$966,088	\$927,509	1
Network Access Services	2,380,807	2,405,024	2,599,061	2,729,693	2,789,931	2
Long Distance Network Services	4,135	5,383	5,184	5,563	9,959	3
Miscellaneous Revenues	426,945	439,723	490,386	571,086	548,940	4
Less: Uncollectible Revenues	7,025	3,500	40,075	4,435	68,600	5
Total Operating Revenues	3,669,661	3,819,491	4,016,427	4,267,995	4,207,739	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	2,528	92		2,794	99	7
General Support Expenses	225,782	207,133	183,192	238,133	225,666	8
Central Office Switching	164,176	173,627	137,455	169,026	210,425	9
Operator Systems Expense						10
Central Office Transmission	83,011	61,284	52,768	40,920	57,955	11
Info. Origination/Termination	23,905	26,355	35,879	60,876	58,797	12
Cable & Wire Facilities	256,294	245,279	278,324	242,563	275,486	13
Total Plant Specific Operations	755,697	713,769	687,617	754,312	828,428	14
Other Plant, Property & Equipment	2,211	(198)		5,587		15
Network Operations	461,169	338,251	238,667	186,947	262,205	16
Access Expense	51,200	62,817	64,545	42,371	47,864	17
Depreciation and Amortization	741,306	681,327	690,534	659,555	672,576	18
Total Plant Non-Specific Operations	1,255,885	1,082,196	993,746	894,460	982,645	19
Marketing Expense	40,099	24,658	23,162	37,987	10,026	20
Services Expense	427,420	467,540	572,991	614,477	576,446	21
Total Customer Operations	467,519	492,198	596,153	652,464	586,472	22
Executive & Planning	255,073	379,303	516,329	580,367	307,009	23
General & Administrative	530,630	593,180	755,758	638,437	949,053	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	785,703	972,482	1,272,087	1,218,804	1,256,062	27
Total Operations Expense	3,264,804	3,260,646	3,549,603	3,520,040	3,653,607	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	206,769	213,259	215,294	219,612	210,008	31
Net Operating Income Before FIT	198,088	345,586	251,530	528,343	344,124	32
Investment Tax Credits - Net					8,019	33
Federal Income Taxes	68,316	126,608	155,041	110,608	48,781	34
Provision - Def. Operating Income Taxes - Net	(24,759)	(48,832)	(96,781)	35,113	18,874	35
Net Operating Income	\$154,531	\$267,810	\$193,270	\$382,622	\$284,488	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$154,531	\$267,810	\$193,270	\$382,622	\$284,488
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	113,734	6	565	254	
39 Interest Income	106,173	158,747	38,709	20,286	30,707
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	(46,070)	82,754	105,646	(1,788,832)	(2,275,557)
44 Other Non-Operating Income	13,318	728,806	38,627	(302,836)	45,694
45 Special Charges	10,205	19,931	(13,488)	18,118	(14,438)
46 Total Non-Operating Income & Expenses	176,950	950,382	197,035	(2,089,246)	(2,184,718)
NON-OPERATING TAXES					
47 Federal Income Taxes	45,116	246,908	20,353	(102,547)	21,251
48 Other		70,063			
49 Total Non-Operating Taxes	45,116	316,971	20,353	(102,547)	21,251
50 Income Available Before Interest Charges	286,365	901,221	369,952	(1,604,077)	(1,921,481)
INTEREST CHARGES					
51 Interest on Funded Debt	69,164	80,185	90,252	99,697	108,451
52 Other Interest Expense	5,158	29,290	1,091	1,932	4,807
53 Total Interest Charges	74,322	109,475	91,343	101,629	113,258
54 Income Before Extraordinary & Nonreg Items	212,043	791,746	278,609	(1,705,706)	(2,034,739)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$212,043	\$791,746	\$278,609	(\$1,705,706)	(\$2,034,739)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$10,256,554	\$9,686,162	\$9,651,800	\$9,707,273	\$9,605,055
60 Transferred from Income	258,113	708,992	172,963	83,126	240,818
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	10,376,067	10,256,554	9,686,163	9,651,800	9,707,273
66 Appropriated/Undistr Affiliate Retained Earnings	(1,934,973)	(1,888,903)	(1,971,657)	(2,077,303)	(288,471)
67 Total Retained Earnings	\$8,441,094	\$8,367,651	\$7,714,506	\$7,574,497	\$9,418,802

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$1,064,181	\$137,964	\$228,663	\$9,049,139	\$8,313,726
2 Accounts Receivable (Net)	1,209,294	1,332,115	1,477,055	1,514,922	1,011,088
3 Current Deferred Income Taxes					
4 Other Current Assets	342,281	320,875	313,048	307,841	307,904
5 Total Current Assets	2,615,756	1,790,954	2,018,766	10,871,902	9,632,718
NON-CURRENT ASSETS					
6 Investments					
7 Unamortized Debt Issuance Costs					
8 Deferred Charges	200			54,665	1,619
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets					
12 Total Non-Current Assets	200			54,665	1,619
REGULATED PLANT					
13 Total Telecommunications Plant	23,283,252	22,610,802	21,605,234	21,109,361	20,609,950
14 Less: Accumulated Depr and Amort.	14,780,352	13,841,774	13,106,371	12,350,840	11,683,020
15 Net Regulated Plant	8,502,900	8,769,028	8,498,863	8,758,521	8,926,930
16 Total Assets & Other Debits	\$11,118,856	\$10,559,982	\$10,517,629	\$19,685,088	\$18,561,267
CURRENT LIABILITIES					
17 Accounts Payable	\$843,210	766,919	\$748,172	\$923,249	\$655,168
18 Notes Payable					
19 Advanced Billings	223,762	154,486	124,236	144,490	157,342
20 Customer Deposits				567	567
21 Current Maturities - Long-Term Debt	7,659				
22 Current Deferred Income Taxes	(14,976)	(7,700)	(6,965)	(7,245)	(4,900)
23 Other Current Liabilities	144,956	170,309	120,341	177,490	192,422
24 Total Current Liabilities	1,204,611	1,084,014	985,784	1,238,551	1,000,599
LONG-TERM DEBT					
25 Long-Term Debt	4,201	11,860	5,757	2,035	25,067
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	1,468,214	1,617,982	1,686,085	1,815,509	1,427,915
28 Other Deferred Credits	778,706	891,290	1,027,715	1,116,458	1,229,042
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	134,518	176,783	90,776	102,291	148,066
31 Total Other Liab. and Def. Credits	2,381,438	2,686,055	2,804,576	3,034,258	2,805,023
STOCKHOLDER'S EQUITY					
32 Common Stock	322,250	322,250	322,250	322,250	322,250
33 Preferred Stock					
34 Other Paid in Capital	484,753	(26,818)	33,398	33,398	33,398
35 Retained Earnings	6,721,603	6,482,621	6,365,864	15,054,596	14,374,930
36 Total Stockholder's Equity	7,528,606	6,778,053	6,721,512	15,410,244	14,730,578
37 Total Liab. and Stockholder's Equity	\$11,118,856	\$10,559,982	\$10,517,629	\$19,685,088	\$18,561,267

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$2,153,804	\$2,139,268	\$2,140,730	\$2,137,240	\$2,013,717	1
Network Access Services	3,091,417	3,119,434	3,217,089	3,322,549	3,246,758	2
Long Distance Network Services	454	502	658	595	693	3
Miscellaneous Revenues	1,079,634	1,011,013	948,709	954,068	949,312	4
Less: Uncollectible Revenues	73,816	22,916	28,334	(15,426)	26,374	5
Total Operating Revenues	6,251,493	6,247,301	6,278,852	6,429,878	6,184,106	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	26,958	31,218	29,160	23,437	23,569	7
General Support Expenses	40,279	45,795	57,691	59,968	60,787	8
Central Office Switching	208,690	232,325	191,687	157,686	125,635	9
Operator Systems Expense						10
Central Office Transmission	356,460	302,945	194,957	65,520	77,880	11
Info. Origination/Termination	367,223	400,674	329,273	417,501	428,807	12
Cable & Wire Facilities	408,424	387,724	349,227	310,125	339,000	13
Total Plant Specific Operations	1,408,034	1,400,681	1,151,995	1,034,237	1,055,678	14
Other Plant, Property & Equipment						15
Network Operations	709,092	713,051	804,985	684,798	700,130	16
Access Expense	184,921	150,401	144,756	121,652	84,938	17
Depreciation and Amortization	1,388,220	1,270,174	1,185,691	1,113,659	1,393,947	18
Total Plant Non-Specific Operations	2,282,233	2,133,626	2,135,432	1,920,109	2,179,015	19
Marketing Expense	371,770	397,005	433,606	447,634	371,906	20
Services Expense	546,025	625,284	792,189	772,421	810,263	21
Total Customer Operations	917,795	1,022,289	1,225,795	1,220,055	1,182,169	22
Executive & Planning	204,656	218,947	133,198	141,926	134,005	23
General & Administrative	1,043,634	1,082,220	1,022,164	935,706	1,049,558	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,248,290	1,301,167	1,155,362	1,077,632	1,183,563	27
Total Operations Expense	5,856,352	5,857,763	5,668,584	5,252,033	5,600,425	28
Other Operating Income & Expenses				205		29
State & Local Income Taxes						30
Other Taxes	185,664	226,678	230,638	235,705	230,751	31
Net Operating Income Before FIT	209,477	162,860	379,630	942,345	352,930	32
Investment Tax Credits - Net						33
Federal Income Taxes	145,581	85,962	251,582	(30,464)	269,316	34
Provision - Def. Operating Income Taxes - Net	(158,588)	(27,700)	(129,146)	385,249	(48,064)	35
Net Operating Income	\$222,484	\$104,598	\$257,194	\$587,560	\$131,678	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$222,484	\$104,598	\$257,194	\$587,560	\$131,678
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	27,474	25,919	280,330	129,903	85,739
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	2,170	(764)		(34)	
45 Special Charges	2,658	5,918	6,414	5,864	4,948
46 Total Non-Operating Income & Expenses	26,986	19,237	273,916	124,005	80,791
NON-OPERATING TAXES					
47 Federal Income Taxes	9,420	6,644	68,459	30,230	29,561
48 Other					
49 Total Non-Operating Taxes	9,420	6,644	68,459	30,230	29,561
50 Income Available Before Interest Charges	240,050	117,191	462,651	681,335	182,908
INTEREST CHARGES					
51 Interest on Funded Debt					
52 Other Interest Expense	1,068	434	3,383	1,669	1,654
53 Total Interest Charges	1,068	434	3,383	1,669	1,654
54 Income Before Extraordinary & Nonreg Items	238,982	116,757	459,268	679,666	181,254
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$238,982	\$116,757	\$459,268	\$679,666	\$181,254
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$6,482,621	\$6,365,864	\$15,054,596	\$14,374,931	\$14,768,677
60 Transferred from Income	238,982	116,757	459,268	679,666	181,254
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock			9,148,000		575,000
64 Adjustments					
65 Ending Year Balance	6,721,603	6,482,621	6,365,864	15,054,597	14,374,931
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$6,721,603	\$6,482,621	\$6,365,864	\$15,054,597	\$14,374,931

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$560,971	\$2,267,270	\$170,551	\$351,998	\$511,858
2 Accounts Receivable (Net)	390,784	389,765	632,474	634,065	1,022,285
3 Current Deferred Income Taxes	17,369	15,110	13,071	11,054	9,019
4 Other Current Assets	1,698,892	1,580,260	1,532,891	1,807,830	1,697,894
5 Total Current Assets	2,668,016	4,252,405	2,348,987	2,804,947	3,241,056
NON-CURRENT ASSETS					
6 Investments	2,804,325	2,801,877	2,898,900	3,110,716	3,356,626
7 Unamortized Debt Issuance Costs		3,669	4,126	4,583	5,041
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	781,745	768,504	727,677	701,753	663,498
11 Other Non-Current Assets	64,261	64,261	64,261	64,261	
12 Total Non-Current Assets	3,650,331	3,638,311	3,694,964	3,881,313	4,025,165
REGULATED PLANT					
13 Total Telecommunications Plant	17,940,249	17,802,265	17,263,601	17,133,514	18,134,149
14 Less: Accumulated Depr and Amort.	13,594,045	12,479,874	11,217,985	10,464,260	10,991,817
15 Net Regulated Plant	4,346,204	5,322,391	6,045,616	6,669,254	7,142,332
16 Total Assets & Other Debits	\$10,664,551	\$13,213,107	\$12,089,567	\$13,355,514	\$14,408,553
CURRENT LIABILITIES					
17 Accounts Payable	\$135,529	266,662	\$201,915	\$135,757	\$556,604
18 Notes Payable	1,815,000	1,692,027	1,717,727	2,137,027	2,336,277
19 Advanced Billings	37,390	46,990	56,590	99,919	75,790
20 Customer Deposits	6,783	11,783	22,692	23,776	30,645
21 Current Maturities - Long-Term Debt	22,433	195,064	183,376	182,494	203,932
22 Current Deferred Income Taxes		2,495	150		
23 Other Current Liabilities	537,500	688,571	1,101,414	590,368	798,574
24 Total Current Liabilities	2,554,635	2,903,592	3,283,864	3,169,341	4,001,822
LONG-TERM DEBT					
25 Long-Term Debt	120,972	1,545,384	1,739,456	1,918,763	1,959,212
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC				1,926	5,823
27 Non-Current Deferred Taxes	220,316	406,023	1,140,236	1,301,706	1,258,776
28 Other Deferred Credits	237,480	230,836	224,836	219,958	215,921
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	2,604,649	2,538,612	600,010	584,488	597,243
31 Total Other Liab. and Def. Credits	3,062,445	3,175,471	1,965,082	2,108,078	2,077,763
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	4,306,524	4,968,685	4,481,190	5,539,357	5,749,781
36 Total Stockholder's Equity	4,926,499	5,588,660	5,101,165	6,159,332	6,369,756
37 Total Liab. and Stockholder's Equity	\$10,664,551	\$13,213,107	\$12,089,567	\$13,355,514	\$14,408,553

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$2,085,575	\$2,140,353	\$2,214,508	\$2,412,793	\$2,463,006	1
Network Access Services	3,595,748	3,703,534	4,118,433	4,408,160	4,221,658	2
Long Distance Network Services	6,073	8,709	11,246	16,189	29,388	3
Miscellaneous Revenues	849,628	861,381	852,852	846,142	986,177	4
Less: Uncollectible Revenues	8,202	13,848	(11,644)	(7,232)	23,688	5
Total Operating Revenues	6,528,822	6,700,129	7,208,683	7,690,516	7,676,541	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	49,609	58,532	43,976	34,194	36,039	7
General Support Expenses	575,723	685,732	631,241	581,693	607,972	8
Central Office Switching	84,764	118,359	90,070	168,566	245,780	9
Operator Systems Expense						10
Central Office Transmission	211,639	216,203	167,113	148,941	163,598	11
Info. Origination/Termination						12
Cable & Wire Facilities	166,419	138,182	168,876	138,844	151,196	13
Total Plant Specific Operations	1,088,154	1,217,008	1,101,276	1,072,238	1,204,585	14
Other Plant, Property & Equipment	15,440	15,689	91,128	41,958	73,871	15
Network Operations	248,423	271,027	307,366	282,263	265,784	16
Access Expense	89,247	65,064	79,909	73,953	69,345	17
Depreciation and Amortization	1,293,672	1,254,787	1,239,989	1,322,917	1,277,911	18
Total Plant Non-Specific Operations	1,646,782	1,606,567	1,718,392	1,721,091	1,686,911	19
Marketing Expense	312,510	329,170	259,309	244,589	273,427	20
Services Expense	846,063	810,070	865,800	920,241	955,714	21
Total Customer Operations	1,158,573	1,139,240	1,125,109	1,164,831	1,229,141	22
Executive & Planning	1,790,529	1,809,106	2,006,590	2,053,595	1,894,320	23
General & Administrative	1,421,069	1,266,873	1,443,159	1,258,028	1,009,568	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	3,211,598	3,075,979	3,449,749	3,311,623	2,903,888	27
Total Operations Expense	7,105,107	7,038,794	7,394,526	7,269,783	7,024,525	28
Other Operating Income & Expenses	32,054	2,720	1,593	20,346	5,078	29
State & Local Income Taxes	530		142			30
Other Taxes	351,714	363,389	377,041	374,055	353,379	31
Net Operating Income Before FIT	(896,475)	(699,334)	(561,433)	67,024	303,715	32
Investment Tax Credits - Net			1,926	3,897	5,080	33
Federal Income Taxes	(203,581)	(128,306)	(126,762)	(24,373)	35,231	34
Provision - Def. Operating Income Taxes - Net	(183,808)	(213,767)	(190,465)	116	(5,627)	35
Net Operating Income	(\$509,086)	(\$357,261)	(\$242,280)	\$95,178	\$279,191	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(\$509,086)	(\$357,261)	(\$242,280)	\$95,178	\$279,191
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	492	844	4,548	91	58
39 Interest Income	66,842	76,545	13,837	3,829	6,733
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	6,854	3,268	2,376	29,137	5,555
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	62,083	161,892	172,574	277,498	287,314
44 Other Non-Operating Income	(7,326)	(17,366)	(17,366)	(17,366)	(19,231)
45 Special Charges	26,629	17,109	76,681	55,099	71,870
46 Total Non-Operating Income & Expenses	102,316	208,074	99,288	238,090	208,559
NON-OPERATING TAXES					
47 Federal Income Taxes		(335,469)			
48 Other					
49 Total Non-Operating Taxes		(335,469)			
50 Income Available Before Interest Charges	(406,770)	186,282	(142,992)	333,268	487,750
INTEREST CHARGES					
51 Interest on Funded Debt	38,772	110,719	50,856	67,420	102,623
52 Other Interest Expense	195,038	171,209	140,413	107,081	93,918
53 Total Interest Charges	233,810	281,928	191,269	174,501	196,541
54 Income Before Extraordinary & Nonreg Items	(640,580)	(95,646)	(334,261)	158,767	291,209
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items	18,821	621,836			
56 Nonregulated Revenues	(35,559)	(43,246)	(48,614)	(122,798)	(27,187)
57 Total Extraordinary & Nonregulated Items	(16,738)	578,590	(48,614)	(122,798)	(27,187)
58 Net Income	(\$657,318)	\$482,944	(\$382,875)	\$35,969	\$264,022
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$1,062,019	\$736,416	\$1,967,157	\$2,455,077	\$2,963,786
60 Transferred from Income	(719,401)	321,052	(555,449)	(241,529)	(23,292)
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock			675,584	246,393	485,417
64 Adjustments	(4,843)	(4,551)	292		
65 Ending Year Balance	337,775	1,062,019	736,416	1,967,155	2,455,077
66 Appropriated/Undistr Affiliate Retained Earnings	3,968,749	3,906,666	3,744,774	3,572,200	3,294,702
67 Total Retained Earnings	\$4,306,524	\$4,968,685	\$4,481,190	\$5,539,355	\$5,749,779

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$1,572,980	\$1,082,726	\$351,242	\$4,454,283	\$3,997,257
2 Accounts Receivable (Net)	399,357	401,226	487,486	621,727	413,603
3 Current Deferred Income Taxes					
4 Other Current Assets	102,809	104,170	93,159	105,474	124,687
5 Total Current Assets	2,075,146	1,588,122	931,887	5,181,484	4,535,547
NON-CURRENT ASSETS					
6 Investments			53,755	95,900	95,900
7 Unamortized Debt Issuance Costs				1,020	1,166
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets					
12 Total Non-Current Assets			53,755	96,920	97,066
REGULATED PLANT					
13 Total Telecommunications Plant	10,925,922	10,949,455	10,314,033	10,501,591	10,546,349
14 Less: Accumulated Depr and Amort.	7,605,163	7,310,042	6,811,778	6,474,050	6,536,489
15 Net Regulated Plant	3,320,759	3,639,413	3,502,255	4,027,541	4,009,860
16 Total Assets & Other Debits	\$5,395,905	\$5,227,535	\$4,487,897	\$9,305,945	\$8,642,473
CURRENT LIABILITIES					
17 Accounts Payable	\$262,873	\$184,011	\$225,306	\$345,255	\$180,913
18 Notes Payable					
19 Advanced Billings	18,347	12,801	9,264	9,873	10,167
20 Customer Deposits					
21 Current Maturities - Long-Term Debt	9,322	9,322		105,784	100,299
22 Current Deferred Income Taxes	(4,011)	(3,045)	(1,155)	(1,890)	(1,995)
23 Other Current Liabilities	42,007	31,790	55,234	80,730	58,239
24 Total Current Liabilities	328,538	234,879	288,649	539,752	347,623
LONG-TERM DEBT					
25 Long-Term Debt	7,768	17,090		1,488,712	1,595,024
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	125,794	157,588	378,778	412,928	374,851
28 Other Deferred Credits	2,487,817	2,430,166	1,735,149	1,736,560	1,428,155
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	39,927	52,793	94,272	98,093	106,543
31 Total Other Liab. and Def. Credits	2,653,538	2,640,547	2,208,199	2,247,581	1,909,549
STOCKHOLDER'S EQUITY					
32 Common Stock	67,600	67,600	67,600	67,600	67,600
33 Preferred Stock					
34 Other Paid in Capital	2,333	(2,677)	25,215	25,215	25,215
35 Retained Earnings	2,336,128	2,270,096	1,898,234	4,937,085	4,697,462
36 Total Stockholder's Equity	2,406,061	2,335,019	1,991,049	5,029,900	4,790,277
37 Total Liab. and Stockholder's Equity	\$5,395,905	\$5,227,535	\$4,487,897	\$9,305,945	\$8,642,473

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$592,990	\$587,889	\$554,329	\$537,734	\$516,336	1
Network Access Services	1,389,019	1,486,693	1,709,052	1,702,558	1,858,957	2
Long Distance Network Services						3
Miscellaneous Revenues	337,612	306,740	326,190	327,885	373,501	4
Less: Uncollectible Revenues	2,405	3,733	3,736	5,855	11,818	5
Total Operating Revenues	2,317,216	2,377,589	2,585,835	2,562,322	2,736,976	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	9,831	15,798	23,408	15,610	15,017	7
General Support Expenses	34,883	54,552	49,903	60,853	52,733	8
Central Office Switching	104,349	89,461	92,252	84,202	77,290	9
Operator Systems Expense						10
Central Office Transmission	147,414	63,975	63,991	22,613	15,020	11
Info. Origination/Termination	113,848	68,296	57,427	168,271	244,098	12
Cable & Wire Facilities	117,192	73,679	96,385	76,894	57,148	13
Total Plant Specific Operations	527,517	365,761	383,366	428,443	461,306	14
Other Plant, Property & Equipment						15
Network Operations	223,818	217,616	264,513	199,185	190,017	16
Access Expense	49,468	36,513	42,048	30,251	15,640	17
Depreciation and Amortization	602,925	629,313	653,043	646,919	661,542	18
Total Plant Non-Specific Operations	876,211	883,442	959,604	876,355	867,199	19
Marketing Expense	101,795	108,282	155,062	169,257	167,734	20
Services Expense	173,240	188,468	213,717	145,410	166,351	21
Total Customer Operations	275,035	296,750	368,779	314,667	334,085	22
Executive & Planning	50,622	57,618	48,255	112,146	82,191	23
General & Administrative	300,806	299,261	286,457	253,473	264,408	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	351,428	356,879	334,712	365,619	346,599	27
Total Operations Expense	2,030,191	1,902,832	2,046,461	1,985,084	2,009,189	28
Other Operating Income & Expenses	945			8,877		29
State & Local Income Taxes						30
Other Taxes	169,421	112,726	190,509	145,974	150,516	31
Net Operating Income Before FIT	118,549	362,031	348,865	440,141	577,271	32
Investment Tax Credits - Net						33
Federal Income Taxes	27,114	97,117	118,650	80,364	115,337	34
Provision - Def. Operating Income Taxes - Net	(33,457)	38,887	(33,414)	38,182	76,092	35
Net Operating Income	\$124,892	\$226,027	\$263,629	\$321,595	\$385,842	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$124,892	\$226,027	\$263,629	\$321,595	\$385,842
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income			20,205	3,780	2,016
39 Interest Income	64,712	55,559	120,613	64,742	40,420
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	34,053	258,513	(23,011)		
45 Special Charges	488	1,727	6,086	1,038	3,725
46 Total Non-Operating Income & Expenses	98,277	312,345	111,721	67,484	38,711
NON-OPERATING TAXES					
47 Federal Income Taxes	34,256	96,486	4,019	(8,172)	14,265
48 Other	24	253			
49 Total Non-Operating Taxes	34,280	96,739	4,019	(8,172)	14,265
50 Income Available Before Interest Charges	188,889	441,633	371,331	397,251	410,288
INTEREST CHARGES					
51 Interest on Funded Debt			45,612	96,721	101,785
52 Other Interest Expense	122,857	69,771	70,570	60,907	71,486
53 Total Interest Charges	122,857	69,771	116,182	157,628	173,271
54 Income Before Extraordinary & Nonreg Items	66,032	371,862	255,149	239,623	237,017
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$66,032	\$371,862	\$255,149	\$239,623	\$237,017
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$2,270,096	\$1,898,234	\$4,937,085	\$4,697,463	\$4,960,442
60 Transferred from Income	66,032	371,862	255,149	239,623	237,017
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock			3,294,000		499,996
64 Adjustments					
65 Ending Year Balance	2,336,128	2,270,096	1,898,234	4,937,086	4,697,463
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$2,336,128	\$2,270,096	\$1,898,234	\$4,937,086	\$4,697,463

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$1,663,693	\$2,038,111	\$2,409,519	\$2,680,693	\$3,167,086
2 Accounts Receivable (Net)	1,188,207	1,391,896	930,842	975,605	1,149,672
3 Current Deferred Income Taxes	52,648	52,280	47,462	46,111	8,149
4 Other Current Assets	534,516	553,693	568,038	521,723	501,007
5 Total Current Assets	3,439,064	4,035,980	3,955,861	4,224,132	4,825,914
NON-CURRENT ASSETS					
6 Investments	9,273,984	8,730,531	8,710,040	9,387,023	6,202,675
7 Unamortized Debt Issuance Costs					
8 Deferred Charges	(19,295)	(6,475)	5,175	10,401	28,575
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	503,992	478,968	12,415	10,359	
11 Other Non-Current Assets	1,287,703	1,312,792	1,216,467	1,124,447	1,040,628
12 Total Non-Current Assets	11,046,384	10,515,816	9,944,097	10,532,230	7,271,878
REGULATED PLANT					
13 Total Telecommunications Plant	30,737,122	29,488,458	28,200,821	27,193,963	26,088,121
14 Less: Accumulated Depr and Amort.	17,130,464	16,225,603	15,196,163	14,232,982	13,153,755
15 Net Regulated Plant	13,606,658	13,262,855	13,004,658	12,960,981	12,934,366
16 Total Assets & Other Debits	\$28,092,106	\$27,814,651	\$26,904,616	\$27,717,343	\$25,032,158
CURRENT LIABILITIES					
17 Accounts Payable	\$470,302	\$420,235	\$707,936	\$924,674	\$953,856
18 Notes Payable					
19 Advanced Billings		674	1,323	1,433	2,720
20 Customer Deposits	2,875	3,915	4,195	8,221	8,096
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					337,809
23 Other Current Liabilities	(55,002)	61,817	(32,473)	(215,603)	119,495
24 Total Current Liabilities	418,175	486,641	680,981	718,725	1,421,976
LONG-TERM DEBT					
25 Long-Term Debt	453,362	597,141	750,012	916,544	1,078,319
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	2,834,781	2,480,566	2,514,921	2,162,418	2,140,482
28 Other Deferred Credits	2,357,606	2,380,701	1,105,173	1,856,000	677,094
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					609,393
31 Total Other Liab. and Def. Credits	5,192,387	4,861,267	3,620,094	4,018,418	3,426,969
STOCKHOLDER'S EQUITY					
32 Common Stock	587,737	587,737	587,737	587,737	587,737
33 Preferred Stock					
34 Other Paid in Capital					(2,912)
35 Retained Earnings	21,440,445	21,281,865	21,265,792	21,475,919	18,520,069
36 Total Stockholder's Equity	22,028,182	21,869,602	21,853,529	22,063,656	19,104,894
37 Total Liab. and Stockholder's Equity	\$28,092,106	\$27,814,651	\$26,904,616	\$27,717,343	\$25,032,158

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,241,183	\$1,312,756	\$1,327,316	\$1,375,785	\$1,423,045	1
Network Access Services	3,850,028	3,345,765	3,768,104	4,180,039	4,285,526	2
Long Distance Network Services	15,067	14,548	13,193	9,734	12,790	3
Miscellaneous Revenues	318,861	257,907	221,562	180,664	325,994	4
Less: Uncollectible Revenues	12,000	12,000	12,000	13,430	104,379	5
Total Operating Revenues	5,413,139	4,918,976	5,318,175	5,732,792	5,942,976	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	47,226	43,121	27,851	29,758	31,350	7
General Support Expenses	206,991	261,575	303,095	374,329	420,628	8
Central Office Switching	781,075	786,177	607,709	698,858	572,241	9
Operator Systems Expense						10
Central Office Transmission	23,738	25,451	14,900	4,525	5,140	11
Info. Origination/Termination	10,131	100	6,342	117		12
Cable & Wire Facilities	561,364	522,029	516,523	507,146	513,874	13
Total Plant Specific Operations	1,630,525	1,638,453	1,476,420	1,614,733	1,543,233	14
Other Plant, Property & Equipment						15
Network Operations	518,847	532,011	596,128	576,248	585,833	16
Access Expense	72,540	75,879	80,239	59,579	55,124	17
Depreciation and Amortization	1,192,627	1,414,334	1,345,119	1,566,979	1,746,383	18
Total Plant Non-Specific Operations	1,784,014	2,022,224	2,021,486	2,202,806	2,387,340	19
Marketing Expense	14,314	7,590	9,731	6,498	13,363	20
Services Expense	440,796	483,670	505,974	554,659	521,159	21
Total Customer Operations	455,110	491,260	515,705	561,157	534,522	22
Executive & Planning	237,911	216,017	218,426	259,363	225,549	23
General & Administrative	661,906	695,742	495,840	503,197	507,356	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	899,817	911,759	714,266	762,560	732,905	27
Total Operations Expense	4,769,466	5,063,696	4,727,877	5,141,256	5,198,000	28
Other Operating Income & Expenses	775	(1,390)	1,960	603	600	29
State & Local Income Taxes	93,600	122,397	50,328	35,497	139,402	30
Other Taxes	368,561	312,436	279,970	255,184	253,486	31
Net Operating Income Before FIT	182,287	(580,943)	261,960	301,458	352,688	32
Investment Tax Credits - Net						33
Federal Income Taxes	(4,329)	(126,647)	119,020	72,335	20,071	34
Provision - Def. Operating Income Taxes - Net	(60,265)	(184,351)	(155,483)	(39,458)	(2,199)	35
Net Operating Income	\$246,881	(\$269,945)	\$298,423	\$268,581	\$334,816	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$246,881	(\$269,945)	\$298,423	\$268,581	\$334,816
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	1,425	290	95,132	93,652	61,128
39 Interest Income	19,593	39,472	44,635	28,018	26,179
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	(511,504)	(222,399)	(108,878)	2,087,149	119,092
44 Other Non-Operating Income	38,946	677,858	(1,680)	(1,646)	(1,680)
45 Special Charges	82,464	(45,743)	(39,539)	(31,911)	167,048
46 Total Non-Operating Income & Expenses	(534,004)	540,964	68,748	2,239,084	37,671
NON-OPERATING TAXES					
47 Federal Income Taxes	12,565	182,447	44,084	32,672	(2,700)
48 Other		118,951			
49 Total Non-Operating Taxes	12,565	301,398	44,084	32,672	(2,700)
50 Income Available Before Interest Charges	(299,688)	(30,379)	323,087	2,474,993	375,187
INTEREST CHARGES					
51 Interest on Funded Debt	30,465	35,074	43,252	51,888	59,372
52 Other Interest Expense	78,869	8,469	112	399	345
53 Total Interest Charges	109,334	43,543	43,364	52,287	59,717
54 Income Before Extraordinary & Nonreg Items	(409,022)	(73,922)	279,723	2,422,706	315,470
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$409,022)	(\$73,922)	\$279,723	\$2,422,706	\$315,470
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	18,616,308	18,467,831	18,079,336	\$17,743,779	\$17,547,401
60 Transferred from Income	102,482	148,477	388,601	335,557	196,378
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock					
64 Adjustments			(106)		
65 Ending Year Balance	18,718,790	18,616,308	18,467,831	18,079,336	17,743,779
66 Appropriated/Undistr Affiliate Retained Earnings	2,721,655	2,665,557	2,797,961	3,396,583	776,290
67 Total Retained Earnings	\$21,440,445	\$21,281,865	\$21,265,792	\$21,475,919	\$18,520,069

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$47,974	\$71,832	\$244,703	\$418,459	\$273,827
2 Accounts Receivable (Net)	161,816	167,792	171,807	213,424	231,164
3 Current Deferred Income Taxes	-	-			
4 Other Current Assets	81,334	111,416	146,055	27,895	62,129
5 Total Current Assets	291,124	351,040	562,565	659,778	567,120
NON-CURRENT ASSETS					
6 Investments	501,938	484,813	360,339	273,529	226,796
7 Unamortized Debt Issuance Costs	304	646	988	1,330	1,672
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets					
12 Total Non-Current Assets	502,242	485,459	361,327	274,859	228,468
REGULATED PLANT					
13 Total Telecommunications Plant	2,310,153	2,312,615	2,186,810	2,370,675	2,290,856
14 Less: Accumulated Depr and Amort.	1,289,792	1,228,700	1,136,249	1,099,861	1,011,863
15 Net Regulated Plant	1,020,361	1,083,915	1,050,561	1,270,814	1,278,993
16 Total Assets & Other Debits	\$1,813,727	\$1,920,414	\$1,974,453	\$2,205,451	\$2,074,581
CURRENT LIABILITIES					
17 Accounts Payable	\$102,972	\$132,882	\$104,881	\$44,404	\$120,398
18 Notes Payable					
19 Advanced Billings					
20 Customer Deposits	1,808	958	975	1,417	1,067
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes		-			
23 Other Current Liabilities	24,478	51,274	27,388	105,196	39,862
24 Total Current Liabilities	129,258	185,114	133,244	151,017	161,327
LONG-TERM DEBT					
25 Long-Term Debt	45,376	54,191	84,757	287,151	303,510
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	75,607	72,563	75,257	77,110	66,762
28 Other Deferred Credits					
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					
31 Total Other Liab. and Def. Credits	75,607	72,563	75,257	77,110	66,762
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	1,484,968	1,530,028	1,602,677	1,611,655	1,464,464
36 Total Stockholder's Equity	1,563,486	1,608,546	1,681,195	1,690,173	1,542,982
37 Total Liab. and Stockholder's Equity	\$1,813,727	\$1,920,414	\$1,974,453	\$2,205,451	\$2,074,581

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$285,135	\$241,073	\$138,597	\$171,650	\$160,298	1
Network Access Services	497,923	443,985	536,658	482,259	530,282	2
Long Distance Network Services						3
Miscellaneous Revenues	610,470	674,591	636,369	666,926	651,279	4
Less: Uncollectible Revenues						5
Total Operating Revenues	1,393,528	1,359,649	1,311,624	1,320,835	1,341,859	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses						7
General Support Expenses	129,234	102,865	83,589	64,001	93,269	8
Central Office Switching	133,577	153,996	143,272	139,534	117,383	9
Operator Systems Expense						10
Central Office Transmission	35,031	24,298	32,620	38,412	20,265	11
Info. Origination/Termination						12
Cable & Wire Facilities	133,355	152,007	126,655	139,870	135,079	13
Total Plant Specific Operations	431,197	433,166	386,136	381,817	365,996	14
Other Plant, Property & Equipment	1,610	11,637	5,485	10,003	10,942	15
Network Operations	27,465	98,583	64,169	79,735	69,357	16
Access Expense						17
Depreciation and Amortization	125,232	122,154	117,892	99,930	97,168	18
Total Plant Non-Specific Operations	154,307	232,374	187,546	189,668	177,467	19
Marketing Expense						20
Services Expense	40,290	36,326	37,006	39,129	48,900	21
Total Customer Operations	40,290	36,326	37,006	39,129	48,900	22
Executive & Planning	53,136	67,560	62,040	58,348	55,908	23
General & Administrative	711,252	527,633	582,639	453,106	372,415	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	764,388	595,193	644,679	511,454	428,323	27
Total Operations Expense	1,390,182	1,297,059	1,255,367	1,122,068	1,020,686	28
Other Operating Income & Expenses						29
State & Local Income Taxes	52,873	51,738	50,137	59,688	49,448	30
Other Taxes						31
Net Operating Income Before FIT	(49,527)	10,852	6,120	139,079	271,725	32
Investment Tax Credits - Net						33
Federal Income Taxes		7,539	5,098	148,557	72,105	34
Provision - Def. Operating Income Taxes - Net	3,044	(2,694)	(1,853)	10,348	2,813	35
Net Operating Income	(\$52,571)	\$6,007	\$2,875	(\$19,826)	\$196,807	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(\$52,571)	\$6,007	\$2,875	(\$19,826)	\$196,807
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	21,759	37,842	35,427	22,104	15,954
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property				368,295	
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income					
45 Special Charges					
46 Total Non-Operating Income & Expenses	21,759	37,842	35,427	390,399	15,954
NON-OPERATING TAXES					
47 Federal Income Taxes					
48 Other					
49 Total Non-Operating Taxes					
50 Income Available Before Interest Charges	(30,812)	43,849	38,302	370,573	212,761
INTEREST CHARGES					
51 Interest on Funded Debt	14,248	16,498	19,573	23,040	25,157
52 Other Interest Expense			342	342	342
53 Total Interest Charges	14,248	16,498	19,915	23,382	25,499
54 Income Before Extraordinary & Nonreg Items	(45,060)	27,351	18,387	347,191	187,262
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$45,060)	\$27,351	\$18,387	\$347,191	\$187,262
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$1,530,028	\$1,602,677	\$1,611,655	\$1,464,464	\$1,328,202
60 Transferred from Income	(45,060)	27,351	18,387	347,191	187,262
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock		100,000		200,000	51,000
64 Adjustments			(27,365)		
65 Ending Year Balance	1,484,968	1,530,028	1,602,677	1,611,655	1,464,464
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$1,484,968	\$1,530,028	\$1,602,677	\$1,611,655	\$1,464,464

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$10,567	\$4,650	(\$8,475)	\$17,818	(\$11,447)
2 Accounts Receivable (Net)	1,386,336	1,518,167	2,041,226	1,869,661	7,350,848
3 Current Deferred Income Taxes		-			
4 Other Current Assets	86,438	94,437	123,930	108,546	73,746
5 Total Current Assets	1,483,341	1,617,253	2,156,680	1,996,025	7,413,147
NON-CURRENT ASSETS					
6 Investments	7,317,367	6,526,471	1,380,316	7,304,660	4,680,309
7 Unamortized Debt Issuance Costs					
8 Deferred Charges		12,088	10,999	4,588	4,588
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes		73,063	73,063	73,063	73,063
11 Other Non-Current Assets	525,000	525,000	525,000	503,000	496,000
12 Total Non-Current Assets	7,842,367	7,136,622	1,989,378	7,885,311	5,253,960
REGULATED PLANT					
13 Total Telecommunications Plant	22,696,060	22,299,924	22,020,540	21,556,378	20,507,996
14 Less: Accumulated Depr and Amort.	16,335,007	15,439,802	14,488,380	13,707,807	12,566,521
15 Net Regulated Plant	6,361,053	6,860,122	7,532,160	7,848,571	7,941,475
16 Total Assets & Other Debits	\$15,686,761	\$15,613,998	\$11,678,218	\$17,729,907	\$20,608,582
CURRENT LIABILITIES					
17 Accounts Payable	\$921,275	\$569,246	\$628,611	\$8,045,167	\$4,680,709
18 Notes Payable					
19 Advanced Billings	125,541	120,369	115,640	107,102	105,088
20 Customer Deposits					
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	14,616	1,187	40,175	183,105	78,236
24 Total Current Liabilities	1,061,432	690,802	784,426	8,335,373	4,864,033
LONG-TERM DEBT					
25 Long-Term Debt		119,005	119,375		
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	(783,723)	(298,434)	(387,405)	(733,910)	6,758,614
28 Other Deferred Credits	2,326,442	155,528	154,014	151,377	135,801
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	863,160	839,127	828,840	1,336,750	1,122,504
31 Total Other Liab. and Def. Credits	2,405,879	696,221	595,449	754,217	8,016,919
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	7,493,820	9,382,340	5,453,338	3,914,685	3,002,000
36 Total Stockholder's Equity	12,219,450	14,107,970	10,178,968	8,640,315	7,727,630
37 Total Liab. and Stockholder's Equity	\$15,686,761	\$15,613,998	\$11,678,218	\$17,729,906	\$20,608,582

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,873,330	\$1,814,703	\$1,761,656	\$1,822,944	\$1,957,729	1
Network Access Services	2,987,160	2,973,232	3,072,290	3,048,796	2,938,262	2
Long Distance Network Services						3
Miscellaneous Revenues	1,383,267	1,227,632	934,180	1,060,125	870,444	4
Less: Uncollectible Revenues	77,730	53,083	5,098	42,848	(17,802)	5
Total Operating Revenues	6,166,027	5,962,484	5,763,028	5,889,018	5,784,237	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	242	1	1	1,673		7
General Support Expenses	252,729	279,952	192,718	400,428	343,204	8
Central Office Switching	197,208	189,362	147,880	149,033	131,438	9
Operator Systems Expense	1,677	1,866	493	476		10
Central Office Transmission	43,691	53,299	92,808	73,251	43,932	11
Info. Origination/Termination	67,398	88,051	85,070	53,705	72,126	12
Cable & Wire Facilities	423,868	455,276	466,498	586,612	391,081	13
Total Plant Specific Operations	986,813	1,067,806	985,467	1,265,179	981,781	14
Other Plant, Property & Equipment	624	(7)	2	53	646	15
Network Operations	256,163	258,205	277,812	335,385	297,458	16
Access Expense	315,955	322,603	335,649	294,341	228,478	17
Depreciation and Amortization	925,634	1,098,359	1,143,856	1,215,809	525,739	18
Total Plant Non-Specific Operations	1,498,376	1,679,160	1,757,319	1,845,587	1,052,321	19
Marketing Expense	124,532	176,480	122,804	103,554	98,677	20
Services Expense	302,247	302,357	273,803	275,660	208,046	21
Total Customer Operations	426,779	478,837	396,607	379,214	306,723	22
Executive & Planning	48,435	53,073	56,168	288,708	41,118	23
General & Administrative	210,203	228,297	234,879	329,624	920,827	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	258,638	281,370	291,046	618,332	961,945	27
Total Operations Expense	3,170,606	3,507,173	3,430,439	4,108,312	3,302,770	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	274,860	283,122	296,750	252,103	270,563	31
Net Operating Income Before FIT	2,720,560	2,172,190	2,035,839	1,528,604	2,210,904	32
Investment Tax Credits - Net						33
Federal Income Taxes	1,186,162	1,001,590	1,102,356	951,739	672,522	34
Provision - Def. Operating Income Taxes - Net	(233,965)	(241,324)	(389,812)	(416,728)	(280,515)	35
Net Operating Income	\$1,768,363	\$1,411,924	\$1,323,295	\$993,593	\$1,818,897	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$1,768,363	\$1,411,924	\$1,323,295	\$993,593	\$1,818,897
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	1,168,968	3,835,918	313,728	1,127,138	147,202
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	2,537	4,157	16,243	13,073	5,403
42 Gains/Losses - Disposal of Property	168				
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	(1,934,146)				(208,750)
45 Special Charges	612	1,064	1,838	916	4,020
46 Total Non-Operating Income & Expenses	(763,085)	3,839,011	328,133	1,139,294	(60,165)
NON-OPERATING TAXES					
47 Federal Income Taxes	(323,854)	1,314,322	101,204	397,168	
48 Other					
49 Total Non-Operating Taxes	(323,854)	1,314,322	101,204	397,168	
50 Income Available Before Interest Charges	1,329,132	3,936,613	1,550,224	1,735,719	1,758,732
INTEREST CHARGES					
51 Interest on Funded Debt					
52 Other Interest Expense	117,653	7,612	11,570	18,033	1,403,297
53 Total Interest Charges	117,653	7,612	11,570	18,033	1,403,297
54 Income Before Extraordinary & Nonreg Items	1,211,479	3,929,001	1,538,654	1,717,686	355,435
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$1,211,479	\$3,929,001	\$1,538,654	\$1,717,686	\$355,435
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$9,382,340	\$5,453,339	\$3,914,686	\$3,002,000	\$2,646,565
60 Transferred from Income	1,211,479	3,929,001	1,538,654	1,717,686	355,435
61 Appropriations					
Dividends Declared:					
62 Preferred Stock	3,100,000				
63 Common Stock				805,000	
64 Adjustments					
65 Ending Year Balance	7,493,820	9,382,340	5,453,340	3,914,686	3,002,000
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$7,493,820	\$9,382,340	\$5,453,340	\$3,914,686	\$3,002,000

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	(\$54,485)	\$733,228	\$859,400	\$524,418	\$1,552,325
2 Accounts Receivable (Net)	13,984,822	11,300,551	24,888,727	15,800,923	69,223,405
3 Current Deferred Income Taxes					
4 Other Current Assets	1,064,472	1,084,257	1,172,764	1,343,660	1,224,080
5 Total Current Assets	14,994,809	13,118,037	26,920,891	17,669,001	71,999,810
NON-CURRENT ASSETS					
6 Investments	87,783,956	84,264,564	49,063,955	30,423,728	19,051,301
7 Unamortized Debt Issuance Costs					
8 Deferred Charges	2,720,910	2,833,232	2,822,741	2,915,377	2,907,364
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	6,986,000	8,008,000
12 Total Non-Current Assets	96,694,866	93,287,796	58,076,696	40,325,105	29,966,665
REGULATED PLANT					
13 Total Telecommunications Plant	185,007,673	181,928,434	178,619,295	175,684,422	169,765,872
14 Less: Accumulated Depr and Amort.	128,722,749	119,688,817	110,534,884	103,396,710	94,912,444
15 Net Regulated Plant	56,284,925	62,239,617	68,084,411	72,287,712	74,853,428
16 Total Assets & Other Debits	\$167,974,600	\$168,645,450	\$153,081,998	\$130,281,818	\$176,819,903
CURRENT LIABILITIES					
17 Accounts Payable	\$5,155,243	\$6,032,675	\$13,438,893	\$15,909,384	\$71,829,005
18 Notes Payable					
19 Advanced Billings	987,104	1,086,954	1,119,611	1,097,270	1,063,973
20 Customer Deposits				12,347	10,000
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	129,620	25,468	176,761	880,250	663,795
24 Total Current Liabilities	6,271,967	7,145,097	14,735,265	17,899,251	73,566,773
LONG-TERM DEBT					
25 Long-Term Debt					
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	4,742,433	2,901,959	2,634,744	983,802	(3,412,163)
28 Other Deferred Credits	3,842,116	3,712,341	3,636,991	1,948,237	1,796,907
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	16,990,125	16,999,011	18,023,980	20,625,435	23,369,777
31 Total Other Liab. and Def. Credits	25,574,674	23,613,311	24,295,715	23,557,474	21,754,521
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	70,611,502	72,370,585	48,534,561	23,308,635	15,982,152
36 Total Stockholder's Equity	136,127,959	137,887,042	114,051,018	88,825,092	81,498,609
37 Total Liab. and Stockholder's Equity	\$167,974,600	\$168,645,450	\$153,081,998	\$130,281,818	\$176,819,903

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$19,294,572	\$20,530,411	\$21,372,501	\$21,403,485	\$20,849,133	1
Network Access Services	22,148,083	24,123,913	30,019,497	28,989,518	30,391,094	2
Long Distance Network Services						3
Miscellaneous Revenues	23,259,170	24,523,582	19,162,146	20,808,719	19,375,699	4
Less: Uncollectible Revenues	539,613	148,480	126,780	435,612	1,109,086	5
Total Operating Revenues	64,162,212	69,029,426	70,427,364	70,766,111	69,506,840	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	781	(30)	576	20,084	207	7
General Support Expenses	2,155,873	2,387,984	486,516	4,119,360	4,159,273	8
Central Office Switching	928,662	871,941	727,071	5,411,237	(1,506,872)	9
Operator Systems Expense	15,871	18,883	5,515	5,761		10
Central Office Transmission	647,854	473,738	1,070,515	1,444,236	1,987,650	11
Info. Origination/Termination	2,498,330	2,309,567	1,398,401	1,970,800	2,863,649	12
Cable & Wire Facilities	1,909,412	1,537,185	2,742,375	2,923,537	2,635,354	13
Total Plant Specific Operations	8,156,784	7,599,268	6,430,969	15,895,015	10,139,261	14
Other Plant, Property & Equipment	28	(80)	23	674	7,003	15
Network Operations	2,813,495	2,673,445	2,086,549	3,467,932	5,342,363	16
Access Expense	3,104,084	3,792,203	3,960,933	3,958,287	3,195,873	17
Depreciation and Amortization	9,792,203	9,977,816	9,250,362	9,283,347	2,339,939	18
Total Plant Non-Specific Operations	15,709,810	16,443,384	15,297,867	16,710,240	10,885,178	19
Marketing Expense	1,324,859	1,269,213	962,357	844,904	972,135	20
Services Expense	5,708,866	5,941,649	2,779,032	6,111,495	5,439,103	21
Total Customer Operations	7,033,725	7,210,861	3,741,389	6,956,400	6,411,238	22
Executive & Planning	533,023	598,519	638,280	3,609,879	540,543	23
General & Administrative	2,510,010	2,601,819	2,740,688	3,800,828	9,823,665	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	3,043,033	3,200,338	3,378,968	7,410,707	10,364,208	27
Total Operations Expense	33,943,352	34,453,851	28,849,193	46,972,362	37,799,885	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	3,206,998	3,089,925	3,127,935	3,051,409	2,630,475	31
Net Operating Income Before FIT	27,011,862	31,485,650	38,450,236	20,742,340	29,076,480	32
Investment Tax Credits - Net						33
Federal Income Taxes	9,699,017	10,838,325	13,397,232	6,468,117	9,734,199	34
Provision - Def. Operating Income Taxes - Net	(244,865)	181,652	60,351	791,701	442,570	35
Net Operating Income	\$17,557,710	\$20,465,673	\$24,992,653	\$13,482,522	\$18,899,711	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$17,557,710	\$20,465,673	\$24,992,653	\$13,482,522	\$18,899,711
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	7,790,552	5,519,432	3,098,292	992,634	147,539
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	30,353	27,898	51,719	64,957	41,210
42 Gains/Losses - Disposal of Property	1,638				
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	105,095	118,754	(1,640,791)		
45 Special Charges	233,566	216,364	194,096	385,753	159,898
46 Total Non-Operating Income & Expenses	7,694,072	5,449,720	1,315,124	671,838	28,851
NON-OPERATING TAXES					
47 Federal Income Taxes	2,289,830	1,438,495	(25,216)	392,857	(5,444,541)
48 Other					
49 Total Non-Operating Taxes	2,289,830	1,438,495	(25,216)	392,857	(5,444,541)
50 Income Available Before Interest Charges	22,961,952	24,476,898	26,332,993	13,761,503	24,373,103
INTEREST CHARGES					
51 Interest on Funded Debt					
52 Other Interest Expense	721,035	640,873	1,107,068	30,020	
53 Total Interest Charges	721,035	640,873	1,107,068	30,020	23,249,745
54 Income Before Extraordinary & Nonreg Items	22,240,917	23,836,025	25,225,925	13,731,482	1,123,358
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$22,240,917	\$23,836,025	\$25,225,925	\$13,731,482	\$1,123,358
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$72,370,585	\$48,534,560	\$23,308,634	\$15,982,152	\$14,858,794
60 Transferred from Income	22,240,917	23,836,025	25,225,925	13,731,482	1,123,358
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	24,000,000			6,405,000	
64 Adjustments					
65 Ending Year Balance	70,611,502	72,370,585	48,534,560	23,308,634	15,982,152
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$70,611,502	\$72,370,585	\$48,534,560	\$23,308,634	\$15,982,152

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$40,252	\$39,074	(\$7,222)	\$60,725	\$32,207
2 Accounts Receivable (Net)	1,772,339	1,527,854	2,131,257	1,658,703	4,035,213
3 Current Deferred Income Taxes					
4 Other Current Assets	118,353	117,069	148,381	112,767	104,267
5 Total Current Assets	1,930,944	1,683,997	2,272,417	1,832,195	4,171,687
NON-CURRENT ASSETS					
6 Investments	7,044,572	6,377,355	2,334,163	3,206,160	3,983,991
7 Unamortized Debt Issuance Costs					
8 Deferred Charges	334,165	334,165	334,166	334,165	334,173
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes		47,950	47,950	47,950	47,950
11 Other Non-Current Assets					
12 Total Non-Current Assets	7,378,737	6,759,470	2,716,279	3,588,275	4,366,114
REGULATED PLANT					
13 Total Telecommunications Plant	24,433,880	23,745,842	23,100,207	22,560,523	21,892,343
14 Less: Accumulated Depr and Amort.	19,554,560	18,593,642	17,165,819	15,618,551	13,988,222
15 Net Regulated Plant	4,879,320	5,152,200	5,934,388	6,941,972	7,904,121
16 Total Assets & Other Debits	\$14,189,001	\$13,595,667	\$10,923,084	\$12,362,442	\$16,441,922
CURRENT LIABILITIES					
17 Accounts Payable	\$1,635,454	\$750,773	\$830,430	\$3,336,447	\$5,792,292
18 Notes Payable					
19 Advanced Billings	272,388	274,847	257,673	245,699	234,919
20 Customer Deposits					
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	20,014	318	5,285	121,627	1,567
24 Total Current Liabilities	1,927,856	1,025,938	1,093,388	3,703,773	6,028,778
LONG-TERM DEBT					
25 Long-Term Debt					
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	191,157	955,771	1,085,143	1,149,040	1,489,056
28 Other Deferred Credits	1,180,051	25,406	3,975	5,363	6,239
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	1,129,611	1,163,346	1,308,828	1,601,139	1,753,195
31 Total Other Liab. and Def. Credits	2,500,819	2,144,523	2,397,945	2,755,542	3,248,490
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	5,736,562	5,736,563	6,234,910
35 Retained Earnings	4,023,762	4,688,643	1,695,188	166,564	929,743
36 Total Stockholder's Equity	9,760,326	10,425,206	7,431,751	5,903,127	7,164,654
37 Total Liab. and Stockholder's Equity	\$14,189,001	\$13,595,667	\$10,923,084	\$12,362,442	\$16,441,922

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$2,029,508	\$2,116,507	\$2,085,127	\$1,974,677	\$1,959,873	1
Network Access Services	2,649,460	2,872,934	2,967,942	2,988,518	3,204,150	2
Long Distance Network Services						3
Miscellaneous Revenues	1,924,479	1,809,380	1,349,270	1,588,628	1,156,914	4
Less: Uncollectible Revenues	56,525	56,137	(14,630)	48,630	70,022	5
Total Operating Revenues	6,546,922	6,742,684	6,416,969	6,503,194	6,250,915	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	4,147	1	4	2,009	10	7
General Support Expenses	307,982	315,698	302,225	482,893	440,221	8
Central Office Switching	121,871	75,136	80,125	72,253	91,580	9
Operator Systems Expense	2,349	2,693	705	564		10
Central Office Transmission	76,238	84,985	196,454	78,423	109,612	11
Info. Origination/Termination	154,257	147,065	73,666	92,236	105,383	12
Cable & Wire Facilities	261,792	210,110	328,421	355,695	332,383	13
Total Plant Specific Operations	928,636	835,687	981,599	1,084,071	1,079,189	14
Other Plant, Property & Equipment	3	(10)	3	73	52	15
Network Operations	396,846	395,995	384,631	491,060	478,137	16
Access Expense	183,072	195,776	206,828	149,928	133,955	17
Depreciation and Amortization	1,013,529	1,502,905	1,690,335	1,672,331	2,193,096	18
Total Plant Non-Specific Operations	1,593,450	2,094,667	2,281,797	2,313,392	2,805,240	19
Marketing Expense	181,543	212,160	161,401	143,271	142,680	20
Services Expense	423,170	422,170	307,379	405,933	308,351	21
Total Customer Operations	604,713	634,330	468,780	549,204	451,031	22
Executive & Planning	63,313	67,293	36,701	366,932	48,079	23
General & Administrative	317,118	322,522	121,486	403,069	(100,240)	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	380,431	389,815	158,187	770,001	(52,161)	27
Total Operations Expense	3,507,230	3,954,499	3,890,364	4,716,668	4,283,299	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	324,144	339,391	342,485	299,691	174,844	31
Net Operating Income Before FIT	2,715,548	2,448,794	2,184,120	1,486,834	1,792,772	32
Investment Tax Credits - Net						33
Federal Income Taxes	790,412	1,557,306	869,408	820,408	(385,723)	34
Provision - Def. Operating Income Taxes - Net	(47,153)	9,397	(63,379)	3,819	1,099,299	35
Net Operating Income	\$1,972,289	\$882,091	\$1,378,091	\$662,607	\$1,079,196	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$1,972,289	\$882,091	\$1,378,091	\$662,607	\$1,079,196
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	643,511	2,128,853	212,557	828,683	95,311
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	1,918	2,513	8,947	4,280	3,830
42 Gains/Losses - Disposal of Property	210				
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	(1,098,150)	49			(137,000)
45 Special Charges	(5,726)	5,475	(1,123)	1,353	936
46 Total Non-Operating Income & Expenses	(446,785)	2,136,890	220,382	831,610	(38,795)
NON-OPERATING TAXES					
47 Federal Income Taxes					
48 Other					
49 Total Non-Operating Taxes					
50 Income Available Before Interest Charges	1,525,504	3,018,981	1,598,472	1,494,217	1,040,401
INTEREST CHARGES					
51 Interest on Funded Debt					
52 Other Interest Expense	90,389	25,527	69,850	5,746	1,322,582
53 Total Interest Charges	90,389	25,527	69,850	5,746	1,322,582
54 Income Before Extraordinary & Nonreg Items	1,435,115	2,993,454	1,528,623	1,488,471	(282,181)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$1,435,115	\$2,993,454	\$1,528,623	\$1,488,471	(\$282,181)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$4,688,643	\$1,695,188	\$166,558	\$929,741	\$1,211,922
60 Transferred from Income	1,435,115	2,993,455	1,528,623	1,488,471	(282,181)
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	2,100,000			2,251,653	
64 Adjustments	4			(2)	
65 Ending Year Balance	4,023,762	4,688,643	1,695,180	166,558	929,741
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$4,023,762	\$4,688,643	\$1,695,180	\$166,558	\$929,741

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$11,046	\$22,449	\$21,539	\$80,176	\$71,120
2 Accounts Receivable (Net)	2,880,241	2,512,449	3,296,964	14,862,926	1,099,386
3 Current Deferred Income Taxes					
4 Other Current Assets	135,760	182,502	234,839	308,366	314,010
5 Total Current Assets	3,027,047	2,717,400	3,553,342	15,251,468	1,484,516
NON-CURRENT ASSETS					
6 Investments	12,214,064	10,719,667	5,734,216	(11,109,757)	(614,677)
7 Unamortized Debt Issuance Costs					
8 Deferred Charges	279,797	283,088	288,775	280,931	278,357
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets	(321,000)	(321,000)	(321,000)	(213,000)	(84,000)
12 Total Non-Current Assets	12,172,861	10,681,755	5,701,991	(11,041,826)	(420,320)
REGULATED PLANT					
13 Total Telecommunications Plant	51,444,011	50,871,918	49,987,387	49,091,172	47,883,731
14 Less: Accumulated Depr and Amort.	35,035,016	32,158,656	29,290,897	27,293,852	24,513,077
15 Net Regulated Plant	16,408,995	18,713,262	20,696,490	21,797,320	23,370,654
16 Total Assets & Other Debits	\$31,608,903	\$32,112,417	\$29,951,823	\$26,006,962	\$24,434,850
CURRENT LIABILITIES					
17 Accounts Payable	\$2,024,408	\$1,575,430	\$1,661,594	\$1,685,282	\$14,288,803
18 Notes Payable					
19 Advanced Billings	203,454	244,051	238,519	221,671	210,315
20 Customer Deposits					
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	32,149	11,063	4,319	139,966	11,064
24 Total Current Liabilities	2,260,011	1,830,544	1,904,433	2,046,919	14,510,182
LONG-TERM DEBT					
25 Long-Term Debt					
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	2,607,926	2,882,453	2,862,082	2,386,700	(5,807,052)
28 Other Deferred Credits	119,692	123,711	129,799	313,020	5,341
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	481,143	475,009	521,472	1,891,832	2,345,659
31 Total Other Liab. and Def. Credits	3,208,761	3,481,173	3,513,354	4,591,552	(3,456,052)
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	13,485,763	14,146,333	11,879,669	6,714,123	726,352
36 Total Stockholder's Equity	26,140,131	26,800,701	24,534,037	19,368,491	13,380,720
37 Total Liab. and Stockholder's Equity	\$31,608,903	\$32,112,417	\$29,951,823	\$26,006,962	\$24,434,850

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

320 B

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$3,816,678	\$4,271,808	\$4,264,309	\$4,218,598	\$4,033,159	1
Network Access Services	4,589,889	4,797,520	7,763,846	6,523,789	6,280,412	2
Long Distance Network Services						3
Miscellaneous Revenues	3,737,616	3,864,435	2,810,803	3,119,900	2,765,006	4
Less: Uncollectible Revenues	103,698	53,693	(10,325)	96,543	68,886	5
Total Operating Revenues	12,040,485	12,880,069	14,849,282	13,765,744	13,009,691	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	81	2	77	3,280	(9)	7
General Support Expenses	565,756	647,072	627,659	736,026	277,442	8
Central Office Switching	1,340,831	1,494,574	276,866	(4,190,126)	2,545,584	9
Operator Systems Expense	4,080	4,947	1,199	951		10
Central Office Transmission	211,042	212,316	214,310	342,135	337,555	11
Info. Origination/Termination	395,562	354,718	309,688	371,734	451,091	12
Cable & Wire Facilities	427,439	501,124	518,273	779,331	685,834	13
Total Plant Specific Operations	2,944,791	3,214,753	1,948,073	(1,956,668)	4,297,497	14
Other Plant, Property & Equipment	6	(20)	5	98		15
Network Operations	658,382	700,625	584,596	480,268	346,627	16
Access Expense	246,667	361,932	326,017	251,679	202,074	17
Depreciation and Amortization	3,034,273	3,010,657	1,948,430	2,904,780	1,959,788	18
Total Plant Non-Specific Operations	3,939,328	4,073,194	2,859,047	3,636,826	2,508,489	19
Marketing Expense	361,698	362,232	220,153	155,684	110,086	20
Services Expense	936,145	993,044	748,325	727,553	435,016	21
Total Customer Operations	1,297,843	1,355,276	968,478	883,237	545,102	22
Executive & Planning	118,128	139,302	121,623	565,756	61,836	23
General & Administrative	504,048	598,223	492,283	544,654	1,026,309	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	622,176	737,525	613,906	1,110,411	1,088,145	27
Total Operations Expense	8,804,138	9,380,748	6,389,504	3,673,805	8,439,233	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	689,201	736,895	724,799	584,964	541,761	31
Net Operating Income Before FIT	2,547,146	2,762,426	7,734,978	9,506,975	4,028,697	32
Investment Tax Credits - Net						33
Federal Income Taxes	1,051,326	745,508	2,388,821	2,664,339	(162,040)	34
Provision - Def. Operating Income Taxes - Net	155,445	386,160	362,852	591,900	705,925	35
Net Operating Income	\$1,340,375	\$1,630,758	\$4,983,305	\$6,250,736	\$3,484,812	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$1,340,375	\$1,630,758	\$4,983,305	\$6,250,736	\$3,484,812
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					11,043
39 Interest Income					
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	129	6,050	7,884	5,192	22,937
42 Gains/Losses - Disposal of Property	371				
43 Equity in Earnings of Affiliated Companies			(126,570)		
44 Other Non-Operating Income			2,290	4,153	576
45 Special Charges	(2,597)	4,011			
46 Total Non-Operating Income & Expenses	3,097	2,039	(120,977)	1,039	33,404
NON-OPERATING TAXES					
47 Federal Income Taxes					
48 Other					
49 Total Non-Operating Taxes					
50 Income Available Before Interest Charges	1,343,472	1,632,797	4,862,329	6,251,775	3,518,216
INTEREST CHARGES					
51 Interest on Funded Debt					
52 Other Interest Expense	(995,958)	(629,585)	(303,216)	264,036	4,239,576
53 Total Interest Charges	(995,958)	(629,585)	(303,216)	264,036	4,239,576
54 Income Before Extraordinary & Nonreg Items	2,339,430	2,262,382	5,165,544	5,987,739	(721,360)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues		4,283			
57 Total Extraordinary & Nonregulated Items		4,283			
58 Net Income	\$2,339,430	\$2,266,665	\$5,165,544	\$5,987,739	(\$721,360)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$14,146,333	\$11,879,670	\$6,714,118	\$726,346	\$1,447,706
60 Transferred from Income	2,339,430	2,266,665	5,165,544	5,987,739	(721,360)
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	3,000,000				
64 Adjustments		(2)	7	32	
65 Ending Year Balance	13,485,763	14,146,333	11,879,669	6,714,118	726,346
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$13,485,763	\$14,146,333	\$11,879,669	\$6,714,118	\$726,346

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$1,446,909	\$1,531,661	\$1,961,438	\$2,171,597	\$2,170,171
2 Accounts Receivable (Net)	378,628	529,215	537,904	563,895	1,127,960
3 Current Deferred Income Taxes	4,380	3,985	3,508	3,041	2,590
4 Other Current Assets	180,501	166,122	180,290	290,156	548,243
5 Total Current Assets	2,010,418	2,230,983	2,683,141	3,028,689	3,848,964
NON-CURRENT ASSETS					
6 Investments	3,128,540	3,355,718	3,135,017	2,926,842	2,673,713
7 Unamortized Debt Issuance Costs		4,735	5,689	6,643	7,597
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	327,330	261,839	247,417	199,077	190,568
11 Other Non-Current Assets	1,720,444	2,119,174	2,011,505	1,827,519	1,661,455
12 Total Non-Current Assets	5,176,314	5,741,467	5,399,628	4,960,081	4,533,333
REGULATED PLANT					
13 Total Telecommunications Plant	9,591,609	9,467,440	9,210,120	8,965,666	8,817,889
14 Less: Accumulated Depr and Amort.	6,744,192	6,473,630	6,020,600	5,843,542	5,416,800
15 Net Regulated Plant	2,847,417	2,993,810	3,189,520	3,122,124	3,401,089
16 Total Assets & Other Debits	\$10,034,149	\$10,966,260	\$11,272,289	\$11,110,895	\$11,783,386
CURRENT LIABILITIES					
17 Accounts Payable	\$221,306	\$553,931	\$579,883	\$261,665	\$683,953
18 Notes Payable					
19 Advanced Billings	34,866	30,950	33,135	38,540	26,370
20 Customer Deposits					140
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	(81,116)	(25,621)	(9,233)	(234,159)	149,604
24 Total Current Liabilities	175,057	559,260	603,786	66,046	860,067
LONG-TERM DEBT					
25 Long-Term Debt		469,359	565,638	657,253	744,390
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	135,964	165,799	220,682	275,061	289,027
28 Other Deferred Credits	12,880	11,720	36,437	62,236	88,082
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	1,224,537	1,153,066	1,067,295	986,176	901,876
31 Total Other Liab. and Def. Credits	1,373,381	1,330,585	1,324,414	1,323,473	1,278,985
STOCKHOLDER'S EQUITY					
32 Common Stock	80,000	80,000	80,000	80,000	80,000
33 Preferred Stock					
34 Other Paid in Capital	30,389	99,343	39,877	82,766	38,920
35 Retained Earnings	8,375,322	8,427,713	8,658,574	8,901,358	8,781,024
36 Total Stockholder's Equity	8,485,711	8,607,056	8,778,451	9,064,124	8,899,944
37 Total Liab. and Stockholder's Equity	\$10,034,149	\$10,966,260	\$11,272,289	\$11,110,895	\$11,783,386

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$448,343	\$462,433	\$448,496	\$462,331	\$440,668	1
Network Access Services	2,173,390	2,417,456	2,583,181	2,734,000	3,041,554	2
Long Distance Network Services						3
Miscellaneous Revenues	317,537	329,032	312,712	312,644	360,510	4
Less: Uncollectible Revenues	(3,885)	(1,655)	(2,639)	5,904	(2,646)	5
Total Operating Revenues	2,943,156	3,210,575	3,347,028	3,503,071	3,845,378	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	9,643	2,256	898	25,323	21,106	7
General Support Expenses	303,040	311,753	275,984	269,978	300,888	8
Central Office Switching	238,020	266,133	234,361	212,231	159,714	9
Operator Systems Expense						10
Central Office Transmission	90,962	95,133	107,091	96,556	164,186	11
Info. Origination/Termination	11,837	9,242	6,861	7,176	7,759	12
Cable & Wire Facilities	131,348	135,962	174,962	181,221	161,060	13
Total Plant Specific Operations	784,851	820,479	800,157	792,486	814,713	14
Other Plant, Property & Equipment		4,293	5,628	5,876	1,535	15
Network Operations	327,887	396,436	361,504	470,183	345,495	16
Access Expense	35,579	34,416	38,026	30,876	16,350	17
Depreciation and Amortization	573,361	627,781	604,693	590,919	544,458	18
Total Plant Non-Specific Operations	936,827	1,062,927	1,009,852	1,097,855	907,838	19
Marketing Expense	37,096	64,678	68,205	85,904	110,701	20
Services Expense	296,624	307,067	354,263	328,151	342,406	21
Total Customer Operations	333,720	371,745	422,467	414,056	453,107	22
Executive & Planning	266,559	237,208	208,150	285,980	257,855	23
General & Administrative	791,497	776,966	896,440	853,610	804,541	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,058,057	1,014,174	1,104,591	1,139,590	1,062,396	27
Total Operations Expense	3,113,454	3,269,325	3,337,067	3,443,986	3,238,054	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	124,354	129,985	143,130	152,710	160,127	31
Net Operating Income Before FIT	(294,652)	(188,734)	(133,168)	(93,625)	447,197	32
Investment Tax Credits - Net						33
Federal Income Taxes	(71,247)	7,096	65,638	(8,444)	154,686	34
Provision - Def. Operating Income Taxes - Net	(50,198)	(110,640)	(109,599)	(70,252)	(21,122)	35
Net Operating Income	(\$173,207)	(\$85,191)	(\$89,207)	(\$14,929)	\$313,633	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(\$173,207)	(\$85,191)	(\$89,207)	(\$14,929)	\$313,633
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	47,903	60,407	41,502	34,701	26,857
39 Interest Income	47,577	33,304	33,509	41,951	43,563
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	132,677	203,253	194,294	237,194	(164,629)
44 Other Non-Operating Income	52,687	33,579	55,929	(295,992)	20,566
45 Special Charges	84,706	(88,558)	(89,864)	(88,009)	(123,251)
46 Total Non-Operating Income & Expenses	196,139	419,100	415,097	105,863	49,608
NON-OPERATING TAXES					
47 Federal Income Taxes	36,451	20,892	24,636	(88,842)	19,239
48 Other					
49 Total Non-Operating Taxes	36,451	20,892	24,636	(88,842)	19,239
50 Income Available Before Interest Charges	(13,519)	313,018	301,254	179,776	344,002
INTEREST CHARGES					
51 Interest on Funded Debt	17,710	25,735	30,430	34,938	39,207
52 Other Interest Expense	4,735	954	954	954	954
53 Total Interest Charges	22,445	26,689	31,384	35,892	40,161
54 Income Before Extraordinary & Nonreg Items	(35,964)	286,329	269,870	143,885	303,841
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$35,964)	\$286,329	\$269,870	\$143,885	\$303,841
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$7,957,601	\$6,392,678	\$6,829,755	\$6,946,615	\$6,689,190
60 Transferred from Income	(168,641)	83,076	75,576	(93,310)	468,470
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	16,427	517,193	512,653	23,551	211,045
64 Adjustments		1,999,040			
65 Ending Year Balance	7,772,533	7,957,601	6,392,678	6,829,755	6,946,615
66 Appropriated/Undistr Affiliate Retained Earnings	602,789	470,112	2,265,896	2,071,603	1,834,409
67 Total Retained Earnings	\$8,375,322	\$8,427,713	\$8,658,574	\$8,901,358	\$8,781,024

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$220,129	\$276,266	\$358,679	\$420,580	\$363,180
2 Accounts Receivable (Net)	187,421	246,958	222,401	222,449	217,777
3 Current Deferred Income Taxes	9,002	10,375	166,392	11,825	9,584
4 Other Current Assets	978,893	905,580	1,121,127	1,007,263	927,630
5 Total Current Assets	1,395,445	1,439,179	1,868,599	1,662,117	1,518,171
NON-CURRENT ASSETS					
6 Investments	1,406,713	1,365,345	1,864,819	1,829,061	1,700,018
7 Unamortized Debt Issuance Costs	4,693	5,929	7,165	8,401	9,637
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	433,124	427,300	201,249	330,465	334,168
11 Other Non-Current Assets					
12 Total Non-Current Assets	1,844,530	1,798,574	2,073,233	2,167,927	2,043,823
REGULATED PLANT					
13 Total Telecommunications Plant	5,335,420	5,281,960	5,160,255	4,645,846	4,551,408
14 Less: Accumulated Depr and Amort.	3,638,676	3,348,004	3,180,437	2,935,573	2,748,929
15 Net Regulated Plant	1,696,744	1,933,956	1,979,818	1,710,273	1,802,479
16 Total Assets & Other Debits	\$4,936,719	\$5,171,709	\$5,921,650	\$5,540,317	\$5,364,473
CURRENT LIABILITIES					
17 Accounts Payable	\$654,917	\$597,516	\$476,133	\$161,650	\$186,044
18 Notes Payable					
19 Advanced Billings		27,032	28,099	27,479	22,853
20 Customer Deposits					
21 Current Maturities - Long-Term Debt	121,369	113,109	105,417	98,142	91,485
22 Current Deferred Income Taxes			4,500	4,000	
23 Other Current Liabilities	(53,929)	(10,550)	86,303	25,930	(15,745)
24 Total Current Liabilities	722,357	727,107	700,452	317,201	284,637
LONG-TERM DEBT					
25 Long-Term Debt	334,337	455,937	569,283	675,074	773,572
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	244,703	260,547	243,382	242,271	250,400
28 Other Deferred Credits	826,717	802,059	45,819	49,122	52,695
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	448,222	437,644	571,131	557,801	544,945
31 Total Other Liab. and Def. Credits	1,519,642	1,500,250	860,332	849,194	848,040
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)			
35 Retained Earnings	3,251,135	3,379,167	3,731,583	3,638,848	3,398,224
36 Total Stockholder's Equity	2,360,383	2,488,415	3,791,583	3,698,848	3,458,224
37 Total Liab. and Stockholder's Equity	\$4,936,719	\$5,171,709	\$5,921,650	\$5,540,317	\$5,364,473

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

INCOME STATEMENT	2007	2006	2,005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$370,193	\$362,019	\$359,732	\$363,762	\$354,844	1
Network Access Services	1,446,553	1,568,567	1,537,987	1,585,212	1,414,412	2
Long Distance Network Services	2,481	2,310	2,926	2,593	3,193	3
Miscellaneous Revenues	77,467	75,954	73,895	77,088	81,925	4
Less: Uncollectible Revenues	1,200	1,200	1,200	1,200	1,200	5
Total Operating Revenues	1,895,494	2,007,650	1,973,340	2,027,455	1,853,174	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	15,716	11,123	12,673	8,260	8,005	7
General Support Expenses	88,445	94,642	104,435	90,809	91,875	8
Central Office Switching	323,797	332,086	345,757	389,788	336,638	9
Operator Systems Expense						10
Central Office Transmission			1,513	2,242		11
Info. Origination/Termination						12
Cable & Wire Facilities	296,793	344,861	238,686	247,628	238,589	13
Total Plant Specific Operations	724,751	782,712	703,064	738,727	675,107	14
Other Plant, Property & Equipment						15
Network Operations	19,234	19,681	20,453	18,667	21,323	16
Access Expense	41,412	30,872	29,930	27,816	21,309	17
Depreciation and Amortization	297,837	288,261	254,542	232,735	247,376	18
Total Plant Non-Specific Operations	358,483	338,814	304,925	279,218	290,008	19
Marketing Expense	24,082	17,080	18,861	15,845	16,691	20
Services Expense	154,746	157,093	150,974	159,810	156,420	21
Total Customer Operations	178,828	174,173	169,835	175,655	173,111	22
Executive & Planning	392,649	320,665	315,576	306,080	291,081	23
General & Administrative	353,951	397,407	291,383	258,462	271,042	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	746,600	718,072	606,959	564,542	562,123	27
Total Operations Expense	2,008,662	2,013,771	1,784,783	1,758,142	1,700,349	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	89,365	91,105	91,674	87,929	88,744	31
Net Operating Income Before FIT	(202,533)	(97,226)	96,883	181,384	64,081	32
Investment Tax Credits - Net						33
Federal Income Taxes	(47,900)	(66,000)	30,500	47,000	9,500	34
Provision - Def. Operating Income Taxes - Net	(17,510)	33,815	(29,186)	(16,111)	(31,007)	35
Net Operating Income	(\$137,123)	(\$65,041)	\$95,569	\$150,495	\$85,588	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(\$137,123)	(\$65,041)	\$95,569	\$150,495	\$85,588
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	29,159	4,157	43,886	42,494	21,295
39 Interest Income	7,857	19,572	388	383	458
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	41,420	(428,274)	35,758	127,094	52,873
44 Other Non-Operating Income		587,629	3,263	11,890	
45 Special Charges	9,755	(20,848)	(3,392)	(6,045)	(9,574)
46 Total Non-Operating Income & Expenses	68,681	203,932	86,687	187,906	84,200
NON-OPERATING TAXES					
47 Federal Income Taxes	4,670	189,301	13,000	14,500	7,500
48 Other		16,833			
49 Total Non-Operating Taxes	4,670	206,134	13,000	14,500	7,500
50 Income Available Before Interest Charges	(73,112)	(67,243)	169,256	323,901	162,288
INTEREST CHARGES					
51 Interest on Funded Debt	36,224	43,937	51,100	57,799	64,021
52 Other Interest Expense	1,236	1,236	1,421	1,478	18,120
53 Total Interest Charges	37,460	45,173	52,521	59,277	82,141
54 Income Before Extraordinary & Nonreg Items	(110,572)	(112,416)	116,735	264,624	80,147
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$110,572)	(\$112,416)	\$116,735	\$264,624	\$80,147
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$2,028,638	\$1,952,780	\$1,895,803	\$1,782,273	\$1,695,563
60 Transferred from Income	(151,992)	315,858	80,977	137,530	27,274
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	17,460	240,000	24,000	24,000	18,000
64 Adjustments					77,436
65 Ending Year Balance	1,859,186	2,028,638	1,952,780	1,895,803	1,782,273
66 Appropriated/Undistr Affiliate Retained Earnings	1,391,949	1,350,529	1,778,803	1,743,045	1,615,951
67 Total Retained Earnings	\$3,251,135	\$3,379,167	\$3,731,583	\$3,638,848	\$3,398,224

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$935,351	\$1,468,465	\$1,155,980	\$1,014,707	\$815,032
2 Accounts Receivable (Net)	421,999	390,916	427,210	506,129	343,236
3 Current Deferred Income Taxes	3,703	3,252	2,847	2,433	2,046
4 Other Current Assets	191,341	190,335	613,935	633,028	1,988,752
5 Total Current Assets	1,552,394	2,052,968	2,199,972	2,156,297	3,149,066
NON-CURRENT ASSETS					
6 Investments	3,031,521	2,950,159	3,129,140	3,255,092	2,279,893
7 Unamortized Debt Issuance Costs	3,951	4,464	4,978	5,492	6,006
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	85,510	123,972	18,341	18,341	22,193
11 Other Non-Current Assets	579,165	485,813	395,864	274,602	662,763
12 Total Non-Current Assets	3,700,147	3,564,408	3,548,323	3,553,527	2,970,855
REGULATED PLANT					
13 Total Telecommunications Plant	11,782,145	11,408,061	10,776,884	10,582,497	10,144,929
14 Less: Accumulated Depr and Amort.	8,967,713	8,509,735	7,998,703	7,531,078	6,968,894
15 Net Regulated Plant	2,814,432	2,898,326	2,778,181	3,051,419	3,176,035
16 Total Assets & Other Debits	\$8,066,973	\$8,515,702	\$8,526,476	\$8,761,243	\$9,295,956
CURRENT LIABILITIES					
17 Accounts Payable	\$123,823	\$79,184	\$52,332	\$62,992	\$110,320
18 Notes Payable			375,000	375,000	375,000
19 Advanced Billings	28,092	24,612	23,262	20,568	21,990
20 Customer Deposits					
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	347,783	565,459	326,328	392,112	207,583
24 Total Current Liabilities	499,698	669,255	776,922	850,672	714,893
LONG-TERM DEBT					
25 Long-Term Debt	318,851	392,682	462,923	529,776	627,941
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					7,475
27 Non-Current Deferred Taxes	138,261	180,398	314,099	425,862	354,084
28 Other Deferred Credits	262,395	374,196	62,328	61,102	104,126
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					
31 Total Other Liab. and Def. Credits	400,656	554,594	376,427	486,964	465,685
STOCKHOLDER'S EQUITY					
32 Common Stock	130,000	130,000	130,000	130,000	130,000
33 Preferred Stock					
34 Other Paid in Capital	16,856	14,373	153,175	228,806	112,705
35 Retained Earnings	6,700,912	6,754,798	6,627,029	6,535,025	7,244,732
36 Total Stockholder's Equity	6,847,768	6,899,171	6,910,204	6,893,831	7,487,437
37 Total Liab. and Stockholder's Equity	\$8,066,973	\$8,515,702	\$8,526,476	\$8,761,243	\$9,295,956

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$665,201	\$683,287	\$662,807	\$667,696	\$643,065	1
Network Access Services	1,630,620	1,575,681	1,725,660	1,962,975	2,063,863	2
Long Distance Network Services						3
Miscellaneous Revenues	397,925	418,530	433,905	462,459	441,977	4
Less: Uncollectible Revenues	6,000	6,000	(12,312)	1,200	1,200	5
Total Operating Revenues	2,687,746	2,671,498	2,834,684	3,091,930	3,147,705	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	10,580	7,881	5,788	6,189	6,195	7
General Support Expenses	102,700	152,413	159,087	96,366	102,164	8
Central Office Switching	108,137	126,539	111,393	124,520	100,094	9
Operator Systems Expense						10
Central Office Transmission	117,216	98,782	89,189	93,599	60,284	11
Info. Origination/Termination	18,687	23,938	22,770	25,419	21,734	12
Cable & Wire Facilities	179,937	152,341	145,818	201,969	207,499	13
Total Plant Specific Operations	537,257	561,894	534,045	548,062	497,970	14
Other Plant, Property & Equipment		1,387	2,545			15
Network Operations	177,768	146,175	131,802	120,976	142,157	16
Access Expense	45,459	43,743	42,532	39,372	32,878	17
Depreciation and Amortization	518,328	542,864	562,132	581,557	606,729	18
Total Plant Non-Specific Operations	741,555	734,169	739,011	741,905	781,764	19
Marketing Expense	14,292	16,448	22,751	25,288	20,437	20
Services Expense	351,090	345,052	354,639	322,692	430,966	21
Total Customer Operations	365,382	361,500	377,390	347,980	451,403	22
Executive & Planning	331,094	316,331	324,306	459,602	481,080	23
General & Administrative	531,738	522,549	482,520	450,229	493,418	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	862,832	838,880	806,826	909,831	974,498	27
Total Operations Expense	2,507,026	2,496,443	2,457,272	2,547,778	2,705,635	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	156,555	142,930	142,555	149,127	144,375	31
Net Operating Income Before FIT	24,165	32,125	234,857	395,025	297,695	32
Investment Tax Credits - Net				7,475	10,950	33
Federal Income Taxes	30,539	71,729	140,924	135,695	119,466	34
Provision - Def. Operating Income Taxes - Net	(5,405)	(62,603)	(73,214)	(49,493)	(77,334)	35
Net Operating Income	(\$969)	\$22,999	\$167,147	\$316,298	\$266,513	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(\$969)	\$22,999	\$167,147	\$316,298	\$266,513
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	334	297	445		167
39 Interest Income	35,464	23,515	12,546	6,946	7,436
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	170,421	55,707	152,815	(368,345)	(224,175)
44 Other Non-Operating Income	36,965	456,008	10,375	(429,788)	(65,919)
45 Special Charges	16,825	8,114	8,515	8,525	93,118
46 Total Non-Operating Income & Expenses	226,359	527,413	167,666	(799,712)	(375,609)
NON-OPERATING TAXES					
47 Federal Income Taxes	16,116	151,444	(9,922)	(30,904)	(16,515)
48 Other		21,954			
49 Total Non-Operating Taxes	16,116	173,398	(9,922)	(30,904)	(16,515)
50 Income Available Before Interest Charges	209,274	377,014	344,735	(452,510)	(92,581)
INTEREST CHARGES					
51 Interest on Funded Debt	17,640	21,229	24,618	29,183	38,879
52 Other Interest Expense	18,020	516	613	514	618
53 Total Interest Charges	35,660	21,745	25,231	29,697	39,497
54 Income Before Extraordinary & Nonreg Items	173,614	355,269	319,504	(482,207)	(132,078)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$173,614	\$355,269	\$319,504	(\$482,207)	(\$132,078)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$7,440,736	\$7,368,674	\$7,429,485	\$7,770,847	\$7,678,750
60 Transferred from Income	3,193	299,562	166,689	(113,862)	92,097
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	227,500	227,500	227,500	227,500	
64 Adjustments					
65 Ending Year Balance	7,216,429	7,440,736	7,368,674	7,429,485	7,770,847
66 Appropriated/Undistr Affiliate Retained Earnings	(515,517)	(685,938)	(741,645)	(894,460)	(526,115)
67 Total Retained Earnings	\$6,700,912	\$6,754,798	\$6,627,029	\$6,535,025	\$7,244,732

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$2,542,323	\$3,197,401	\$2,082,330	\$1,993,805	\$3,496,122
2 Accounts Receivable (Net)	844,127	758,853	692,898	792,681	754,952
3 Current Deferred Income Taxes	12,070	10,627	9,288	8,116	7,077
4 Other Current Assets	300,924	273,034	263,432	257,823	270,542
5 Total Current Assets	3,699,444	4,239,915	3,047,948	3,052,425	4,528,693
NON-CURRENT ASSETS					
6 Investments	2,168,372	2,098,363	2,277,031	2,919,063	2,528,450
7 Unamortized Debt Issuance Costs	7,181	7,884	8,587	9,290	9,993
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	703,387	701,011	310,696	291,272	279,959
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	4,295,630	4,223,948	4,013,004	4,636,315	4,235,092
REGULATED PLANT					
13 Total Telecommunications Plant	20,688,636	20,408,608	19,758,160	19,053,674	18,849,416
14 Less: Accumulated Depr and Amort.	15,751,168	14,810,807	13,735,668	12,658,496	11,676,779
15 Net Regulated Plant	4,937,468	5,597,801	6,022,492	6,395,178	7,172,637
16 Total Assets & Other Debits	\$12,932,542	\$14,061,664	\$13,083,444	\$14,083,918	\$15,936,422
CURRENT LIABILITIES					
17 Accounts Payable	\$240,030	\$295,879	\$262,273	\$351,364	\$387,930
18 Notes Payable					
19 Advanced Billings		(96)		55	
20 Customer Deposits					
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	57,405	683,327	36,161	(9,748)	1,678,157
24 Total Current Liabilities	297,435	979,110	298,434	341,671	2,066,087
LONG-TERM DEBT					
25 Long-Term Debt	1,755,110	2,011,737	2,254,618	2,484,455	2,701,932
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	48,705	326,620	556,204	724,940	596,850
28 Other Deferred Credits	1,441,280	1,413,451	254,327	250,881	247,825
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	563,000	579,600	519,100	458,600	398,100
31 Total Other Liab. and Def. Credits	2,052,985	2,319,671	1,329,631	1,434,421	1,242,775
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)	(554,622)	(16,774)	(486,697)
35 Retained Earnings	9,603,148	9,527,282	9,691,183	9,775,945	10,348,125
36 Total Stockholder's Equity	8,827,012	8,751,146	9,200,761	9,823,371	9,925,628
37 Total Liab. and Stockholder's Equity	\$12,932,542	\$14,061,664	\$13,083,444	\$14,083,918	\$15,936,422

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,214,372	\$1,236,178	\$1,227,092	\$1,209,406	\$1,141,456	1
Network Access Services	3,943,387	3,287,332	3,373,552	3,244,425	3,426,589	2
Long Distance Network Services						3
Miscellaneous Revenues	582,192	578,326	631,970	631,295	667,004	4
Less: Uncollectible Revenues	23,800	20,750	24,250	6,300	13,100	5
Total Operating Revenues	5,716,151	5,081,086	5,208,364	5,078,826	5,221,949	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	16,041	15,856	22,061	22,817	28,431	7
General Support Expenses	223,214	231,615	206,903	187,289	208,465	8
Central Office Switching	198,743	247,716	218,318	222,844	223,648	9
Operator Systems Expense						10
Central Office Transmission	242,860	233,354	208,132	145,133	124,855	11
Info. Origination/Termination	46,284	35,208	56,341	34,969	33,042	12
Cable & Wire Facilities	208,985	225,764	229,557	217,081	333,911	13
Total Plant Specific Operations	936,127	989,513	941,312	830,133	952,352	14
Other Plant, Property & Equipment	2,789	4,852	2,989	8,463	5,626	15
Network Operations	285,989	255,868	237,840	235,800	208,885	16
Access Expense	86,505	88,954	79,652	67,307	55,471	17
Depreciation and Amortization	1,550,327	1,496,254	1,378,289	1,360,665	1,331,003	18
Total Plant Non-Specific Operations	1,925,610	1,845,928	1,698,770	1,672,235	1,600,985	19
Marketing Expense	36,083	34,109	28,831	28,273	32,088	20
Services Expense	499,388	510,235	491,482	489,140	527,549	21
Total Customer Operations	535,471	544,344	520,313	517,413	559,637	22
Executive & Planning	463,810	453,877	551,986	545,689	578,515	23
General & Administrative	791,716	839,532	777,328	776,905	803,746	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,255,526	1,293,409	1,329,314	1,322,594	1,382,261	27
Total Operations Expense	4,652,734	4,673,194	4,489,709	4,342,375	4,495,235	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	325,835	387,838	326,038	306,925	300,742	31
Net Operating Income Before FIT	737,582	20,054	392,617	429,526	425,972	32
Investment Tax Credits - Net					5,227	33
Federal Income Taxes	424,761	190,756	279,769	217,205	67,902	34
Provision - Def. Operating Income Taxes - Net	(276,535)	(633,971)	(188,834)	(125,316)	(48,350)	35
Net Operating Income	\$589,356	\$463,269	\$301,682	\$337,637	\$411,647	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$589,356	\$463,269	\$301,682	\$337,637	\$411,647
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	74,015		18,655	12,900	7,266
39 Interest Income	95,740	115,511	35,111	14,846	53,164
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property	(766)	(28,583)			
43 Equity in Earnings of Affiliated Companies	(229,225)	(399,775)	(15,478)	22,418	13,375
44 Other Non-Operating Income	(148,683)	588,836	(111,631)	(856,224)	(139,106)
45 Special Charges	56,933	94,341	106,524	111,273	236,657
46 Total Non-Operating Income & Expenses	(265,852)	181,648	(179,867)	(917,333)	(301,958)
NON-OPERATING TAXES					
47 Federal Income Taxes	(3,093)	567,840	(54,757)	(284,605)	
48 Other					
49 Total Non-Operating Taxes	(3,093)	567,840	(54,757)	(284,605)	(1,799)
50 Income Available Before Interest Charges	326,597	77,077	176,572	(295,091)	111,488
INTEREST CHARGES					
51 Interest on Funded Debt	127,841	141,675	154,806	167,246	178,985
52 Other Interest Expense	24,290	703	703	703	703
53 Total Interest Charges	152,131	142,378	155,509	167,949	179,688
54 Income Before Extraordinary & Nonreg Items	174,466	(65,301)	21,063	(463,040)	(68,200)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$174,466	(\$65,301)	\$21,063	(\$463,040)	(\$68,200)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$10,808,888	\$10,573,014	\$10,642,298	\$11,236,895	\$13,209,653
60 Transferred from Income	403,691	334,474	36,541	(485,458)	(81,575)
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	98,600	98,600	105,825	109,140	1,590,555
64 Adjustments					(300,628)
65 Ending Year Balance	11,113,979	10,808,888	10,573,014	10,642,297	11,236,895
66 Appropriated/Undistr Affiliate Retained Earnings	(1,510,831)	(1,281,606)	(881,831)	(866,353)	(888,771)
67 Total Retained Earnings	\$9,603,148	\$9,527,282	\$9,691,183	\$9,775,944	\$10,348,124

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$467,674,475	\$483,112,697	\$485,196,722	\$446,999,354	\$417,323,246
2 Accounts Receivable (Net)	985,103,589	1,076,621,277	1,131,656,951	991,023,687	1,298,440,854
3 Current Deferred Income Taxes					330,695,656
4 Other Current Assets	227,899,456	232,610,763	253,524,635	251,028,173	355,210,241
5 Total Current Assets	1,680,677,520	1,792,344,737	1,870,378,308	1,689,051,214	2,401,669,998
NON-CURRENT ASSETS					
6 Investments	341,373,640	339,271,176	351,776,957	348,241,322	346,314,547
7 Unamortized Debt Issuance Costs	10,608,440	11,829,042	13,135,984	14,442,926	60,845,263
8 Deferred Charges	119,410,987	166,620,142	237,627,340	663,250,695	663,791,200
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					1,610,486,098
11 Other Non-Current Assets	470,226,146	416,714,603	623,850,130	623,659,815	590,429,393
12 Total Non-Current Assets	941,619,213	934,434,963	1,226,390,411	1,649,594,757	3,271,866,500
REGULATED PLANT					
13 Total Telecommunications Plant	30,084,568,137	30,211,292,983	29,813,995,195	29,952,671,370	29,402,800,831
14 Less: Accumulated Depr and Amort.	19,735,045,854	19,706,082,848	19,156,188,554	18,458,681,637	17,018,380,386
15 Net Regulated Plant	10,349,522,283	10,505,210,134	10,657,806,641	11,493,989,733	12,384,420,445
16 Total Assets & Other Debits	\$12,971,819,017	\$13,231,989,834	\$13,754,575,360	\$14,832,635,704	\$18,057,956,943
CURRENT LIABILITIES					
17 Accounts Payable	\$820,003,636	\$787,374,877	\$1,043,506,716	\$1,268,556,011	\$1,966,328,646
18 Notes Payable	2,063,434,446	3,625,791,686	2,718,118,680	2,653,800,365	2,047,301,830
19 Advanced Billings	156,416,804	159,855,355	177,804,267	186,864,122	194,165,577
20 Customer Deposits	7,689,435	7,647,459	8,040,691	8,868,967	9,457,968
21 Current Maturities - Long-Term Debt	251,667,136	1,536,153	1,724,779	201,102,500	150,927,624
22 Current Deferred Income Taxes	33,435,279	38,651,334	11,703,396	(88,503,431)	389,362,615
23 Other Current Liabilities	616,236,537	625,035,271	661,010,190	789,868,419	968,037,225
24 Total Current Liabilities	3,948,883,272	5,245,892,135	4,621,908,718	5,020,556,954	5,725,581,486
LONG-TERM DEBT					
25 Long-Term Debt	2,651,160,078	2,900,371,877	2,899,241,490	2,896,511,832	3,789,734,370
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC	21,100,262	23,250,166	25,453,954	27,913,210	87,775,509
27 Non-Current Deferred Taxes	11,887,783	339,837,364	240,464,439	469,634,602	2,042,553,119
28 Other Deferred Credits	289,861,711	216,359,870	277,529,734	867,779,985	692,252,369
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	3,984,336,727	3,563,319,616	4,325,380,709	4,411,067,491	3,873,116,837
31 Total Other Liab. and Def. Credits	4,307,186,483	4,142,767,015	4,868,828,836	5,776,395,288	6,695,697,835
STOCKHOLDER'S EQUITY					
32 Common Stock	1,000,010	1,000,000	1,000,000	1,000,000	1,000,000
33 Preferred Stock					
34 Other Paid in Capital	5,144,460,733	2,135,146,468	2,135,167,390	1,572,168,430	1,563,034,548
35 Retained Earnings	(3,080,871,560)	(1,193,187,661)	(771,571,074)	(433,996,798)	282,908,705
36 Total Stockholder's Equity	2,064,589,184	942,958,806	1,364,596,316	1,139,171,632	1,846,943,253
37 Total Liab. and Stockholder's Equity	\$12,971,819,017	\$13,231,989,834	\$13,754,575,360	\$14,832,635,705	\$18,057,956,943

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$2,436,273,605	\$2,638,058,413	\$2,831,555,948	\$3,124,298,889	\$3,501,267,825	1
Network Access Services	2,207,803,194	2,139,796,795	2,130,776,546	2,093,739,614	2,180,495,052	2
Long Distance Network Services	142,636,451	148,290,976	169,621,587	175,930,752	203,044,244	3
Miscellaneous Revenues	718,128,172	955,358,465	1,179,867,751	1,375,783,292	1,226,463,025	4
Less: Uncollectible Revenues	58,576,239	36,486,641	76,727,971	44,288,643	188,327,109	5
Total Operating Revenues	5,446,265,183	5,845,018,008	6,235,093,862	6,725,463,904	6,922,943,037	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	15,907,776	18,813,074	16,154,193	13,581,769	10,433,721	7
General Support Expenses	403,163,562	446,246,690	438,297,111	444,467,533	413,297,187	8
Central Office Switching	225,865,863	234,734,485	238,355,838	234,667,431	216,210,784	9
Operator Systems Expense	371,187	398,739	588,608	361,877	458,277	10
Central Office Transmission	128,573,306	123,691,378	122,196,000	117,333,027	114,535,630	11
Info. Origination/Termination	360,401,866	288,148,812	266,292,088	284,475,642	286,861,301	12
Cable & Wire Facilities	1,015,775,872	1,063,067,738	1,052,013,193	1,032,229,578	951,062,052	13
Total Plant Specific Operations	2,150,059,432	2,175,100,916	2,133,897,030	2,127,116,857	1,992,858,952	14
Other Plant, Property & Equipment	8,978,665	9,720,970	13,608,186	8,236,986	7,759,606	15
Network Operations	768,564,940	813,321,153	789,284,818	742,166,535	816,734,549	16
Access Expense	124,949,842	149,127,714	162,788,588	152,288,738	158,872,026	17
Depreciation and Amortization	1,404,258,778	1,526,072,772	1,651,688,532	2,119,099,426	2,153,299,570	18
Total Plant Non-Specific Operations	2,306,752,225	2,498,242,609	2,617,370,124	3,021,791,685	3,136,665,751	19
Marketing Expense	381,441,787	300,166,330	287,128,186	287,278,825	290,555,549	20
Services Expense	591,231,566	627,354,738	657,799,798	647,312,076	671,706,370	21
Total Customer Operations	972,673,353	927,521,069	944,927,984	934,590,901	962,261,920	22
Executive & Planning	23,067,084	24,238,692	28,734,704	31,724,700	50,534,063	23
General & Administrative	1,060,274,305	1,007,273,202	952,919,393	1,045,541,255	1,870,511,059	24
Provision - Uncollectible Notes Rec.		0		131	66	25
Other						26
Total Corporate Operations	1,083,341,389	1,031,511,894	981,654,098	1,077,266,086	1,921,045,187	27
Total Operations Expense	6,512,826,400	6,632,376,487	6,677,849,236	7,160,765,528	8,012,831,809	28
Other Operating Income & Expenses	87,338,714	137,937,504	310,815,003	(510,276)	(9,898,489)	29
State & Local Income Taxes	13,726		219,488	19,154	(142,869)	30
Other Taxes	481,126,927	524,368,813	506,345,895	571,226,059	669,934,466	31
Net Operating Income Before FIT	(1,460,363,155)	(1,173,789,787)	(638,505,754)	(1,007,057,114)	(1,769,578,858)	32
Investment Tax Credits - Net	2,149,904	2,203,788	2,459,256	9,955,905	3,026,208	33
Federal Income Taxes	(288,425,716)	(364,732,063)	(99,910,758)	(545,030,393)	(562,813,469)	34
Provision - Def. Operating Income Taxes - Net	(241,886,639)	(87,592,454)	(176,037,655)	138,266,147	(112,017,582)	35
Net Operating Income	(\$927,900,896)	(\$719,261,482)	(\$360,098,085)	(\$590,336,962)	(\$1,091,721,598)	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(\$927,900,896)	(\$719,261,482)	(\$360,098,085)	(\$590,336,962)	(\$1,091,721,598)
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	23,028,555	23,713,351	14,365,373	17,108,408	7,277,249
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	18,878,737	20,569,756	18,146,469	8,796,150	12,275,118
42 Gains/Losses - Disposal of Property	(1,814)	726	3,465	(8,553)	(14,484)
43 Equity in Earnings of Affiliated Companies	30,548,470	30,955,270	49,605,307	120,585,855	45,716,898
44 Other Non-Operating Income	578,574	2,593,998	682,182	24,684,119	70,659,139
45 Special Charges	9,738,226	11,909,970	16,754,736	16,571,519	9,848,682
46 Total Non-Operating Income & Expenses	63,294,295	65,923,131	66,048,059	154,594,460	126,065,238
NON-OPERATING TAXES					
47 Federal Income Taxes	6,139,401	6,967,350	(2,949,558)	20,401,044	31,616,684
48 Other	654,895	4,776,000	24,542,257	2,635,409	5,860,665
49 Total Non-Operating Taxes	6,794,296	11,743,350	21,592,699	23,036,453	37,477,349
50 Income Available Before Interest Charges	(871,400,897)	(665,081,701)	(315,642,725)	(458,778,955)	(1,003,133,709)
INTEREST CHARGES					
51 Interest on Funded Debt	201,926,420	202,105,540	204,288,787	228,935,828	295,354,786
52 Other Interest Expense	166,292,886	186,389,559	144,820,022	72,074,355	71,938,035
53 Total Interest Charges	368,219,306	388,495,098	349,108,809	301,010,183	367,292,821
54 Income Before Extraordinary & Nonreg Items	(1,239,620,202)	(1,053,576,799)	(664,751,534)	(759,789,138)	(1,370,426,530)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					(453,043,004)
56 Nonregulated Revenues	328,104,847	234,773,488	239,818,549	216,055,772	225,260,602
57 Total Extraordinary & Nonregulated Items	328,104,847	234,773,488	239,818,549	216,055,772	(227,782,402)
58 Net Income	(\$911,515,356)	(\$818,803,311)	(\$424,932,985)	(\$543,733,366)	(\$1,598,208,932)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	(\$1,302,661,290)	(\$850,089,433)	(\$462,909,851)	\$300,371,836	\$920,743,548
60 Transferred from Income	(942,063,825)	(849,758,581)	(474,538,291)	(590,109,551)	(672,622,891)
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock					180,000,000
64 Adjustments	(976,168,543)	(397,186,724)	87,358,709	(173,172,136)	232,251,179
65 Ending Year Balance	(3,220,893,658)	(1,302,661,290)	(850,089,433)	(462,909,851)	300,371,836
66 Appropriated/Undistr Affiliate Retained Earnings	140,022,099	109,473,629	78,518,359	28,913,052	(17,463,132)
67 Total Retained Earnings	(\$3,080,871,560)	(\$1,193,187,661)	(\$771,571,074)	(\$433,996,798)	\$282,908,704

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$365,549	\$107,069	\$86,553	\$51,015	\$101,227
2 Accounts Receivable (Net)	206,598	269,976	276,465	288,792	308,423
3 Current Deferred Income Taxes	658	2,230	3,814	4,307	
4 Other Current Assets	187,565	164,201	153,766	160,932	169,850
5 Total Current Assets	760,370	543,476	520,598	505,046	579,500
NON-CURRENT ASSETS					
6 Investments	2,715,021	4,331,285	3,093,902	3,672,254	4,345,136
7 Unamortized Debt Issuance Costs	6,361	7,548	8,735	9,922	11,109
8 Deferred Charges	14,186	55,504	93,286	64,374	33,564
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	620,009	669,070	185,659	173,738	136,726
11 Other Non-Current Assets	8,628	7,042	5,517	4,044	2,600
12 Total Non-Current Assets	3,364,205	5,070,449	3,387,099	3,924,332	4,529,135
REGULATED PLANT					
13 Total Telecommunications Plant	10,906,892	10,591,869	10,248,262	10,034,679	9,855,222
14 Less: Accumulated Depr and Amort.	7,268,678	6,719,462	6,316,284	5,834,652	5,369,557
15 Net Regulated Plant	3,638,214	3,872,407	3,931,978	4,200,027	4,485,665
16 Total Assets & Other Debits	\$7,762,789	\$9,486,332	\$7,839,675	\$8,629,405	\$9,594,300
CURRENT LIABILITIES					
17 Accounts Payable	\$568,045	\$314,583	\$607,585	\$104,595	\$129,937
18 Notes Payable					
19 Advanced Billings	11,676	13,906	11,710	10,430	10,053
20 Customer Deposits	1,250	1,470	1,545	1,595	1,645
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	(42,410)	38,137	(454,722)	(21,188)	84,544
24 Total Current Liabilities	538,561	368,096	166,118	95,432	226,179
LONG-TERM DEBT					
25 Long-Term Debt	878,535	1,025,309	1,164,947	1,298,722	1,426,926
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	461,818	521,158	538,380	517,367	493,833
28 Other Deferred Credits	1,076,476	1,363,532	108,292	137,464	152,526
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	790,622	674,023	546,057	444,233	333,612
31 Total Other Liab. and Def. Credits	2,328,916	2,558,713	1,192,729	1,099,064	979,971
STOCKHOLDER'S EQUITY					
32 Common Stock	119,650	119,650	119,650	119,650	119,650
33 Preferred Stock				85,500	86,000
34 Other Paid in Capital					
35 Retained Earnings	3,897,127	5,414,564	5,196,231	5,931,037	6,755,574
36 Total Stockholder's Equity	4,016,777	5,534,214	5,315,881	6,136,187	6,961,224
37 Total Liab. and Stockholder's Equity	\$7,762,789	\$9,486,332	\$7,839,675	\$8,629,405	\$9,594,300

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,189,111	\$974,662	\$907,693	\$908,723	\$848,585	1
Network Access Services	979,835	1,019,786	1,102,473	1,089,433	1,025,731	2
Long Distance Network Services	23,084	46,399	74,434	97,366	102,679	3
Miscellaneous Revenues	690,156	696,452	851,376	731,722	864,961	4
Less: Uncollectible Revenues	4,750	2,000	500	3,000	3,000	5
Total Operating Revenues	2,877,436	2,735,299	2,935,476	2,824,244	2,838,956	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	10,036	9,794	9,060	5,205	1,245	7
General Support Expenses	121,286	113,392	128,942	128,229	120,690	8
Central Office Switching	204,521	189,283	194,076	212,723	204,781	9
Operator Systems Expense						10
Central Office Transmission	43,566	40,072	21,809	30,625	34,381	11
Info. Origination/Termination	39,456	24,219	82,084	55,245	78,108	12
Cable & Wire Facilities	152,884	153,202	146,222	161,242	178,684	13
Total Plant Specific Operations	571,749	529,962	582,193	593,269	617,889	14
Other Plant, Property & Equipment						15
Network Operations	115,224	115,352	103,770	90,438	82,808	16
Access Expense	37,400	39,810	38,986	26,876	23,170	17
Depreciation and Amortization	583,106	539,509	525,062	527,565	509,923	18
Total Plant Non-Specific Operations	735,730	694,671	667,818	644,879	615,901	19
Marketing Expense	28,893	26,804	31,025	15,548	14,177	20
Services Expense	492,255	590,527	456,227	475,385	429,251	21
Total Customer Operations	521,148	617,331	487,252	490,933	443,428	22
Executive & Planning	500,902	523,122	540,787	539,490	532,546	23
General & Administrative	517,979	492,274	551,949	471,699	461,073	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,018,881	1,015,396	1,092,736	1,011,189	993,619	27
Total Operations Expense	2,847,508	2,857,360	2,829,999	2,740,270	2,670,837	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	197,290	234,877	186,040	168,940	169,810	31
Net Operating Income Before FIT	(167,362)	(356,938)	(80,563)	(84,966)	(1,691)	32
Investment Tax Credits - Net						33
Federal Income Taxes	(48,344)	(26,375)	(39,199)	(20,331)	(9,005)	34
Provision - Def. Operating Income Taxes - Net	(43,045)	(108,385)	(20,514)	(61,005)	(50,696)	35
Net Operating Income	(\$75,973)	(\$222,178)	(\$20,850)	(\$3,630)	\$58,010	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(\$75,973)	(\$222,178)	(\$20,850)	(\$3,630)	\$58,010
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	55,619	140	38,227	35,256	21,378
39 Interest Income	49,928	48,207		164	186
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	236,578	128,413	(680,176)	(783,503)	339,779
44 Other Non-Operating Income	26,322	501,474	(5,692)	55,620	65,274
45 Special Charges	7,356	8,440	9,032	6,522	6,379
46 Total Non-Operating Income & Expenses	361,091	669,794	(656,673)	(698,985)	420,238
NON-OPERATING TAXES					
47 Federal Income Taxes	13,108	178,432	7,080	28,713	23,290
48 Other					
49 Total Non-Operating Taxes	13,108	178,432	7,080	28,713	23,290
50 Income Available Before Interest Charges	272,010	269,184	(684,603)	(731,328)	454,958
INTEREST CHARGES					
51 Interest on Funded Debt	69,211	75,364	81,238	86,822	92,120
52 Other Interest Expense	33,060	17,233	1,226	1,242	1,276
53 Total Interest Charges	102,271	92,597	82,464	88,064	93,396
54 Income Before Extraordinary & Nonreg Items	169,739	176,587	(767,067)	(819,392)	361,562
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$169,739	\$176,587	(\$767,067)	(\$819,392)	\$361,562
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$2,865,552	\$2,775,632	\$2,830,262	\$2,871,296	\$2,854,676
60 Transferred from Income	(66,839)	48,174	(86,891)	(35,889)	21,783
61 Appropriations					
Dividends Declared:					
62 Preferred Stock			2,400	5,145	5,163
63 Common Stock	1,700,000				
64 Adjustments	12,824	(41,746)	34,661		
65 Ending Year Balance	1,111,537	2,865,552	2,775,632	2,830,262	2,871,296
66 Appropriated/Undistr Affiliate Retained Earnings	2,785,590	2,549,012	2,420,599	3,100,775	3,884,278
67 Total Retained Earnings	\$3,897,127	\$5,414,564	\$5,196,231	\$5,931,037	\$6,755,574

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$761,021	\$1,144,480	\$482,172	\$133,485	\$390,053
2 Accounts Receivable (Net)	1,297,610	1,225,686	1,068,425	981,855	875,113
3 Current Deferred Income Taxes					
4 Other Current Assets	227,449	230,192	203,918	190,442	209,542
5 Total Current Assets	2,286,080	2,600,358	1,754,515	1,305,782	1,474,708
NON-CURRENT ASSETS					
6 Investments	260,441	307,908	507,899	849,898	945,503
7 Unamortized Debt Issuance Costs	10,251	11,369	12,489	13,607	14,725
8 Deferred Charges	-				11,382
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	401,445	386,288	114,744	106,983	27,778
11 Other Non-Current Assets				316,895	254,148
12 Total Non-Current Assets	672,137	705,566	635,132	1,287,383	1,253,536
REGULATED PLANT					
13 Total Telecommunications Plant	11,061,819	10,778,067	10,678,951	10,716,542	10,439,743
14 Less: Accumulated Depr and Amort.	8,223,424	7,729,236	7,468,174	7,152,277	6,568,791
15 Net Regulated Plant	2,838,395	3,048,831	3,210,777	3,564,265	3,870,952
16 Total Assets & Other Debits	\$5,796,612	\$6,354,755	\$5,600,424	\$6,157,430	\$6,599,196
CURRENT LIABILITIES					
17 Accounts Payable	\$331,608	\$177,316	\$193,259	\$131,051	\$112,720
18 Notes Payable	64,112	77,436		118,000	118,000
19 Advanced Billings	-				
20 Customer Deposits	-				
21 Current Maturities - Long-Term Debt	212,044	198,307	185,022	173,003	162,763
22 Current Deferred Income Taxes	-				
23 Other Current Liabilities	185,233	172,461	95,538	33,297	171,225
24 Total Current Liabilities	792,997	625,519	473,819	455,351	564,708
LONG-TERM DEBT					
25 Long-Term Debt	1,965,865	2,179,824	2,381,396	2,570,551	2,747,463
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					(4,569)
27 Non-Current Deferred Taxes	190,888	211,503	200,534	244,438	303,283
28 Other Deferred Credits	1,060,724	1,015,640	228,182	220,835	202,358
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					
31 Total Other Liab. and Def. Credits	1,251,612	1,227,143	428,716	465,273	501,072
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)	(685,200)	(135,200)	(139,051)
35 Retained Earnings	2,327,247	2,863,377	2,860,693	2,660,455	2,784,004
36 Total Stockholder's Equity	1,786,139	2,322,269	2,316,493	2,666,255	2,785,953
37 Total Liab. and Stockholder's Equity	\$5,796,612	\$6,354,755	\$5,600,424	\$6,157,430	\$6,599,196

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$487,175	\$499,161	\$534,343	\$554,097	\$536,457	1
Network Access Services	2,061,771	2,325,936	2,558,386	2,579,975	2,790,443	2
Long Distance Network Services						3
Miscellaneous Revenues	251,078	315,857	309,413	327,480	345,807	4
Less: Uncollectible Revenues	6,248	13,115	5,604	9,168	9,424	5
Total Operating Revenues	2,793,775	3,127,839	3,396,539	3,452,384	3,663,283	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	4,268	268	3,592	10,589	15,319	7
General Support Expenses	274,122	262,674	281,195	290,066	308,553	8
Central Office Switching	336,702	278,465	301,941	282,588	211,587	9
Operator Systems Expense						10
Central Office Transmission	117,907	167,764	134,336	127,562	102,055	11
Info. Origination/Termination	20,180	18,957	31,121	34,486	31,055	12
Cable & Wire Facilities	267,223	128,200	129,078	189,876	132,419	13
Total Plant Specific Operations	1,020,402	856,328	881,263	935,168	800,989	14
Other Plant, Property & Equipment	3,526	12,025	16,935	11,005	7,696	15
Network Operations	273,054	252,510	310,208	234,601	231,256	16
Access Expense	30,169	29,623	32,008	30,403	14,185	17
Depreciation and Amortization	525,701	466,186	538,205	683,664	684,183	18
Total Plant Non-Specific Operations	832,450	760,345	897,357	959,673	937,321	19
Marketing Expense	12,842	18,576	93,790	96,127	103,743	20
Services Expense	288,701	291,324	296,157	304,989	302,659	21
Total Customer Operations	301,543	309,900	389,947	401,115	406,402	22
Executive & Planning	181,000	218,456	286,279	325,091	298,007	23
General & Administrative	553,691	536,673	600,801	647,502	578,390	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	734,692	755,128	887,079	972,593	876,398	27
Total Operations Expense	2,889,087	2,681,701	3,055,646	3,268,549	3,021,109	28
Other Operating Income & Expenses		(2,116)		30,426	(41,140)	29
State & Local Income Taxes						30
Other Taxes	152,901	194,619	167,913	168,344	180,068	31
Net Operating Income Before FIT	(248,213)	249,403	172,980	45,917	420,966	32
Investment Tax Credits - Net				(5,214)	7,789	33
Federal Income Taxes	(149,849)	35,531	53,094	2,546	96,035	34
Provision - Def. Operating Income Taxes - Net	(35,772)	(260,575)	(51,665)	(134,789)	(24,356)	35
Net Operating Income	(\$62,592)	\$474,447	\$171,551	\$172,946	\$357,076	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(\$62,592)	\$474,447	\$171,551	\$172,946	\$357,076
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	44,499	395	24,743	14,713	8,034
39 Interest Income	28,640	31,364	2,205		(2,177)
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					(457)
43 Equity in Earnings of Affiliated Companies	(120,889)	(265,727)	(349,694)	(170,327)	(282,890)
44 Other Non-Operating Income		338,640		34,371	(117,615)
45 Special Charges	17,744	18,553	(544,114)	7,990	12,913
46 Total Non-Operating Income & Expenses	(65,494)	86,119	221,368	(129,233)	(408,018)
NON-OPERATING TAXES					
47 Federal Income Taxes	199,127	379,367	6,194	(32,754)	(68,520)
48 Other	7,195	6,845	5,005	4,010	4,890
49 Total Non-Operating Taxes	206,322	386,212	11,199	(28,744)	(63,630)
50 Income Available Before Interest Charges	(334,408)	174,354	381,720	72,457	12,688
INTEREST CHARGES					
51 Interest on Funded Debt	138,661	150,629	161,680	172,305	181,239
52 Other Interest Expense	54,994	12,815	11,420	11,469	41,671
53 Total Interest Charges	193,655	163,445	173,100	183,774	222,910
54 Income Before Extraordinary & Nonreg Items	(528,063)	10,909	208,620	(111,317)	(210,222)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$528,063)	\$10,909	\$208,620	(\$111,317)	(\$210,222)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$3,105,126	\$2,836,715	\$2,286,783	\$2,240,606	\$2,176,320
60 Transferred from Income	(407,174)	276,636	558,314	58,412	72,668
61 Appropriations					
Dividends Declared:					
62 Preferred Stock	6,000	6,000	6,000	6,000	6,000
63 Common Stock	2,067	2,225	2,382	2,382	2,382
64 Adjustments				(3,852)	
65 Ending Year Balance	2,689,885	3,105,126	2,836,715	2,286,784	2,240,606
66 Appropriated/Undistr Affiliate Retained Earnings	(362,638)	(241,749)	23,978	373,672	543,399
67 Total Retained Earnings	\$2,327,247	\$2,863,377	\$2,860,693	\$2,660,456	\$2,784,005

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$15,324	\$12,335	\$7,210	\$11,000	(\$1,234)
2 Accounts Receivable (Net)	1,791,123	2,069,089	2,808,736	2,231,986	46,517,310
3 Current Deferred Income Taxes					
4 Other Current Assets	11,738	(0)	16,299	16,555	39,723
5 Total Current Assets	1,818,185	2,081,424	2,832,245	2,259,541	46,555,799
NON-CURRENT ASSETS					
6 Investments	18,013,950	15,444,128	11,889,321	10,632,476	414,835
7 Unamortized Debt Issuance Costs	35,330	45,590	55,850	66,110	76,370
8 Deferred Charges	864,973	865,110	868,090	867,669	864,800
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	19,043,363	16,483,938	12,942,371	11,695,364	1,485,115
REGULATED PLANT					
13 Total Telecommunications Plant	44,820,527	43,795,794	42,689,479	41,824,960	40,810,847
14 Less: Accumulated Depr and Amort.	29,907,502	28,101,341	26,321,321	24,616,602	22,313,407
15 Net Regulated Plant	14,913,025	15,694,453	16,368,158	17,208,358	18,497,440
16 Total Assets & Other Debits	\$35,774,573	\$34,259,814	\$32,142,774	\$31,163,263	\$66,538,354
CURRENT LIABILITIES					
17 Accounts Payable	\$1,562,597	\$1,443,681	\$1,770,658	\$1,732,481	\$37,491,226
18 Notes Payable					
19 Advanced Billings	151,072	168,966	161,631	165,683	162,945
20 Customer Deposits	(8,517)	(8,517)	(8,516)	(8,537)	(8,537)
21 Current Maturities - Long-Term Debt	559,975	528,487	497,562	468,155	328,494
22 Current Deferred Income Taxes					
23 Other Current Liabilities	58,689	41,011	(146,202)	1,177,097	12,327
24 Total Current Liabilities	2,323,817	2,173,628	2,275,133	3,534,879	37,986,455
LONG-TERM DEBT					
25 Long-Term Debt	2,398,108	2,958,083	3,486,569	3,984,132	4,562,318
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					20,887
27 Non-Current Deferred Taxes	2,645,475	3,044,636	3,254,493	3,019,734	3,025,719
28 Other Deferred Credits	714,814	45,515	44,087	43,880	41,717
29 Other Jurisdictional Differences - Net					
30 Other Liabilities					
31 Total Other Liab. and Def. Credits	3,360,289	3,090,151	3,298,580	3,063,614	3,088,323
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	25,487,896	23,833,489	20,878,029	18,376,176	18,696,795
36 Total Stockholder's Equity	27,692,359	26,037,952	23,082,492	20,580,639	20,901,258
37 Total Liab. and Stockholder's Equity	\$35,774,573	\$34,259,814	\$32,142,774	\$31,163,264	\$66,538,354

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$4,537,437	\$4,913,490	\$5,163,010	\$5,287,534	\$5,725,576	1
Network Access Services	3,331,036	3,794,563	4,404,637	2,889,237	4,564,641	2
Long Distance Network Services		27	(7)		9	3
Miscellaneous Revenues	1,364,787	1,374,477	865,468	937,990	873,339	4
Less: Uncollectible Revenues	66,056	78,595	29,585	(78,859)	104,582	5
Total Operating Revenues	9,167,205	10,003,962	10,403,523	9,193,619	11,058,983	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	4	5	59	4,285	21	7
General Support Expenses	438,944	543,656	728,119	877,451	734,638	8
Central Office Switching	297,357	286,360	284,093	262,360	190,121	9
Operator Systems Expense	4,716	5,833	1,621	1,216		10
Central Office Transmission	54,917	32,289	31,829	19,258	29,866	11
Info. Origination/Termination	79,773	87,783	171,578	99,302	31,392	12
Cable & Wire Facilities	470,604	518,650	547,640	513,777	457,737	13
Total Plant Specific Operations	1,346,314	1,474,574	1,764,939	1,777,649	1,443,775	14
Other Plant, Property & Equipment	5	(5)	3	53	93	15
Network Operations	443,114	491,321	544,035	597,957	717,565	16
Access Expense	232,865	309,940	301,392	155,576	105,087	17
Depreciation and Amortization	2,064,042	2,027,715	2,076,531	2,425,828	2,683,046	18
Total Plant Non-Specific Operations	2,740,026	2,828,972	2,921,960	3,179,414	3,505,791	19
Marketing Expense	166,005	36,377	39,233	53,099	87,170	20
Services Expense	425,913	407,340	413,047	498,736	820,751	21
Total Customer Operations	591,918	443,717	452,280	551,835	907,921	22
Executive & Planning	93,875	115,287	126,413	769,360	78,818	23
General & Administrative	418,548	459,102	493,985	555,902	721,854	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	512,423	574,389	620,398	1,325,261	800,672	27
Total Operations Expense	5,190,682	5,321,652	5,759,578	6,834,160	6,658,159	28
Other Operating Income & Expenses			(2,000)			29
State & Local Income Taxes						30
Other Taxes	688,689	868,196	621,676	619,480	574,834	31
Net Operating Income Before FIT	3,287,834	3,814,115	4,020,269	1,739,980	3,825,990	32
Investment Tax Credits - Net				20,887	28,038	33
Federal Income Taxes	1,006,366	1,696,654	1,595,089	587,247	931,730	34
Provision - Def. Operating Income Taxes - Net	(168,112)	(188,711)	(274,935)	(60,802)	340,645	35
Net Operating Income	\$2,449,580	\$2,306,172	\$2,700,115	\$1,234,422	\$2,581,653	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$2,449,580	\$2,306,172	\$2,700,115	\$1,234,422	\$2,581,653
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	32	893,818	57,629	60,180	7,014
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	14,682	12,569	12,656	17,875	17,847
42 Gains/Losses - Disposal of Property	64,796			(13,552)	
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	(627,479)				
45 Special Charges	2,320	17,978	18	317	22
46 Total Non-Operating Income & Expenses	(550,289)	888,409	70,268	64,186	24,839
NON-OPERATING TAXES					
47 Federal Income Taxes					
48 Other					
49 Total Non-Operating Taxes					
50 Income Available Before Interest Charges	1,899,292	3,194,581	2,770,382	1,298,608	2,606,492
INTEREST CHARGES					
51 Interest on Funded Debt	197,937	228,861	258,268	287,899	311,192
52 Other Interest Expense	46,948	10,260	10,260	160,327	10,260
53 Total Interest Charges	244,885	239,121	268,528	448,226	321,452
54 Income Before Extraordinary & Nonreg Items	1,654,407	2,955,460	2,501,854	850,382	2,285,040
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$1,654,407	\$2,955,460	\$2,501,854	\$850,382	\$2,285,040
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RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$23,833,489	\$20,878,030	\$18,376,176	\$18,696,795	\$16,411,755
60 Transferred from Income	1,654,407	2,955,460	2,501,854	850,381	2,285,040
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock				1,171,000	
64 Adjustments					
65 Ending Year Balance	25,487,896	23,833,489	20,878,030	18,376,176	18,696,795
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$25,487,896	\$23,833,489	\$20,878,030	\$18,376,176	\$18,696,795

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$2,497,963	\$2,781,812	\$3,763,786	\$3,991,208	\$3,713,239
2 Accounts Receivable (Net)	801,405	820,069	463,131	496,077	632,580
3 Current Deferred Income Taxes					
4 Other Current Assets	238,750	266,487	261,633	243,927	249,511
5 Total Current Assets	3,538,118	3,868,368	4,488,550	4,731,212	4,595,330
NON-CURRENT ASSETS					
6 Investments	5,038,840	4,858,534	4,612,301	4,417,979	3,923,270
7 Unamortized Debt Issuance Costs		57	453	850	1,246
8 Deferred Charges	104,782	104,782	104,782	104,782	104,782
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	197,225	195,515	88,126	74,141	61,200
11 Other Non-Current Assets	2,664,838	2,499,097	2,342,378	2,183,420	2,020,454
12 Total Non-Current Assets	8,005,685	7,657,985	7,148,040	6,781,172	6,110,952
REGULATED PLANT					
13 Total Telecommunications Plant	15,274,977	14,784,850	14,264,281	13,759,261	13,556,412
14 Less: Accumulated Depr and Amort.	9,133,130	8,351,912	7,687,292	7,042,478	5,982,526
15 Net Regulated Plant	6,141,847	6,432,938	6,576,989	6,716,783	7,573,886
16 Total Assets & Other Debits	\$17,685,650	\$17,959,291	\$18,213,579	\$18,229,167	\$18,280,168
CURRENT LIABILITIES					
17 Accounts Payable	\$177,954	\$419,038	\$309,856	\$133,727	\$182,876
18 Notes Payable					
19 Advanced Billings	94,754	5,864	6,001	5,576	5,833
20 Customer Deposits	875	875	875	1,506	1,420
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	(150,462)	(273,747)	55,929	45,865	(158,521)
24 Total Current Liabilities	123,121	152,030	372,661	186,674	31,608
LONG-TERM DEBT					
25 Long-Term Debt	5,207,588	5,330,743	5,531,271	5,945,478	6,473,998
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	982,452	995,876	983,346	1,106,039	1,184,540
28 Other Deferred Credits	291,936	299,151	94,299	93,168	91,910
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	307,000	361,000	250,000	210,000	180,000
31 Total Other Liab. and Def. Credits	1,581,388	1,656,027	1,327,645	1,409,207	1,456,450
STOCKHOLDER'S EQUITY					
32 Common Stock	85,100	85,100	85,100	85,100	85,100
33 Preferred Stock	34,850	34,850	34,850	35,350	35,350
34 Other Paid in Capital	(1,224,384)	(1,133,883)	(1,261,500)	(1,215,790)	(1,252,777)
35 Retained Earnings	11,877,987	11,834,424	12,123,552	11,783,148	11,450,439
36 Total Stockholder's Equity	10,773,553	10,820,491	10,982,002	10,687,808	10,318,112
37 Total Liab. and Stockholder's Equity	\$17,685,650	\$17,959,291	\$18,213,579	\$18,229,167	\$18,280,168

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$754,130	\$818,062	\$864,803	\$918,354	\$876,667	1
Network Access Services	1,910,411	1,749,468	2,337,061	2,359,774	2,098,407	2
Long Distance Network Services	114,077	211,175	326,279	415,599	655,648	3
Miscellaneous Revenues	224,241	500,354	585,900	512,161	564,468	4
Less: Uncollectible Revenues	18	8,328	11,576	12,169	(1,864)	5
Total Operating Revenues	3,002,841	3,270,731	4,102,467	4,193,719	4,197,054	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	16,957	22,570	19,395	15,718	24,969	7
General Support Expenses	144,414	268,968	304,942	320,616	315,052	8
Central Office Switching	111,718	125,880	129,955	150,572	169,076	9
Operator Systems Expense						10
Central Office Transmission	301,179	207,573	140,350	109,720	64,160	11
Info. Origination/Termination	28,021	35,665	58,753	69,077	66,810	12
Cable & Wire Facilities	195,076	309,913	325,480	222,988	263,560	13
Total Plant Specific Operations	797,365	970,569	978,875	888,691	903,627	14
Other Plant, Property & Equipment						15
Network Operations	205,057	287,913	267,046	280,924	309,926	16
Access Expense	37,534	33,756	33,720	25,901	26,790	17
Depreciation and Amortization	848,036	881,470	865,467	1,118,052	1,103,414	18
Total Plant Non-Specific Operations	1,090,627	1,203,139	1,166,233	1,424,877	1,440,130	19
Marketing Expense	13,026	2,827	5,682	12,950	11,935	20
Services Expense	299,339	338,137	365,157	329,928	387,433	21
Total Customer Operations	312,365	340,964	370,839	342,878	399,368	22
Executive & Planning	147,117	387,101	341,745	324,676	361,474	23
General & Administrative	535,110	571,846	553,787	569,397	643,238	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	682,227	958,947	895,532	894,073	1,004,712	27
Total Operations Expense	2,882,584	3,473,620	3,411,479	3,550,519	3,747,837	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	226,760	238,947	248,531	206,638	255,166	31
Net Operating Income Before FIT	(106,503)	(441,836)	442,457	436,562	194,051	32
Investment Tax Credits - Net					3,535	33
Federal Income Taxes	(127,548)	(105,884)	170,451	111,417	(46,657)	34
Provision - Def. Operating Income Taxes - Net	30,836	(91,421)	(113,130)	(110,498)	(10,332)	35
Net Operating Income	(\$9,791)	(\$244,531)	\$385,136	\$435,643	\$254,575	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(\$9,791)	(\$244,531)	\$385,136	\$435,643	\$254,575
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	26,818		32,425	31,829	27,441
39 Interest Income	200,865	18,727	209,205	172,588	153,781
40 Income - Sinking and Other Funds		236,180			
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property	7,268	27,841	2,806	(292)	(6,836)
43 Equity in Earnings of Affiliated Companies	105,518	(93,576)	57,409	102,476	(20,299)
44 Other Non-Operating Income	41,627	113,141	74,893	(16,775)	(195,127)
45 Special Charges	(9,118)	(2,811)	17,641	3,334	(79,698)
46 Total Non-Operating Income & Expenses	391,214	305,124	359,097	286,492	38,658
NON-OPERATING TAXES					
47 Federal Income Taxes	58,860	99,027	61,040	26,738	(54,964)
48 Other					
49 Total Non-Operating Taxes	58,860	99,027	61,040	26,738	(54,964)
50 Income Available Before Interest Charges	322,563	(38,434)	683,193	695,397	348,197
INTEREST CHARGES					
51 Interest on Funded Debt	270,359	246,198	338,452	358,334	389,091
52 Other Interest Expense	4,753	608	434	437	14,764
53 Total Interest Charges	275,112	246,806	338,886	358,771	403,855
54 Income Before Extraordinary & Nonreg Items	47,451	(285,240)	344,307	336,626	(55,658)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$47,451	(\$285,240)	\$344,307	\$336,626	(\$55,658)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$9,806,008	\$10,001,560	\$9,718,565	\$9,488,334	\$9,527,611
60 Transferred from Income	(58,067)	(191,664)	286,898	234,150	(35,359)
61 Appropriations					
Dividends Declared:					
62 Preferred Stock	2,091	2,091	2,106	2,121	2,121
63 Common Stock	1,797	1,797	1,797	1,797	1,797
64 Adjustments					
65 Ending Year Balance	9,744,053	9,806,008	10,001,560	9,718,566	9,488,334
66 Appropriated/Undistr Affiliate Retained Earnings	2,133,934	2,028,416	2,121,992	2,064,583	1,962,107
67 Total Retained Earnings	\$11,877,987	\$11,834,424	\$12,123,552	\$11,783,149	\$11,450,441

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$690,752	\$506,487	\$1,268,359	\$747,940	\$360,661
2 Accounts Receivable (Net)	1,505,115	959,878	800,132	1,058,314	1,290,097
3 Current Deferred Income Taxes				82	82
4 Other Current Assets	401,218	468,069	391,509	350,518	322,718
5 Total Current Assets	2,597,085	1,934,434	2,460,000	2,156,854	1,973,558
NON-CURRENT ASSETS					
6 Investments	105,046	88,384	714,980	724,302	864,541
7 Unamortized Debt Issuance Costs	6,000	7,200	8,400	9,600	10,800
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	563,375	545,876	414,346	479,636	409,827
11 Other Non-Current Assets	2,500,049	2,581,643	2,445,208	2,367,595	2,217,427
12 Total Non-Current Assets	3,174,470	3,223,103	3,582,935	3,581,133	3,502,595
REGULATED PLANT					
13 Total Telecommunications Plant	12,106,623	15,033,256	14,170,536	13,528,163	13,710,519
14 Less: Accumulated Depr and Amort.	3,475,124	5,765,631	6,181,372	5,707,170	5,956,803
15 Net Regulated Plant	8,631,499	9,267,625	7,989,164	7,820,993	7,753,715
16 Total Assets & Other Debits	\$14,403,053	\$14,425,162	\$14,032,098	\$13,558,979	\$13,229,868
CURRENT LIABILITIES					
17 Accounts Payable	\$382,469	\$234,694	\$267,186	\$285,193	\$393,299
18 Notes Payable	240,375	253,509	231,737	220,733	194,525
19 Advanced Billings	131,625	43,329	(5,321)	(26,569)	(20,112)
20 Customer Deposits					
21 Current Maturities - Long-Term Debt	206,532	214,286	214,286		85,483
22 Current Deferred Income Taxes					
23 Other Current Liabilities	541,768	576,558	676,803	490,566	522,716
24 Total Current Liabilities	1,502,769	1,322,376	1,384,690	969,923	1,175,911
LONG-TERM DEBT					
25 Long-Term Debt	1,445,712	1,671,429	1,285,714	1,500,000	1,500,000
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	1,787,140	1,790,742	1,858,339	1,956,887	1,765,756
28 Other Deferred Credits	170,847	197,092	234,310	285,447	400,851
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	620,540	642,763	698,307	513,416	400,316
31 Total Other Liab. and Def. Credits	2,578,527	2,630,597	2,790,956	2,755,750	2,566,923
STOCKHOLDER'S EQUITY					
32 Common Stock	115,000	115,000	115,000	115,000	115,000
33 Preferred Stock					
34 Other Paid in Capital	(1,541,392)	(1,401,275)	(1,455,712)	(1,461,140)	(1,569,440)
35 Retained Earnings	10,302,437	10,087,035	9,911,449	9,679,446	9,441,474
36 Total Stockholder's Equity	8,876,045	8,800,760	8,570,737	8,333,306	7,987,034
37 Total Liab. and Stockholder's Equity	\$14,403,053	\$14,425,162	\$14,032,098	\$13,558,979	\$13,229,868

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$846,354	\$879,701	\$908,658	\$962,297	\$994,050	1
Network Access Services	1,903,744	1,965,454	2,043,559	2,143,950	2,015,854	2
Long Distance Network Services						3
Miscellaneous Revenues	601,642	646,598	629,122	530,616	575,124	4
Less: Uncollectible Revenues	21,428	29,940	19,816	12,439	12,549	5
Total Operating Revenues	3,330,312	3,461,813	3,561,523	3,624,424	3,572,479	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	14,740	10,087	5,086	3,049	6,023	7
General Support Expenses	151,098	167,340	173,324	134,855	120,858	8
Central Office Switching	267,525	289,625	253,412	275,428	275,711	9
Operator Systems Expense						10
Central Office Transmission	116,388			89,145	197,134	11
Info. Origination/Termination	62,524	74,111	66,520	59,096	50,200	12
Cable & Wire Facilities	237,847	262,230	225,966	274,887	353,548	13
Total Plant Specific Operations	850,122	803,393	724,309	836,459	1,003,474	14
Other Plant, Property & Equipment		473				15
Network Operations	113,812	171,791	171,091	223,395	218,759	16
Access Expense	69,534	70,277	73,311	57,279	46,595	17
Depreciation and Amortization	510,884	545,613	534,678	538,459	526,513	18
Total Plant Non-Specific Operations	694,230	788,154	779,079	819,134	791,867	19
Marketing Expense	144,210	123,475	100,095	98,970	50,042	20
Services Expense	509,366	609,188	604,658	462,811	478,955	21
Total Customer Operations	653,576	732,663	704,752	561,781	528,997	22
Executive & Planning	246,716	242,888	476,028	285,534	303,693	23
General & Administrative	429,865	408,180	439,276	428,505	448,400	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	676,581	651,068	915,303	714,039	752,093	27
Total Operations Expense	2,874,509	2,975,278	3,123,444	2,931,413	3,076,431	28
Other Operating Income & Expenses	4,833		(364)	(3,234)		29
State & Local Income Taxes						30
Other Taxes	253,169	254,400	243,763	216,490	193,950	31
Net Operating Income Before FIT	207,467	232,135	193,951	473,287	302,098	32
Investment Tax Credits - Net				75	5,176	33
Federal Income Taxes	(620)	(8,464)	(32,534)	(48,147)	(115,832)	34
Provision - Def. Operating Income Taxes - Net	25,600	(54,509)	(25,442)	138,534	237,482	35
Net Operating Income	\$182,487	\$295,108	\$251,928	\$382,975	\$185,624	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$182,487	\$295,108	\$251,928	\$382,975	\$185,624
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	5,500	5,000	5,000	3,750	
39 Interest Income	33,482	42,234	33,631	31,061	2,500
40 Income - Sinking and Other Funds					756
41 Allowance for Funds Used During Construction	44,441	59,901	4,846	24,664	
42 Gains/Losses - Disposal of Property					44,207
43 Equity in Earnings of Affiliated Companies	16,662	(181,852)	13,288	(174,258)	(1,419,378)
44 Other Non-Operating Income	206,779	(5,585)	122,587	95,984	8,840
45 Special Charges	41,258	8,074	12,248	(28,092)	27,311
46 Total Non-Operating Income & Expenses	265,606	(88,376)	167,105	9,293	(1,390,386)
NON-OPERATING TAXES					
47 Federal Income Taxes	620	(161,892)	32,534	6,551	(5,909)
48 Other					
49 Total Non-Operating Taxes	620	(161,892)	32,534	6,551	(5,909)
50 Income Available Before Interest Charges	447,473	368,624	386,498	385,717	(1,198,853)
INTEREST CHARGES					
51 Interest on Funded Debt	115,423	102,234	72,385	68,403	60,614
52 Other Interest Expense	17,037	19,687	11,128	8,732	11,562
53 Total Interest Charges	132,460	121,921	83,513	77,135	72,176
54 Income Before Extraordinary & Nonreg Items	315,013	246,703	302,986	308,582	(1,271,029)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$315,013	\$246,703	\$302,986	\$308,582	(\$1,271,029)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$10,363,691	\$10,188,106	\$9,969,389	\$9,557,160	\$9,479,278
60 Transferred from Income	315,013	246,703	289,698	482,841	148,349
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	70,829	71,118	70,982	70,611	70,467
64 Adjustments	(28,782)				
65 Ending Year Balance	10,579,093	10,363,691	10,188,105	9,969,390	9,557,160
66 Appropriated/Undistr Affiliate Retained Earnings	(276,656)	(276,656)	(276,656)	(289,944)	(115,686)
67 Total Retained Earnings	\$10,302,437	\$10,087,035	\$9,911,449	\$9,679,445	\$9,441,474

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$1,525,410	\$1,384,573	\$1,260,061	\$1,432,509	\$1,331,310
2 Accounts Receivable (Net)	55,446	62,031	86,239	83,998	78,124
3 Current Deferred Income Taxes					
4 Other Current Assets	22,813	25,984	25,143	23,558	33,733
5 Total Current Assets	1,603,669	1,472,588	1,371,443	1,540,065	1,443,167
NON-CURRENT ASSETS					
6 Investments					
7 Unamortized Debt Issuance Costs				5,051	5,246
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets					
12 Total Non-Current Assets				5,051	5,246
REGULATED PLANT					
13 Total Telecommunications Plant	1,538,468	1,529,987	1,511,477	1,536,448	1,517,750
14 Less: Accumulated Depr and Amort.	991,859	949,631	904,095	887,288	861,847
15 Net Regulated Plant	546,609	580,356	607,382	649,160	655,903
16 Total Assets & Other Debits	\$2,150,278	\$2,052,944	\$1,978,825	\$2,194,276	\$2,104,316
CURRENT LIABILITIES					
17 Accounts Payable	\$44,465	\$43,448	\$62,754	\$57,971	\$45,018
18 Notes Payable					
19 Advanced Billings	5,045	4,290	3,979	4,176	4,350
20 Customer Deposits					
21 Current Maturities - Long-Term Debt				7,000	6,620
22 Current Deferred Income Taxes	(3,386)	(491)	(139)	(560)	(386)
23 Other Current Liabilities	15,388	7,442	7,413	17,954	10,587
24 Total Current Liabilities	61,512	54,689	74,007	86,541	66,189
LONG-TERM DEBT					
25 Long-Term Debt				276,181	282,769
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	152,219	155,643	139,710	130,445	132,794
28 Other Deferred Credits			366		
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	(43,478)	(40,008)	1,326	2,169	9,458
31 Total Other Liab. and Def. Credits	108,741	115,635	141,402	132,614	142,252
STOCKHOLDER'S EQUITY					
32 Common Stock	1,490	1,490	1,490	1,490	1,490
33 Preferred Stock					
34 Other Paid in Capital	26,890	25,570			
35 Retained Earnings	1,951,644	1,855,560	1,761,926	1,697,450	1,611,616
36 Total Stockholder's Equity	1,980,024	1,882,620	1,763,416	1,698,940	1,613,106
37 Total Liab. and Stockholder's Equity	\$2,150,278	\$2,052,944	\$1,978,825	\$2,194,276	\$2,104,316

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$249,041	\$248,827	\$242,342	\$254,175	\$236,834	1
Network Access Services	142,753	142,062	144,842	174,838	191,552	2
Long Distance Network Services						3
Miscellaneous Revenues	58,106	59,341	64,539	68,147	58,783	4
Less: Uncollectible Revenues	10,240	3,225	1,336	4,449	8,681	5
Total Operating Revenues	439,660	447,005	450,387	492,711	478,488	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	3,511	1,553	2,106	1,660	1,359	7
General Support Expenses	8,124	11,490	8,255	9,037	11,034	8
Central Office Switching	4,506	5,855	3,165	3,820	4,996	9
Operator Systems Expense						10
Central Office Transmission	1,937	2,908	4,564	539	1,209	11
Info. Origination/Termination	21,715	15,766	14,744	8,996	10,372	12
Cable & Wire Facilities	19,320	11,349	11,975	9,944	5,658	13
Total Plant Specific Operations	59,113	48,921	44,809	33,996	34,628	14
Other Plant, Property & Equipment						15
Network Operations	39,391	37,486	39,924	33,379	34,321	16
Access Expense	5,367	6,363	5,544	7,487		17
Depreciation and Amortization	54,163	55,309	56,532	70,888	75,684	18
Total Plant Non-Specific Operations	98,921	99,158	102,000	111,754	110,005	19
Marketing Expense	27,398	28,076	29,669	31,709	33,147	20
Services Expense	40,235	51,896	77,514	68,594	62,757	21
Total Customer Operations	67,633	79,972	107,183	100,303	95,904	22
Executive & Planning	13,540	14,087	8,531	8,745	7,184	23
General & Administrative	89,074	87,699	88,451	74,237	69,839	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	102,614	101,786	96,982	82,982	77,023	27
Total Operations Expense	328,281	329,837	350,974	329,035	317,560	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	30,697	34,904	32,869	33,072	32,949	31
Net Operating Income Before FIT	80,682	82,264	66,544	130,604	127,979	32
Investment Tax Credits - Net						33
Federal Income Taxes	36,620	29,458	13,839	47,281	78,391	34
Provision - Def. Operating Income Taxes - Net	(5,933)	1,811	9,688	(2,523)	5,806	35
Net Operating Income	\$49,995	\$50,995	\$43,017	\$85,846	\$43,782	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$49,995	\$50,995	\$43,017	\$85,846	\$43,782
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	71,021	66,059	44,863	20,683	13,166
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	115	461	422	351	282
46 Total Non-Operating Income & Expenses	70,906	65,598	39,487	20,332	12,884
NON-OPERATING TAXES					
47 Federal Income Taxes	24,817	22,959	10,478	5,828	4,499
48 Other					
49 Total Non-Operating Taxes	24,817	22,959	10,478	5,828	4,499
50 Income Available Before Interest Charges	96,084	93,634	72,026	100,350	52,167
INTEREST CHARGES					
51 Interest on Funded Debt			6,985	14,322	14,623
52 Other Interest Expense			565	194	247
53 Total Interest Charges			7,550	14,516	14,870
54 Income Before Extraordinary & Nonreg Items	96,084	93,634	64,476	85,834	37,297
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$96,084	\$93,634	\$64,476	\$85,834	\$37,297
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$1,855,560	\$1,761,926	\$1,697,450	\$1,611,619	\$1,574,322
60 Transferred from Income	96,084	93,634	64,476	85,834	37,297
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock					
64 Adjustments					
65 Ending Year Balance	1,951,644	1,855,560	1,761,926	1,697,453	1,611,619
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$1,951,644	\$1,855,560	\$1,761,926	\$1,697,453	\$1,611,619

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$536,676	\$553,006	\$854,505	\$480,208	\$693,619
2 Accounts Receivable (Net)	114,769	129,019	119,478	222,646	170,847
3 Current Deferred Income Taxes					
4 Other Current Assets	135,528	173,460	90,066	86,306	95,109
5 Total Current Assets	786,973	855,485	1,064,050	789,161	959,575
NON-CURRENT ASSETS					
6 Investments			4,225	4,278	6,456
7 Unamortized Debt Issuance Costs			1,765	2,126	2,487
8 Deferred Charges		13,710	12,914	12,317	11,696
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	18,720	20,639
REGULATED PLANT					
13 Total Telecommunications Plant	4,724,139	4,613,690	4,527,764	4,522,985	4,480,618
14 Less: Accumulated Depr and Amort.	3,512,881	3,308,947	3,132,138	2,922,711	2,653,464
15 Net Regulated Plant	1,211,258	1,304,743	1,395,626	1,600,274	1,827,154
16 Total Assets & Other Debits	\$2,009,071	\$2,187,296	\$2,478,580	\$2,408,155	\$2,807,367
CURRENT LIABILITIES					
17 Accounts Payable	\$35,887	\$59,440	\$55,960	\$50,521	\$460,097
18 Notes Payable					
19 Advanced Billings	10,243	14,116	11,682	13,488	14,969
20 Customer Deposits	100	831	633	673	723
21 Current Maturities - Long-Term Debt			20,096	19,534	18,993
22 Current Deferred Income Taxes					
23 Other Current Liabilities	38,035	41,485	28,694	18,826	31,391
24 Total Current Liabilities	84,266	115,873	117,065	103,041	526,173
LONG-TERM DEBT					
25 Long-Term Debt			55,376	75,473	95,007
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC	599	1,181	1,881	2,677	3,639
27 Non-Current Deferred Taxes	338,816	374,134	350,743	301,636	272,380
28 Other Deferred Credits	52,522	66,991	31,084	35,069	39,030
29 Other Jurisdictional Differences - Net					
30 Other Liabilities		(62,547)	(13,145)	43,741	77,845
31 Total Other Liab. and Def. Credits	391,937	379,760	370,564	383,123	392,893
STOCKHOLDER'S EQUITY					
32 Common Stock	96,000	96,000	96,000	96,000	96,000
33 Preferred Stock					
34 Other Paid in Capital	(83,270)	(83,270)	(83,270)	(83,270)	(83,270)
35 Retained Earnings	1,520,137	1,678,933	1,922,846	1,833,788	1,780,564
36 Total Stockholder's Equity	1,532,867	1,691,663	1,935,576	1,846,518	1,793,294
37 Total Liab. and Stockholder's Equity	\$2,009,071	\$2,187,296	\$2,478,580	\$2,408,155	\$2,807,367

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$376,947	\$411,084	\$452,975	\$481,798	\$492,923	1
Network Access Services	381,878	383,595	411,211	426,092	453,886	2
Long Distance Network Services	594,521	748,157	839,400	731,539	616,103	3
Miscellaneous Revenues	192,132	186,486	184,728	196,130	211,133	4
Less: Uncollectible Revenues	2,693	2,990	2,332	3,821	2,922	5
Total Operating Revenues	1,542,785	1,726,332	1,885,982	1,831,738	1,771,123	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	4,392	7,142	6,593	4,727	4,679	7
General Support Expenses	101,975	74,229	75,423	66,392	68,555	8
Central Office Switching	190,841	168,658	170,586	207,741	163,495	9
Operator Systems Expense						10
Central Office Transmission	85,188	74,425	73,588	80,576	75,373	11
Info. Origination/Termination	27,864	24,707	29,500	28,036	25,557	12
Cable & Wire Facilities	81,511	126,837	103,541	100,237	85,849	13
Total Plant Specific Operations	491,771	475,998	459,231	487,710	423,507	14
Other Plant, Property & Equipment						15
Network Operations	75,205	72,617	81,699	77,156	64,701	16
Access Expense	29,091	27,924	26,402	16,881	23,918	17
Depreciation and Amortization	262,124	260,759	279,292	295,413	260,542	18
Total Plant Non-Specific Operations	366,420	361,300	387,393	389,450	349,161	19
Marketing Expense	4,128	5,104	11,097	9,613	11,745	20
Services Expense	186,350	193,628	165,603	158,641	152,903	21
Total Customer Operations	190,478	198,732	176,700	168,254	164,648	22
Executive & Planning	189,640	176,217	200,323	218,999	292,689	23
General & Administrative	308,634	375,140	405,148	382,300	274,481	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	498,274	551,357	605,470	601,299	567,170	27
Total Operations Expense	1,546,944	1,587,387	1,628,795	1,646,712	1,504,486	28
Other Operating Income & Expenses	1,691	5,075	1,520	2,647	2,831	29
State & Local Income Taxes						30
Other Taxes	84,141	88,048	90,081	88,631	82,068	31
Net Operating Income Before FIT	(86,608)	55,972	168,626	99,042	187,399	32
Investment Tax Credits - Net						33
Federal Income Taxes	2,727	2,244	5,823	(18,630)	11,313	34
Provision - Def. Operating Income Taxes - Net	(36,881)	6,186	45,262	25,409	51,844	35
Net Operating Income	(\$52,455)	\$47,542	\$117,541	\$92,263	\$124,242	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(\$52,455)	\$47,542	\$117,541	\$92,263	\$124,242
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income			1,607	1,380	798
39 Interest Income	24,561	24,232	17,180	6,565	6,735
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	1,657	39,240			
45 Special Charges	1,329	818	2,105	1,440	1,129
46 Total Non-Operating Income & Expenses	24,889	62,655	16,682	6,505	6,404
NON-OPERATING TAXES					
47 Federal Income Taxes	3,116	13,778	(796)	(961)	(1,056)
48 Other	235	2,291			
49 Total Non-Operating Taxes	3,351	16,069	(796)	(961)	(1,056)
50 Income Available Before Interest Charges	(30,917)	94,127	135,018	99,728	131,701
INTEREST CHARGES					
51 Interest on Funded Debt		1,750	4,313	4,860	5,377
52 Other Interest Expense	1,880	289	(353)	(358)	(346)
53 Total Interest Charges	1,880	2,039	3,960	4,502	5,031
54 Income Before Extraordinary & Nonreg Items	(32,797)	92,088	131,058	95,226	126,670
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$32,797)	\$92,088	\$131,058	\$95,226	\$126,670
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$1,678,933	\$1,922,845	\$1,833,788	\$1,780,564	\$1,662,294
60 Transferred from Income	(32,797)	92,088	131,058	95,226	126,670
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	126,000	336,000	42,000	42,000	8,400
64 Adjustments					
65 Ending Year Balance	1,520,137	1,678,933	1,922,846	1,833,790	1,780,564
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$1,520,137	\$1,678,933	\$1,922,846	\$1,833,790	\$1,780,564

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$1,410,134	\$923,692	\$220,639	\$9,570,181	\$9,171,481
2 Accounts Receivable (Net)	473,388	495,293	627,668	496,661	680,568
3 Current Deferred Income Taxes					
4 Other Current Assets	84,633	148,767	154,089	178,054	204,381
5 Total Current Assets	1,968,155	1,567,752	1,002,396	10,244,896	10,056,430
NON-CURRENT ASSETS					
6 Investments	158,437	181,910	269,927	305,135	342,375
7 Unamortized Debt Issuance Costs				3,692	4,275
8 Deferred Charges			35,309	48,138	20,143
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets					
12 Total Non-Current Assets	158,437	181,910	305,236	356,965	366,793
REGULATED PLANT					
13 Total Telecommunications Plant	10,669,552	10,598,878	10,565,469	10,186,548	10,107,739
14 Less: Accumulated Depr and Amort.	6,424,571	5,848,162	5,362,226	4,936,651	4,554,283
15 Net Regulated Plant	4,244,981	4,750,716	5,203,243	5,249,897	5,553,456
16 Total Assets & Other Debits	\$6,371,573	\$6,500,378	\$6,510,875	\$15,851,758	\$15,976,679
CURRENT LIABILITIES					
17 Accounts Payable	\$396,005	\$272,237	\$358,385	\$337,102	\$298,406
18 Notes Payable					
19 Advanced Billings	10,970	5,105			119
20 Customer Deposits					
21 Current Maturities - Long-Term Debt	59,652	52,508	35,208	359,350	342,948
22 Current Deferred Income Taxes	(10,722)	(4,235)	(2,800)	(3,955)	(2,590)
23 Other Current Liabilities	53,594	113,308	156,960	77,327	114,829
24 Total Current Liabilities	509,499	438,923	547,753	769,824	753,712
LONG-TERM DEBT					
25 Long-Term Debt	127,218	161,117	213,626	2,110,032	2,476,120
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	541,200	599,146	703,434	749,296	700,984
28 Other Deferred Credits	350,591	373,193	184,411	213,052	252,343
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	35,726	51,123	12,023	18,455	21,981
31 Total Other Liab. and Def. Credits	927,517	1,023,462	899,868	980,803	975,308
STOCKHOLDER'S EQUITY					
32 Common Stock	60,002	60,002	60,002	60,002	60,002
33 Preferred Stock					
34 Other Paid in Capital	37,346	30,764	57,079	57,079	57,079
35 Retained Earnings	4,709,991	4,786,110	4,732,547	11,874,018	11,654,458
36 Total Stockholder's Equity	4,807,339	4,876,876	4,849,628	11,991,099	11,771,539
37 Total Liab. and Stockholder's Equity	\$6,371,573	\$6,500,378	\$6,510,875	\$15,851,758	\$15,976,679

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$763,460	\$762,043	\$792,802	\$837,523	\$751,199	1
Network Access Services	1,506,129	1,554,918	1,661,037	1,645,253	1,621,910	2
Long Distance Network Services					(2)	3
Miscellaneous Revenues	425,365	395,020	416,618	430,084	474,326	4
Less: Uncollectible Revenues	35,309	20,399	13,617	25,003	25,818	5
Total Operating Revenues	2,659,645	2,691,582	2,856,840	2,887,857	2,821,615	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	15,480	16,397	16,157	12,163	7,675	7
General Support Expenses	59,069	49,800	45,479	41,740	46,317	8
Central Office Switching	85,797	88,801	84,400	92,121	82,335	9
Operator Systems Expense						10
Central Office Transmission	258,172	178,045	100,170	16,025	29,814	11
Info. Origination/Termination	195,326	186,332	152,050	245,561	305,127	12
Cable & Wire Facilities	154,403	124,323	108,263	122,050	132,941	13
Total Plant Specific Operations	768,247	643,698	506,519	529,660	604,209	14
Other Plant, Property & Equipment				(1)		15
Network Operations	268,663	268,859	309,358	230,261	242,035	16
Access Expense	82,429	61,825	96,292	37,830	29,853	17
Depreciation and Amortization	681,495	698,907	666,082	625,361	593,974	18
Total Plant Non-Specific Operations	1,032,587	1,029,591	1,071,732	893,451	865,862	19
Marketing Expense	143,510	143,042	182,461	208,229	234,278	20
Services Expense	220,513	247,107	189,895	231,183	358,813	21
Total Customer Operations	364,023	390,149	372,356	439,412	593,091	22
Executive & Planning	73,649	97,363	177,014	154,459	81,807	23
General & Administrative	403,734	420,842	412,678	356,343	356,933	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	477,383	518,205	589,692	510,802	438,740	27
Total Operations Expense	2,642,240	2,581,643	2,540,299	2,373,325	2,501,902	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	174,860	165,479	190,540	186,183	182,248	31
Net Operating Income Before FIT	(157,455)	(55,540)	126,001	328,349	137,465	32
Investment Tax Credits - Net						33
Federal Income Taxes	2,165	(19,392)	87,550	55,342	(1,663,671)	34
Provision - Def. Operating Income Taxes - Net	(63,576)	(8,619)	(44,709)	46,947	49,990	35
Net Operating Income	(\$96,044)	(\$27,529)	\$83,160	\$226,060	\$1,751,146	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(\$96,044)	(\$27,529)	\$83,160	\$226,060	\$1,751,146
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income			12,188	7,200	4,032
39 Interest Income	52,738	37,218	255,712	139,117	169,889
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	895	91,960	(7,254)		(39)
45 Special Charges	629	2,787	3,982	4,168	2,429
46 Total Non-Operating Income & Expenses	53,004	126,391	256,664	142,149	171,453
NON-OPERATING TAXES					
47 Federal Income Taxes	18,467	43,912	51,952	20,895	1,957,290
48 Other		87			(807,409)
49 Total Non-Operating Taxes	18,467	43,999	51,952	20,895	1,149,881
50 Income Available Before Interest Charges	(61,507)	54,863	287,872	347,314	772,718
INTEREST CHARGES					
51 Interest on Funded Debt			56,448	126,493	142,239
52 Other Interest Expense	14,612	1,300	3,895	1,261	723
53 Total Interest Charges	14,612	1,300	60,343	127,754	142,962
54 Income Before Extraordinary & Nonreg Items	(76,119)	53,563	227,529	219,560	629,756
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$76,119)	\$53,563	\$227,529	\$219,560	\$629,756
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$4,786,110	\$4,732,547	\$11,874,018	\$11,654,458	\$11,024,702
60 Transferred from Income	(76,119)	53,563	227,529	219,560	\$629,756
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock			7,369,000		
64 Adjustments					
65 Ending Year Balance	4,709,991	4,786,110	4,732,547	11,874,018	11,654,458
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$4,709,991	\$4,786,110	\$4,732,547	\$11,874,018	\$11,654,458

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	(\$2,868,757)	\$851,328	\$512,311	\$450,716	\$2,184,662
2 Accounts Receivable (Net)	78,597,876	81,707,918	84,823,657	83,001,825	259,680,571
3 Current Deferred Income Taxes					
4 Other Current Assets	13,003,571	13,172,466	13,530,367	13,393,157	16,813,892
5 Total Current Assets	88,732,690	95,731,712	98,866,336	96,845,697	278,679,125
NON-CURRENT ASSETS					
6 Investments	156,274,047	116,191,219	13,282,179	(28,690,033)	268,080,378
7 Unamortized Debt Issuance Costs					
8 Deferred Charges	104,061	(63,795)	426,993	48,909	(567,274)
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets	184,725,250	184,890,250	185,055,250	188,285,250	193,384,974
12 Total Non-Current Assets	341,103,358	301,017,674	198,764,422	159,644,126	460,898,078
REGULATED PLANT					
13 Total Telecommunications Plant	1,447,829,751	1,420,548,003	1,400,353,222	1,387,816,834	1,357,566,544
14 Less: Accumulated Depr and Amort.	950,712,655	892,159,241	839,629,993	795,857,132	737,051,640
15 Net Regulated Plant	497,117,096	528,388,762	560,723,229	591,959,702	620,514,904
16 Total Assets & Other Debits	\$926,953,144	\$925,138,148	\$858,353,987	\$848,449,524	\$1,360,092,108
CURRENT LIABILITIES					
17 Accounts Payable	\$72,742,293	\$35,593,639	\$41,094,741	\$94,500,832	\$633,671,315
18 Notes Payable					
19 Advanced Billings	3,404,605	3,713,973	3,893,387	4,315,748	4,142,157
20 Customer Deposits	25,599	26,509	59,706	100,412	142,824
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	8,441,952	9,327,712	8,908,054	10,089,550	12,452,874
24 Total Current Liabilities	84,614,450	48,661,833	53,955,888	109,006,542	650,409,169
LONG-TERM DEBT					
25 Long-Term Debt					
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	60,208,072	77,705,800	56,759,978	38,005,266	29,384,773
28 Other Deferred Credits	(17,551,263)	(16,316,615)	(14,953,664)	(13,919,784)	(9,177,567)
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	110,603,238	104,190,955	98,363,817	90,986,107	98,872,893
31 Total Other Liab. and Def. Credits	153,260,047	165,580,141	140,170,132	115,071,589	119,080,098
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	237,842,038	259,659,564	212,991,357	173,134,777	139,366,226
36 Total Stockholder's Equity	689,078,648	710,896,174	664,227,967	624,371,387	590,602,836
37 Total Liab. and Stockholder's Equity	\$926,953,144	\$925,138,148	\$858,353,987	\$848,449,518	\$1,360,092,103

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$149,040,096	\$149,758,574	\$158,986,026	\$166,019,418	\$170,566,593	1
Network Access Services	88,125,531	90,415,128	107,708,627	104,793,356	99,803,373	2
Long Distance Network Services	1,389,688	1,734,709	2,196,598	2,464,887	3,019,353	3
Miscellaneous Revenues	87,189,468	84,817,132	70,103,826	72,012,603	76,939,577	4
Less: Uncollectible Revenues	4,559,224	2,919,517	3,110,744	3,102,236	10,124,761	5
Total Operating Revenues	321,185,560	323,806,026	335,884,333	342,188,028	340,204,135	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	356,807	347,984	350,830	432,265	272,333	7
General Support Expenses	13,629,509	15,933,424	19,280,686	27,146,333	19,069,319	8
Central Office Switching	8,568,931	9,054,441	8,954,538	9,718,302	11,934,277	9
Operator Systems Expense	183,173	221,443	495,622	500,045	253,405	10
Central Office Transmission	4,701,969	5,761,252	5,581,298	5,302,390	3,659,971	11
Info. Origination/Termination	5,561,025	6,511,953	5,679,359	5,903,480	8,637,772	12
Cable & Wire Facilities	26,181,564	27,755,642	29,386,226	32,428,805	33,034,950	13
Total Plant Specific Operations	59,182,978	65,586,138	69,728,560	81,431,620	76,862,025	14
Other Plant, Property & Equipment	126	(625)	527	1,780	1,064	15
Network Operations	24,969,320	23,825,945	24,353,363	22,333,165	24,629,678	16
Access Expense	6,190,979	9,904,262	12,072,783	11,158,298	12,969,581	17
Depreciation and Amortization	68,662,256	69,411,916	72,655,379	71,698,324	31,983,144	18
Total Plant Non-Specific Operations	99,822,681	103,141,498	109,082,053	105,191,567	69,583,467	19
Marketing Expense	11,439,028	11,250,545	10,261,648	9,285,070	9,650,029	20
Services Expense	34,820,141	34,969,600	39,107,058	39,744,511	44,276,658	21
Total Customer Operations	46,259,169	46,220,145	49,368,706	49,029,581	53,926,686	22
Executive & Planning	3,131,175	3,547,014	3,942,235	20,628,563	3,986,616	23
General & Administrative	15,131,154	16,848,974	17,949,465	21,064,771	21,938,521	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	18,262,329	20,395,988	21,891,700	41,693,333	25,925,137	27
Total Operations Expense	223,527,156	235,343,770	250,071,017	277,346,101	226,297,315	28
Other Operating Income & Expenses						29
State & Local Income Taxes				(3,349)	(44)	30
Other Taxes	20,195,685	21,440,996	21,448,332	20,472,341	22,166,766	31
Net Operating Income Before FIT	77,462,718	67,021,261	64,364,983	44,372,936	91,740,098	32
Investment Tax Credits - Net						33
Federal Income Taxes	31,580,964	19,951,494	23,896,043	16,977,162	(189,078)	34
Provision - Def. Operating Income Taxes - Net	(2,279,432)	1,872,231	(3,067,948)	2,959,097	16,211,766	35
Net Operating Income	\$48,161,186	\$45,197,536	\$43,536,888	\$24,436,677	\$75,717,410	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$48,161,186	\$45,197,536	\$43,536,888	\$24,436,677	\$75,717,410
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income	15,071,996	6,088,461	220,838	12,245,086	2,789,321
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	452,486	513,296	489,260	537,104	656,573
42 Gains/Losses - Disposal of Property				12,000	
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	1,444,165	1,311,313	1,227,185	4,091,478	3,544,442
45 Special Charges	233,820	384,825	166,842	655,850	1,062,217
46 Total Non-Operating Income & Expenses	16,734,827	7,528,244	1,770,441	16,229,818	5,928,119
NON-OPERATING TAXES					
47 Federal Income Taxes					
48 Other					
49 Total Non-Operating Taxes					
50 Income Available Before Interest Charges	64,896,013	52,725,780	45,307,329	40,666,495	81,645,529
INTEREST CHARGES					
51 Interest on Funded Debt					
52 Other Interest Expense	6,713,539	6,057,574	5,450,748	6,897,943	53,450,211
53 Total Interest Charges	6,713,539	6,057,574	5,450,748	6,897,943	53,450,211
54 Income Before Extraordinary & Nonreg Items	58,182,474	46,668,206	39,856,581	33,768,552	28,195,318
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues	35,677,209				
57 Total Extraordinary & Nonregulated Items	35,677,209				
58 Net Income	\$93,859,683	\$46,668,206	\$39,856,581	\$33,768,552	\$28,195,318

RETAINED EARNINGS STATEMENT

Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$259,659,564	\$212,991,358	\$173,134,778	\$139,366,226	\$111,170,913
60 Transferred from Income	58,182,474	46,668,206	39,856,581	33,768,552	28,195,318
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	80,000,000				
64 Adjustments					(4)
65 Ending Year Balance	237,842,038	259,659,564	212,991,359	173,134,778	139,366,226
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$237,842,038	\$259,659,564	\$212,991,359	\$173,134,778	\$139,366,226

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$204,294	\$259,519	(\$3,612)	\$371,593	\$443,716
2 Accounts Receivable (Net)	311,630	504,185	476,773	516,517	485,731
3 Current Deferred Income Taxes					
4 Other Current Assets	554,551	431,335	440,043	422,215	357,164
5 Total Current Assets	1,070,475	1,195,039	913,204	1,310,325	1,286,611
NON-CURRENT ASSETS					
6 Investments	794,458	994,317	941,662	770,035	586,932
7 Unamortized Debt Issuance Costs					
8 Deferred Charges	69,705	69,705	69,705	64,735	274,213
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets					
12 Total Non-Current Assets	864,163	1,064,022	1,011,367	834,770	861,145
REGULATED PLANT					
13 Total Telecommunications Plant	18,673,893	17,934,084	17,141,611	16,182,929	15,329,519
14 Less: Accumulated Depr and Amort.	14,367,805	13,368,234	12,414,793	11,451,700	10,651,436
15 Net Regulated Plant	4,306,088	4,565,850	4,726,818	4,731,229	4,678,083
16 Total Assets & Other Debits	\$6,240,726	\$6,824,911	\$6,651,389	\$6,876,324	\$6,825,839
CURRENT LIABILITIES					
17 Accounts Payable	\$79,459	\$65,953	\$76,468	\$61,158	\$131,871
18 Notes Payable					
19 Advanced Billings					
20 Customer Deposits	16,829	18,419	18,943	19,853	20,088
21 Current Maturities - Long-Term Debt					
22 Current Deferred Income Taxes					
23 Other Current Liabilities	(19,540)	174,388	149,250	106,340	(51,364)
24 Total Current Liabilities	76,748	258,760	244,661	187,351	100,595
LONG-TERM DEBT					
25 Long-Term Debt					
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	(203,842)	(39,823)	68,724	233,971	308,341
28 Other Deferred Credits	524,697	540,352	569,885	542,228	570,495
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	1,288,584	1,215,848	1,171,473	1,120,312	1,073,529
31 Total Other Liab. and Def. Credits	1,609,439	1,716,377	1,810,082	1,896,511	1,952,365
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	4,474,539	4,769,774	4,516,646	4,712,462	4,692,879
36 Total Stockholder's Equity	4,554,539	4,849,774	4,596,646	4,792,462	4,772,879
37 Total Liab. and Stockholder's Equity	\$6,240,726	\$6,824,911	\$6,651,389	\$6,876,324	\$6,825,839

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,231,626	\$1,343,747	\$1,358,235	\$1,463,020	\$1,464,262	1
Network Access Services	1,793,265	1,884,780	1,943,155	2,109,367	2,040,646	2
Long Distance Network Services	546,806	887,587	1,022,824	1,019,838	992,677	3
Miscellaneous Revenues	1,030,370	919,919	887,666	820,772	827,399	4
Less: Uncollectible Revenues	(1,956)	11,620	(8,872)	(4,855)	16,192	5
Total Operating Revenues	4,604,023	5,024,413	5,220,752	5,417,852	5,308,792	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	49,384	34,819	40,335	30,016	28,781	7
General Support Expenses	258,441	233,155	236,675	231,173	270,849	8
Central Office Switching	488,377	507,802	422,753	437,949	311,533	9
Operator Systems Expense						10
Central Office Transmission	27,353	26,331	32,204	14,391	20,897	11
Info. Origination/Termination	208,151	253,832	270,351	264,121	253,904	12
Cable & Wire Facilities	186,671	193,597	269,746	266,469	188,883	13
Total Plant Specific Operations	1,218,377	1,249,536	1,272,064	1,244,119	1,074,847	14
Other Plant, Property & Equipment	71,451	74,401	71,881	71,599	66,700	15
Network Operations	312,611	307,844	301,802	278,950	262,994	16
Access Expense			69,616	69,099	54,941	17
Depreciation and Amortization	1,021,071	962,393	1,028,726	970,352	918,383	18
Total Plant Non-Specific Operations	1,405,133	1,344,638	1,472,025	1,390,000	1,303,018	19
Marketing Expense	20,671	31,940	26,782	25,537	19,707	20
Services Expense	685,272	723,862	695,610	678,654	754,270	21
Total Customer Operations	705,943	755,802	722,392	704,191	773,977	22
Executive & Planning	371,357	397,142	577,696	598,222	541,700	23
General & Administrative	291,273	271,570	320,183	321,035	333,094	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	662,630	668,712	897,879	919,257	874,794	27
Total Operations Expense	3,992,083	4,018,688	4,364,360	4,257,567	4,026,636	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	170,535	246,202	271,555	273,203	244,971	31
Net Operating Income Before FIT	441,405	759,523	584,837	887,082	1,037,185	32
Investment Tax Credits - Net						33
Federal Income Taxes	292,330	377,771	362,145	289,639	261,459	34
Provision - Def. Operating Income Taxes - Net	(227,007)	(171,534)	(191,492)	(59,958)	112,408	35
Net Operating Income	\$376,082	\$553,286	\$414,184	\$657,401	\$663,318	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$376,082	\$553,286	\$414,184	\$657,401	\$663,318
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	2,674	152,655	171,627	178,271	123,426
44 Other Non-Operating Income					4,009
45 Special Charges	12,262	4,173	3,827	34,289	4,009
46 Total Non-Operating Income & Expenses	(9,588)	148,482	167,800	143,982	119,417
NON-OPERATING TAXES					
47 Federal Income Taxes					
48 Other					
49 Total Non-Operating Taxes					
50 Income Available Before Interest Charges	366,494	701,768	581,984	801,383	782,735
INTEREST CHARGES					
51 Interest on Funded Debt					
52 Other Interest Expense	60	640	1,800	1,800	1,800
53 Total Interest Charges	60	640	1,800	1,800	1,800
54 Income Before Extraordinary & Nonreg Items	366,434	701,128	580,184	799,583	780,935
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$366,434	\$701,128	\$580,184	\$799,583	\$780,935
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$3,675,457	\$3,574,984	\$3,942,427	\$4,101,115	\$4,751,944
60 Transferred from Income	363,760	548,473	408,557	621,312	780,935
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	384,000	448,000	776,000	780,000	840,000
64 Adjustments	(75,136)				(591,764)
65 Ending Year Balance	3,580,081	3,675,457	3,574,984	3,942,427	4,101,115
66 Appropriated/Undistr Affiliate Retained Earnings	894,458	1,094,317	941,662	770,035	591,764
67 Total Retained Earnings	\$4,474,539	\$4,769,774	\$4,516,646	\$4,712,462	\$4,692,879

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$1,000	\$234,663	\$178,653	\$418,418	\$752,017
2 Accounts Receivable (Net)	3,922,641	8,333,582	8,716,458	8,103,507	6,892,224
3 Current Deferred Income Taxes	61,207	50,349	122,905	193,061	225,714
4 Other Current Assets	643,445	895,726	812,787	828,911	796,824
5 Total Current Assets	4,628,293	9,514,319	9,830,803	9,543,897	8,666,779
NON-CURRENT ASSETS					
6 Investments	2,650,125	5,472,594	3,828,991	2,456,958	2,689,498
7 Unamortized Debt Issuance Costs					
8 Deferred Charges				556,233	556,234
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	498,034	1,312,821	1,228,921	1,010,102	932,585
11 Other Non-Current Assets					
12 Total Non-Current Assets	3,148,159	6,785,416	5,057,912	4,023,293	4,178,317
REGULATED PLANT					
13 Total Telecommunications Plant	69,302,928	68,991,673	66,580,160	65,208,428	64,391,345
14 Less: Accumulated Depr and Amort.	49,554,744	47,731,255	43,768,730	40,041,412	36,110,244
15 Net Regulated Plant	19,748,185	21,260,417	22,811,430	25,167,016	28,281,101
16 Total Assets & Other Debits	\$27,524,637	\$37,560,153	\$37,700,144	\$38,734,206	\$41,126,197
CURRENT LIABILITIES					
17 Accounts Payable	\$3,223,364	\$4,244,910	\$4,542,196	\$4,859,437	\$5,761,192
18 Notes Payable					
19 Advanced Billings				2,500	2,500
20 Customer Deposits	1,182	1,295	4,013	4,688	8,419
21 Current Maturities - Long-Term Debt				508,377	465,858
22 Current Deferred Income Taxes					
23 Other Current Liabilities	650,261	662,885	676,698	328,980	654,102
24 Total Current Liabilities	3,874,807	4,909,089	5,222,907	5,703,982	6,892,071
LONG-TERM DEBT					
25 Long-Term Debt				4,048,266	4,433,658
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC	11,935	13,808	21,302	28,800	36,295
27 Non-Current Deferred Taxes	1,589,295	1,580,070	2,000,495	2,174,867	2,410,043
28 Other Deferred Credits	1,371,819	1,653,738	1,959,155	2,385,449	2,205,897
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	45,786	46,080	46,296	50,140	43,655
31 Total Other Liab. and Def. Credits	3,018,835	3,293,696	4,027,248	4,639,256	4,695,890
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	18,371,660	27,098,033	26,190,655	22,083,369	22,845,244
36 Total Stockholder's Equity	20,630,994	29,357,367	28,449,989	24,342,703	25,104,578
37 Total Liab. and Stockholder's Equity	\$27,524,637	\$37,560,153	\$37,700,144	\$38,734,207	\$41,126,197

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$6,992,604	\$7,004,827	\$7,013,828	\$7,162,020	\$7,181,223	1
Network Access Services	10,047,571	11,124,255	12,281,595	12,046,572	11,964,054	2
Long Distance Network Services	255,725	251,624	196,568	14,182	81,678	3
Miscellaneous Revenues	1,223,253	1,519,375	1,351,012	1,375,472	1,427,684	4
Less: Uncollectible Revenues	280,111	148,851	487,545	159,954	(15,015)	5
Total Operating Revenues	18,239,042	19,751,231	20,355,459	20,438,292	20,669,654	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	12,433	11,425	12,153	9,306	4,925	7
General Support Expenses	1,292,625	1,225,984	1,033,756	803,151	794,479	8
Central Office Switching	795,423	787,760	885,491	935,099	739,617	9
Operator Systems Expense					367	10
Central Office Transmission	95,093	96,349	90,558	140,722	136,917	11
Info. Origination/Termination						12
Cable & Wire Facilities	1,984,948	1,851,997	1,909,349	1,698,429	1,588,292	13
Total Plant Specific Operations	4,180,522	3,973,515	3,931,307	3,586,707	3,264,597	14
Other Plant, Property & Equipment	9,803	38	281	215	956	15
Network Operations	1,563,796	1,593,414	1,505,305	1,435,747	1,342,498	16
Access Expense	430,761	406,557	454,367	416,015	318,170	17
Depreciation and Amortization	2,666,490	4,169,811	4,072,228	4,104,610	4,050,578	18
Total Plant Non-Specific Operations	4,670,850	6,169,820	6,032,181	5,956,587	5,712,202	19
Marketing Expense	597,186	517,290	446,191	436,432	382,232	20
Services Expense	2,373,899	2,151,678	1,679,441	1,246,197	1,265,434	21
Total Customer Operations	2,971,084	2,668,968	2,125,632	1,682,629	1,647,666	22
Executive & Planning	644,037	887,559	773,306	989,511	996,474	23
General & Administrative	2,579,863	2,517,028	3,211,555	2,380,739	2,675,971	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	3,223,899	3,404,587	3,984,861	3,370,250	3,672,445	27
Total Operations Expense	15,046,355	16,216,890	16,073,981	14,596,173	14,296,910	28
Other Operating Income & Expenses				15,077	14,605	29
State & Local Income Taxes	22,365	99,351	53,434	15,275	13,468	30
Other Taxes	830,974	844,518	882,004	967,102	935,768	31
Net Operating Income Before FIT	2,339,348	2,590,472	3,346,040	4,874,819	5,438,112	32
Investment Tax Credits - Net	1,873	7,494	7,498	7,495	16,308	33
Federal Income Taxes	1,014,367	1,535,487	1,432,548	1,738,442	1,920,027	34
Provision - Def. Operating Income Taxes - Net	603,370	(113,893)	(342,643)	(213,667)	(218,971)	35
Net Operating Income	\$723,484	\$1,176,372	\$2,263,633	\$3,357,539	\$3,753,364	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$723,484	\$1,176,372	\$2,263,633	\$3,357,539	\$3,753,364
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income					
39 Interest Income				11,621	7
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction			4,410	58,830	82,125
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	1,789,585	1,522,580	638,951	459,215	657,632
44 Other Non-Operating Income	4,461,438	10,032,668	10,482,745	10,237,157	8,920,085
45 Special Charges	1,954	13,004	7,893	10,767	13,373
46 Total Non-Operating Income & Expenses	6,249,068	11,542,244	11,118,213	10,756,056	9,646,476
NON-OPERATING TAXES					
47 Federal Income Taxes	210,942	2,941,056	3,650,750	3,467,690	3,024,523
48 Other	1,486,416	51,884	15,149	64,749	39,021
49 Total Non-Operating Taxes	1,697,358	2,992,940	3,665,899	3,532,439	3,063,544
50 Income Available Before Interest Charges	5,275,194	9,725,676	9,715,947	10,581,155	10,336,297
INTEREST CHARGES					
51 Interest on Funded Debt		440	203,661	445,262	484,040
52 Other Interest Expense	92,723	102,858		455	18,062
53 Total Interest Charges	92,723	103,298	203,661	445,717	502,102
54 Income Before Extraordinary & Nonreg Items	5,182,471	9,622,378	9,512,286	10,135,439	9,834,194
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$5,182,471	\$9,622,378	\$9,512,286	\$10,135,439	\$9,834,194
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RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$24,682,455	\$25,297,657	\$21,829,321	\$23,050,413	\$26,600,850
60 Transferred from Income	3,392,798	8,099,798	8,873,336	9,676,224	9,176,562
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	13,908,755	8,715,000	5,405,000	10,897,314	13,159,000
64 Adjustments					432,000
65 Ending Year Balance	14,166,497	24,682,455	25,297,657	21,829,323	23,050,413
66 Appropriated/Undistr Affiliate Retained Earnings	4,205,163	2,415,578	892,998	254,047	(205,168)
67 Total Retained Earnings	\$18,371,660	\$27,098,033	\$26,190,655	\$22,083,370	\$22,845,245

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$2,339,492	\$2,090,104	\$241,873	\$50,308	\$566,077
2 Accounts Receivable (Net)	738,072	687,638	1,286,055	1,143,091	676,017
3 Current Deferred Income Taxes					
4 Other Current Assets	162,014	182,227	172,617	170,566	80,629
5 Total Current Assets	3,239,578	2,959,969	1,700,545	1,363,965	1,322,723
NON-CURRENT ASSETS					
6 Investments			170,450	178,800	178,800
7 Unamortized Debt Issuance Costs				6,412	7,547
8 Deferred Charges	100			10,549	28,632
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets					
12 Total Non-Current Assets	100		170,450	195,761	214,979
REGULATED PLANT					
13 Total Telecommunications Plant	18,654,522	18,265,961	17,718,799	17,183,684	16,508,882
14 Less: Accumulated Depr and Amort.	9,490,141	8,631,366	8,038,403	7,659,131	7,360,861
15 Net Regulated Plant	9,164,381	9,634,595	9,680,396	9,524,553	9,148,021
16 Total Assets & Other Debits	\$12,404,059	\$12,594,564	\$11,551,391	\$11,084,279	\$10,685,723
CURRENT LIABILITIES					
17 Accounts Payable	\$456,242	\$338,378	\$578,976	\$605,168	\$527,949
18 Notes Payable					
19 Advanced Billings	89,408	63,990	45,868	48,843	52,801
20 Customer Deposits					
21 Current Maturities - Long-Term Debt	12,980	22,356		222,843	212,500
22 Current Deferred Income Taxes	(6,344)	(2,485)	(2,275)	(2,415)	(525)
23 Other Current Liabilities	52,056	56,522	85,937	60,915	52,532
24 Total Current Liabilities	604,342	478,761	708,506	935,354	845,257
LONG-TERM DEBT					
25 Long-Term Debt	14,140	13,350	15,074	3,086,024	3,274,746
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	1,304,768	1,249,695	1,745,720	1,717,543	1,181,262
28 Other Deferred Credits	1,526,783	1,583,859	316,134	430,882	550,911
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	555,771	601,758	527,548	514,438	571,394
31 Total Other Liab. and Def. Credits	3,387,322	3,435,312	2,589,402	2,662,863	2,303,567
STOCKHOLDER'S EQUITY					
32 Common Stock	10,000	10,000	10,000	10,000	10,000
33 Preferred Stock					
34 Other Paid in Capital	3,574,886	3,569,353	3,668,739	68,739	68,739
35 Retained Earnings	4,813,369	5,087,788	4,559,670	4,321,299	4,183,414
36 Total Stockholder's Equity	8,398,255	8,667,141	8,238,409	4,400,038	4,262,153
37 Total Liab. and Stockholder's Equity	\$12,404,059	\$12,594,564	\$11,551,391	\$11,084,279	\$10,685,723

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,171,457	\$1,216,085	\$1,201,128	\$1,192,194	\$1,156,224	1
Network Access Services	2,085,789	2,067,844	2,274,268	1,980,125	2,201,236	2
Long Distance Network Services						3
Miscellaneous Revenues	535,872	557,841	749,887	616,605	609,774	4
Less: Uncollectible Revenues	16,303	1,291	7,239	50,186	(6,070)	5
Total Operating Revenues	3,776,815	3,840,479	4,218,044	3,738,738	3,973,304	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	18,175	20,108	21,619	21,198	26,714	7
General Support Expenses	77,060	53,023	52,835	74,742	85,313	8
Central Office Switching	202,903	143,664	118,835	112,846	117,756	9
Operator Systems Expense						10
Central Office Transmission	323,185	204,796	136,428	25,153	38,140	11
Info. Origination/Termination	174,843	205,871	326,507	276,435	190,538	12
Cable & Wire Facilities	210,510	205,949	189,301	184,249	197,239	13
Total Plant Specific Operations	1,006,676	833,411	845,525	694,623	655,700	14
Other Plant, Property & Equipment						15
Network Operations	372,395	371,359	366,350	293,205	301,792	16
Access Expense	94,751	83,262	125,623	59,815	48,976	17
Depreciation and Amortization	1,227,592	1,007,695	767,537	690,541	607,086	18
Total Plant Non-Specific Operations	1,694,738	1,462,316	1,259,510	1,043,561	957,854	19
Marketing Expense	234,487	234,711	260,950	279,842	249,465	20
Services Expense	310,149	361,361	380,659	446,810	439,232	21
Total Customer Operations	544,636	596,072	641,609	726,652	688,697	22
Executive & Planning	112,095	133,277	138,209	70,981	81,783	23
General & Administrative	664,984	694,367	668,809	629,761	847,141	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	777,079	827,644	807,018	700,742	928,924	27
Total Operations Expense	4,023,129	3,719,443	3,553,662	3,165,578	3,231,175	28
Other Operating Income & Expenses				203		29
State & Local Income Taxes						30
Other Taxes	206,135	217,399	237,022	199,717	199,756	31
Net Operating Income Before FIT	(452,449)	(96,363)	427,360	373,646	542,373	32
Investment Tax Credits - Net						33
Federal Income Taxes	(239,500)	(90,573)	68,208	(467,337)	(47,529)	34
Provision - Def. Operating Income Taxes - Net	50,501	52,475	28,317	534,390	138,567	35
Net Operating Income	(\$263,450)	(\$58,265)	\$330,835	\$306,593	\$451,335	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(\$263,450)	(\$58,265)	\$330,835	\$306,593	\$451,335
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income			65,838	30,930	16,506
39 Interest Income	105,218	102,748	6,514	4,752	7,937
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction					
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	7,277	822,789	(32,145)	(360)	(360)
45 Special Charges	778	3,456	3,244	2,738	2,929
46 Total Non-Operating Income & Expenses	111,717	922,081	36,963	32,584	21,154
NON-OPERATING TAXES					
47 Federal Income Taxes	34,314	322,131	18,232	7,740	7,896
48 Other	(1)	802			
49 Total Non-Operating Taxes	34,313	322,933	18,232	7,740	7,896
50 Income Available Before Interest Charges	(186,046)	540,883	349,566	331,437	464,593
INTEREST CHARGES					
51 Interest on Funded Debt			80,941	171,253	181,166
52 Other Interest Expense	88,373	12,765	29,254	22,299	35,107
53 Total Interest Charges	88,373	12,765	110,195	193,552	216,273
54 Income Before Extraordinary & Nonreg Items	(274,419)	528,118	239,371	137,885	248,320
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$274,419)	\$528,118	\$239,371	\$137,885	\$248,320
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$5,087,788	\$4,559,670	\$4,321,299	\$4,183,415	\$3,935,095
60 Transferred from Income	(274,419)	528,118	239,371	137,885	248,320
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock			1,000		
64 Adjustments					
65 Ending Year Balance	4,813,369	5,087,788	4,559,670	4,321,300	4,183,415
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	\$4,813,369	\$5,087,788	\$4,559,670	\$4,321,300	\$4,183,415

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$1,701,042	\$3,367,356	\$3,587,582	\$3,107,618	\$2,326,917
2 Accounts Receivable (Net)	1,051,452	754,935	906,019	918,262	1,052,994
3 Current Deferred Income Taxes				152	152
4 Other Current Assets	733,906	797,846	384,539	336,516	458,713
5 Total Current Assets	3,486,400	4,920,137	4,878,140	4,362,548	3,838,776
NON-CURRENT ASSETS					
6 Investments	2,959,889	1,377,620	714,979	724,302	980,355
7 Unamortized Debt Issuance Costs	12,000	14,400	16,800	19,200	21,600
8 Deferred Charges	5,832	5,832	5,832	5,832	21,478
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	462,647	454,160	508,267	447,043	368,349
11 Other Non-Current Assets	3,290,215	3,414,800	3,197,177	3,101,454	2,938,357
12 Total Non-Current Assets	6,730,583	5,266,812	4,443,055	4,297,831	4,330,139
REGULATED PLANT					
13 Total Telecommunications Plant	24,900,195	24,189,892	22,699,916	21,702,945	21,002,685
14 Less: Accumulated Depr and Amort.	13,315,881	12,326,395	11,402,782	10,502,531	9,717,699
15 Net Regulated Plant	11,584,314	11,863,497	11,297,134	11,200,414	11,284,986
16 Total Assets & Other Debits	\$21,801,297	\$22,050,446	\$20,618,329	\$19,860,793	\$19,453,901
CURRENT LIABILITIES					
17 Accounts Payable	\$1,349,684	\$751,529	\$648,590	\$660,444	\$989,524
18 Notes Payable	420,782	431,615	400,857	383,728	381,911
19 Advanced Billings	518,747	186,482	122,621	50,185	47,432
20 Customer Deposits					
21 Current Maturities - Long-Term Debt	398,980	357,143	357,143		128,542
22 Current Deferred Income Taxes					
23 Other Current Liabilities	779,869	740,030	890,600	530,852	574,753
24 Total Current Liabilities	3,468,062	2,466,799	2,419,811	1,625,209	2,122,162
LONG-TERM DEBT					
25 Long-Term Debt	2,792,856	3,285,714	2,142,857	2,500,000	2,500,000
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	1,965,157	2,278,443	2,281,063	2,431,283	2,068,256
28 Other Deferred Credits	275,423	318,710	321,509	445,920	482,015
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	798,160	823,753	950,356	598,741	494,876
31 Total Other Liab. and Def. Credits	3,038,740	3,420,906	3,552,928	3,475,944	3,045,147
STOCKHOLDER'S EQUITY					
32 Common Stock	240,000	240,000	240,000	240,000	240,000
33 Preferred Stock					
34 Other Paid in Capital	(2,335,774)	(1,946,961)	(2,129,768)	(2,161,448)	(2,424,978)
35 Retained Earnings	14,597,413	14,583,989	14,392,500	14,181,088	13,971,570
36 Total Stockholder's Equity	12,501,639	12,877,028	12,502,733	12,259,640	11,786,592
37 Total Liab. and Stockholder's Equity	\$21,801,297	\$22,050,446	\$20,618,329	\$19,860,793	\$19,453,901

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$1,683,511	\$1,742,657	\$1,774,199	\$1,833,520	\$1,853,969	1
Network Access Services	3,102,188	2,887,656	3,179,549	3,291,797	3,116,693	2
Long Distance Network Services						3
Miscellaneous Revenues	782,278	764,585	684,888	467,228	546,838	4
Less: Uncollectible Revenues	29,726	66,874	24,293	15,394	16,982	5
Total Operating Revenues	5,538,251	5,328,024	5,614,342	5,577,151	5,500,518	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	24,698	14,847	5,597	3,282	7,217	7
General Support Expenses	433,337	324,038	284,802	299,577	224,189	8
Central Office Switching	229,062	333,046	246,712	314,996	270,432	9
Operator Systems Expense						10
Central Office Transmission	209,145		105,291	179,272	267,359	11
Info. Origination/Termination	94,846	66,454	89,077	80,840	67,196	12
Cable & Wire Facilities	550,828	481,196	528,989	489,463	672,230	13
Total Plant Specific Operations	1,541,916	1,219,581	1,260,467	1,367,431	1,508,623	14
Other Plant, Property & Equipment	124	(813)				15
Network Operations	159,806	122,881	164,437	234,889	276,653	16
Access Expense	92,586	94,647	111,969	81,291	66,026	17
Depreciation and Amortization	1,269,163	1,102,855	1,165,724	1,122,664	1,049,508	18
Total Plant Non-Specific Operations	1,521,679	1,319,570	1,442,130	1,438,844	1,392,187	19
Marketing Expense	232,091	183,237	162,771	167,398	86,102	20
Services Expense	740,773	861,522	837,754	614,203	625,852	21
Total Customer Operations	972,864	1,044,759	1,000,525	781,601	711,954	22
Executive & Planning	369,173	356,300	729,451	470,299	433,493	23
General & Administrative	712,398	673,501	722,265	686,681	713,029	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	1,081,571	1,029,801	1,451,716	1,156,980	1,146,522	27
Total Operations Expense	5,118,030	4,613,711	5,154,839	4,744,857	4,759,286	28
Other Operating Income & Expenses				(1,725)	(1,170)	29
State & Local Income Taxes						30
Other Taxes	397,785	401,583	392,151	378,045	337,677	31
Net Operating Income Before FIT	22,436	312,730	67,353	452,524	402,385	32
Investment Tax Credits - Net					4,413	33
Federal Income Taxes	26,109	12,955	138,934	(94,840)	(112,046)	34
Provision - Def. Operating Income Taxes - Net	(154,959)	(39,609)	(205,450)	184,647	202,378	35
Net Operating Income	\$151,286	\$339,384	\$133,869	\$362,717	\$316,466	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	\$151,286	\$339,384	\$133,869	\$362,717	\$316,466
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income	5,500	5,052	5,020	3,802	2,500
39 Interest Income	93,509	120,003	34,202	78,373	15,328
40 Income - Sinking and Other Funds			63,492		
41 Allowance for Funds Used During Construction	71,014	21,442	20,517	47,654	44,883
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies	(346,601)	(240,281)	13,288	(174,210)	(1,419,378)
44 Other Non-Operating Income	723,120	454,388	292,980	172,381	3,123
45 Special Charges	38,972	49,151	19,463	9,098	22,755
46 Total Non-Operating Income & Expenses	507,570	311,453	410,035	118,902	(1,376,299)
NON-OPERATING TAXES					
47 Federal Income Taxes	288,883	168,873	121,506	74,779	(2,475)
48 Other					
49 Total Non-Operating Taxes	288,883	168,873	121,506	74,779	(2,475)
50 Income Available Before Interest Charges	369,973	481,964	422,398	406,840	(1,057,358)
INTEREST CHARGES					
51 Interest on Funded Debt	226,414	185,481	119,783	111,831	102,277
52 Other Interest Expense	32,129	35,532	21,916	16,463	9,992
53 Total Interest Charges	258,543	221,013	141,699	128,294	112,269
54 Income Before Extraordinary & Nonreg Items	111,430	260,951	280,699	278,546	(1,169,627)
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$111,430	\$260,951	\$280,699	\$278,546	(\$1,169,627)
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$15,001,003	\$14,809,516	\$14,611,390	\$14,227,661	\$14,046,751
60 Transferred from Income	111,430	260,951	267,411	452,757	249,751
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock	69,224	69,464	69,286	69,029	68,841
64 Adjustments	(28,782)				
65 Ending Year Balance	15,014,427	15,001,003	14,809,515	14,611,389	14,227,661
66 Appropriated/Undistr Affiliate Retained Earnings	(417,014)	(417,014)	(417,015)	(430,302)	(256,092)
67 Total Retained Earnings	\$14,597,413	\$14,583,989	\$14,392,500	\$14,181,087	\$13,971,569

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$773,109	\$377,003	\$89,148	\$212,698	\$760,703
2 Accounts Receivable (Net)	242,228	398,199	375,296	450,935	388,740
3 Current Deferred Income Taxes					
4 Other Current Assets	104,754	106,364	108,144	111,582	184,617
5 Total Current Assets	1,120,091	881,566	572,588	775,215	1,334,060
NON-CURRENT ASSETS					
6 Investments			19,152	19,152	19,152
7 Unamortized Debt Issuance Costs					
8 Deferred Charges					
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes					
11 Other Non-Current Assets					
12 Total Non-Current Assets			19,152	19,152	19,152
REGULATED PLANT					
13 Total Telecommunications Plant	10,134,072	9,947,055	9,759,363	9,638,408	9,453,378
14 Less: Accumulated Depr and Amort.	4,863,914	4,337,306	3,899,045	3,624,601	3,491,201
15 Net Regulated Plant	5,270,158	5,609,749	5,860,318	6,013,807	5,962,177
16 Total Assets & Other Debits	\$6,390,249	\$6,491,315	\$6,452,058	\$6,808,174	\$7,315,389
CURRENT LIABILITIES					
17 Accounts Payable	\$242,995	\$236,732	\$315,397	\$263,237	\$207,047
18 Notes Payable				2,123,062	2,873,062
19 Advanced Billings	25,212	17,951	16,095	14,433	15,134
20 Customer Deposits					7,409
21 Current Maturities - Long-Term Debt	2,349	8,495			
22 Current Deferred Income Taxes	(4,190)	(2,940)	(2,030)	(2,415)	(1,470)
23 Other Current Liabilities	62,024	67,196	49,875	61,054	77,101
24 Total Current Liabilities	328,390	327,434	379,337	2,459,371	3,178,283
LONG-TERM DEBT					
25 Long-Term Debt	3,327		8,495	18,689	
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC					
27 Non-Current Deferred Taxes	860,739	861,104	918,706	904,343	766,092
28 Other Deferred Credits	86,258	81,094	2,546	3,260	
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	142,507	159,040	22,568	29,433	42,346
31 Total Other Liab. and Def. Credits	1,089,504	1,101,238	943,820	937,036	808,438
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	2,690,954	2,683,357	2,775,139	1,039,139	1,039,139
35 Retained Earnings	(121,926)	(20,714)	(54,733)	(46,061)	(110,471)
36 Total Stockholder's Equity	4,969,028	5,062,643	5,120,406	3,393,078	3,328,668
37 Total Liab. and Stockholder's Equity	\$6,390,249	\$6,491,315	\$6,452,058	\$6,808,174	\$7,315,389

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$891,011	\$911,751	\$964,627	\$1,040,182	\$980,471	1
Network Access Services	896,281	1,035,411	1,012,761	984,909	1,064,799	2
Long Distance Network Services						3
Miscellaneous Revenues	243,540	314,582	319,620	372,871	344,139	4
Less: Uncollectible Revenues	12,312	4,181	11,849	42,353	16,722	5
Total Operating Revenues	2,018,520	2,257,563	2,285,159	2,355,609	2,372,687	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses	12,775	16,967	16,831	16,679	18,082	7
General Support Expenses	69,412	61,479	39,811	36,013	50,884	8
Central Office Switching	99,913	91,248	60,197	69,720	71,190	9
Operator Systems Expense						10
Central Office Transmission	161,240	117,359	72,070	20,826	23,236	11
Info. Origination/Termination	120,694	150,493	180,325	256,732	143,297	12
Cable & Wire Facilities	128,166	124,693	89,019	89,095	78,372	13
Total Plant Specific Operations	592,200	562,239	458,253	489,065	385,061	14
Other Plant, Property & Equipment						15
Network Operations	242,182	260,634	284,981	270,928	291,130	16
Access Expense	56,774	50,626	56,176	37,266	14,926	17
Depreciation and Amortization	538,834	529,655	525,353	500,159	506,455	18
Total Plant Non-Specific Operations	837,790	840,915	866,510	808,353	812,511	19
Marketing Expense	103,548	111,366	128,261	137,341	128,261	20
Services Expense	190,776	247,502	318,296	279,444	281,405	21
Total Customer Operations	294,324	358,868	446,557	416,785	409,666	22
Executive & Planning	56,407	57,221	33,960	36,430	29,393	23
General & Administrative	346,236	339,051	321,628	284,842	336,985	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	402,643	396,272	355,588	321,272	366,378	27
Total Operations Expense	2,126,957	2,158,294	2,126,908	2,035,475	1,973,616	28
Other Operating Income & Expenses						29
State & Local Income Taxes						30
Other Taxes	111,606	132,097	138,543	121,867	127,964	31
Net Operating Income Before FIT	(220,043)	(32,828)	19,708	198,267	271,107	32
Investment Tax Credits - Net						33
Federal Income Taxes	(36,273)	(12,532)	(39,001)	(106,205)	(16,554)	34
Provision - Def. Operating Income Taxes - Net	(45,663)	(24,099)	14,747	137,305	65,519	35
Net Operating Income	(\$138,107)	\$3,803	\$43,962	\$167,167	\$222,142	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(\$138,107)	\$3,803	\$43,962	\$167,167	\$222,142
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income			7,749	8,100	5,670
39 Interest Income	24,307	13,712	12,668	3,682	8,761
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction				4,513	
42 Gains/Losses - Disposal of Property					
43 Equity in Earnings of Affiliated Companies					
44 Other Non-Operating Income	37,580	34,754			(172)
45 Special Charges	563	1,345	1,354	2,151	1,629
46 Total Non-Operating Income & Expenses	61,324	47,121	19,063	14,144	12,630
NON-OPERATING TAXES					
47 Federal Income Taxes	19,363	16,460	5,385	4,755	3,787
48 Other	(1)	34			
49 Total Non-Operating Taxes	19,362	16,494	5,385	4,755	3,787
50 Income Available Before Interest Charges	(96,145)	34,430	57,640	176,556	230,985
INTEREST CHARGES					
51 Interest on Funded Debt					
52 Other Interest Expense	5,067	411	66,312	112,146	134,615
53 Total Interest Charges	5,067	411	66,312	112,146	134,615
54 Income Before Extraordinary & Nonreg Items	(101,212)	34,019	(8,672)	64,410	96,370
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	(\$101,212)	\$34,019	(\$8,672)	\$64,410	\$96,370
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	(\$20,714)	(\$54,733)	(\$46,061)	(\$110,471)	(\$206,841)
60 Transferred from Income	(101,212)	34,019	(8,672)	64,410	96,370
61 Appropriations					
Dividends Declared:					
62 Preferred Stock					
63 Common Stock					
64 Adjustments					
65 Ending Year Balance	(121,926)	(20,714)	(54,733)	(46,061)	(110,471)
66 Appropriated/Undistr Affiliate Retained Earnings					
67 Total Retained Earnings	(\$121,926)	(\$20,714)	(\$54,733)	(\$46,061)	(\$110,471)

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

	2007	2006	2005	2004	2003
CURRENT ASSETS					
1 Cash and Temporary Cash Investments	\$5,640,617	\$11,021,099	\$11,275,443	\$13,206,610	\$2,856,999
2 Accounts Receivable (Net)	11,680,077	8,008,818	11,246,301	10,778,720	10,341,308
3 Current Deferred Income Taxes					
4 Other Current Assets	1,977,002	1,423,580	1,931,172	1,612,035	1,472,334
5 Total Current Assets	19,297,696	20,453,496	24,452,916	25,597,365	14,670,641
NON-CURRENT ASSETS					
6 Investments	8,946,299	8,093,655	7,832,137	7,617,621	9,366,575
7 Unamortized Debt Issuance Costs	64,575	77,175	89,775	102,595	115,195
8 Deferred Charges	762,231	814,333	847,793	888,797	509,940
9 Other Jurisdictional Assets - Net					
10 Non-Current Deferred Income Taxes	119,165	3,289,505	2,191,389	2,224,674	1,865,746
11 Other Non-Current Assets	4,291,177	177,924	747,954		744,102
12 Total Non-Current Assets	14,183,447	12,452,592	11,709,048	10,833,687	12,601,558
REGULATED PLANT					
13 Total Telecommunications Plant	67,736,082	64,966,062	65,149,611	63,803,154	59,799,701
14 Less: Accumulated Depr and Amort.	34,977,723	31,685,617	32,196,983	29,039,845	25,279,795
15 Net Regulated Plant	32,758,359	33,280,445	32,952,628	34,763,309	34,519,907
16 Total Assets & Other Debits	\$66,239,502	\$66,186,532	\$69,114,592	\$71,194,361	\$61,792,106
CURRENT LIABILITIES					
17 Accounts Payable	\$12,055,594	\$5,104,408	\$3,008,986	\$2,954,436	\$3,333,586
18 Notes Payable					
19 Advanced Billings	175,185	190,830	201,893	212,291	216,778
20 Customer Deposits	115,878	127,658	141,536	156,311	135,089
21 Current Maturities - Long-Term Debt	1,518,633	1,518,633	1,518,633	1,518,632	
22 Current Deferred Income Taxes					
23 Other Current Liabilities	2,617,178	4,781,529	1,893,059	5,511,415	3,001,730
24 Total Current Liabilities	16,482,468	11,723,058	6,764,107	10,353,084	6,687,183
LONG-TERM DEBT					
25 Long-Term Debt	5,694,870	7,213,503	8,732,149	10,250,782	7,149,073
OTHER LIAB. & DEFERRED CREDITS					
26 Unamortized ITC				(107)	10,693
27 Non-Current Deferred Taxes	3,319,185	6,893,749	8,113,907	4,624,966	5,073,000
28 Other Deferred Credits	19	19	19	912,031	21,637
29 Other Jurisdictional Differences - Net					
30 Other Liabilities	4,323,960	7,583,541	5,272,971	4,400,313	4,511,253
31 Total Other Liab. and Def. Credits	7,643,164	14,477,309	13,386,897	9,937,203	9,616,583
STOCKHOLDER'S EQUITY					
32 Common Stock	59,846	59,846	59,846	59,846	59,846
33 Preferred Stock	500,000	500,000	500,000	500,000	500,000
34 Other Paid in Capital	(1,260,878)	(1,260,878)	(1,260,878)	(111,378)	(125,029)
35 Retained Earnings	37,120,032	33,473,694	40,932,473	40,204,824	37,904,450
36 Total Stockholder's Equity	\$36,419,000	\$32,772,662	40,231,441	40,653,291	38,339,267
37 Total Liab. and Stockholder's Equity	\$66,239,502	\$66,186,532	\$69,114,595	\$71,194,361	\$61,792,106

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

INCOME STATEMENT	2007	2006	2005	2004	2003	
TELEPHONE OPERATING REVENUES						
Local Network Services	\$3,437,353	\$3,631,319	\$3,987,206	\$4,217,853	\$4,245,807	1
Network Access Services	8,942,465	9,469,723	10,531,607	10,015,418	11,014,877	2
Long Distance Network Services	1,439,444	1,087,867	1,303,026	1,803,651	1,828,125	3
Miscellaneous Revenues	3,966,512	4,268,616	4,378,543	4,560,604	5,059,119	4
Less: Uncollectible Revenues	301,000	32,500	179,000	120,000	146,400	5
Total Operating Revenues	17,484,774	18,425,025	20,021,382	20,477,526	22,001,528	6
TELEPHONE OPERATING EXPENSES						
Network Support Expenses		12,035	8,764	9,666	8,728	7
General Support Expenses	616,969	898,232	652,010	627,266	589,411	8
Central Office Switching	701,625	673,581	604,984	583,933	485,161	9
Operator Systems Expense	88					10
Central Office Transmission	1,179,985	1,451,358	1,261,462	1,167,154	1,371,781	11
Info. Origination/Termination	958,748	1,021,874	1,002,534	955,497	1,088,630	12
Cable & Wire Facilities	538,320	811,693	1,044,012	758,877	782,089	13
Total Plant Specific Operations	3,995,734	4,868,773	4,573,766	4,102,394	4,325,800	14
Other Plant, Property & Equipment	48,225	180,753	36,070	(20,823)		15
Network Operations	709,825	893,658	926,791	850,176	926,318	16
Access Expense	1,055					17
Depreciation and Amortization	3,798,761	3,590,189	3,744,436	3,775,562	3,727,957	18
Total Plant Non-Specific Operations	4,557,866	4,664,600	4,707,296	4,604,915	4,654,275	19
Marketing Expense	1,207,287	692,691	910,113	997,159	835,584	20
Services Expense	2,849,868	3,159,195	3,078,303	3,288,581	3,304,584	21
Total Customer Operations	4,057,154	3,851,886	3,988,415	4,285,740	4,140,168	22
Executive & Planning	1,645,519	1,530,299	1,581,076	1,603,930	1,640,858	23
General & Administrative	3,776,284	6,250,744	6,841,809	4,306,442	2,518,220	24
Provision - Uncollectible Notes Rec.						25
Other						26
Total Corporate Operations	5,421,804	7,781,043	8,422,885	5,910,373	4,159,078	27
Total Operations Expense	18,032,559	21,166,301	21,692,362	18,903,422	17,279,321	28
Other Operating Income & Expenses		610,910			(35,000)	29
State & Local Income Taxes						30
Other Taxes	1,159,006	1,033,862	1,281,462	1,177,816	1,387,512	31
Net Operating Income Before FIT	(1,706,791)	(3,164,228)	(2,952,442)	396,289	3,299,695	32
Investment Tax Credits - Net			(107)	10,800	10,800	33
Federal Income Taxes	2,636,907	(220,924)	(1,036,662)	(347,544)	511,072	34
Provision - Def. Operating Income Taxes - Net			(11,183)	412,194	577,367	35
Net Operating Income	(\$4,343,698)	(\$2,943,304)	(\$1,904,704)	\$342,438	\$2,222,056	36

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

	2007	2006	2005	2004	2003
37 Net Operating Income	(\$4,343,698)	(\$2,943,304)	(\$1,904,704)	\$342,438	\$2,222,056
NON-OPERATING INCOME & EXPENSES					
38 Dividend Income			200,659	18,811	
39 Interest Income	321,601	454,165	256,162	28,511	
40 Income - Sinking and Other Funds					
41 Allowance for Funds Used During Construction	69,380	16,772	11,645	6,887	41,707
42 Gains/Losses - Disposal of Property	(19,884)	4,317	98,287	26,968	20,123
43 Equity in Earnings of Affiliated Companies	391,465	133,563	78,315	112,121	34,043
44 Other Non-Operating Income	9,714,379	9,475,960	10,821,574	12,729,225	8,920,934
45 Special Charges	47,858	158,009	44,312	59,814	59,646
46 Total Non-Operating Income & Expenses	10,429,083	9,926,768	11,422,331	12,862,709	8,957,160
NON-OPERATING TAXES					
47 Federal Income Taxes	(47,536)	2,191,252	3,721,813	4,327,937	2,857,159
48 Other					
49 Total Non-Operating Taxes	(47,536)	2,191,252	3,721,813	4,327,937	2,857,159
50 Income Available Before Interest Charges	6,132,921	4,792,211	5,795,815	8,877,211	8,322,057
INTEREST CHARGES					
51 Interest on Funded Debt	590,810	684,668	599,384	349,905	401,190
52 Other Interest Expense	50,210	110,064	26,617	15,027	41,766
53 Total Interest Charges	641,020	794,733	626,001	364,932	442,956
54 Income Before Extraordinary & Nonreg Items	5,491,901	3,997,479	5,169,814	8,512,279	7,879,100
EXTRAORDINARY & NONREG ITEMS					
55 Extraordinary Items					
56 Nonregulated Revenues					
57 Total Extraordinary & Nonregulated Items					
58 Net Income	\$5,491,901	\$3,997,479	\$5,169,814	\$8,512,279	\$7,879,100
RETAINED EARNINGS STATEMENT					
Unappropriated Retained Earnings:					
59 Beginning Year Balance	\$33,340,131	\$40,854,158	\$40,496,921	\$37,450,313	\$28,342,749
60 Transferred from Income	5,100,437	3,863,916	5,091,499	8,400,157	7,845,059
61 Appropriations					
Dividends Declared:					
62 Preferred Stock	25,000	25,000	25,000	25,000	25,000
63 Common Stock	4,281,424	9,633,204	4,281,424	5,293,524	3,780,536
64 Adjustments	2,594,423	1,719,739	(427,838)	(439,243)	(1,152,346)
65 Ending Year Balance	36,728,567	33,340,131	40,854,158	40,092,703	31,229,926
66 Appropriated/Undistr Affiliate Retained Earnings	391,465	133,563	78,315	112,121	6,674,524
67 Total Retained Earnings	\$37,120,032	\$33,473,694	\$40,932,473	\$40,204,824	\$37,904,450