

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$730,665)	(\$652,894)	(\$263,345)	(\$411,047)	(\$580,355)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,579,631	1,666,033	1,829,710	2,298,853	2,324,699	2
Changes in Deferred Income Taxes	(264,312)	(71,265)	(154,292)	165,507	116,800	3
Changes in Working Capital	64,514	(318,317)	(661,206)	(1,146,964)	802,393	4
Capitalized AFDC - Equity	(173)	(89)	33	9	(779,764)	5
Other	555,465	260,322	290,054	462,180	1,720,944	6
Total Non-Cash Items	1,935,125	1,536,683	1,304,300	1,779,585	4,185,072	7
Net Cash Provided From Operating Activities	<u>1,204,460</u>	<u>883,790</u>	<u>1,040,955</u>	<u>1,368,539</u>	<u>3,604,717</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,411,570)	(1,399,597)	(1,446,474)	(1,317,547)	(1,361,831)	9
Purchase of Other Investments	(103,546)	(266,998)	(83,440)	389,675	(900,122)	10
Sale of Other Investments	77,496	(76,082)	193,852	(65,448)	1,067,965	11
Other	10,240	9,393	8,895	16,976	(889,376)	12
Net Cash Provided From Investing Activities	<u>(1,427,381)</u>	<u>(1,733,284)</u>	<u>(1,327,166)</u>	<u>(976,344)</u>	<u>(2,083,363)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(8,669)	(10,452)	(211,980)	(851,617)	(1,101,950)	14
Common Stock	(1,392)	(2,644)	(1,996)	(766)	(14,522)	15
Preferred Stock	(13)	77	(86)	(1)	(27)	16
Short-Term Debt	(1,563,543)	904,043	55,826	599,606	(78,071)	17
Dividends Paid	(214,682)	(26,467)	(106,165)	(94,714)	(194,562)	18
Other Financing	2,011,374	(10,579)	526,675	(31,769)	(132,472)	19
	<u>(15,436)</u>	<u>(1,715)</u>	<u>38,745</u>	<u>29,819</u>	<u>(137,085)</u>	
Net Cash Provided From Financing Activities	<u>207,639</u>	<u>852,264</u>	<u>301,018</u>	<u>(349,442)</u>	<u>(1,658,690)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(15,282)	2,771	14,807	42,753	(137,336)	21
Cash & Equivalents at Beginning of Year	533,202	531,572	516,766	474,013	611,349	22
Cash & Equivalents at End of Year	\$517,920	\$534,343	\$531,572	\$516,766	\$474,013	23

Table 5 T

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

	2007	2006	2005	2004	2003
1 Revenues	\$6,298,242	\$6,721,298	\$7,139,842	\$7,632,191	\$7,827,351
2 Access Lines	7,698,365	8,638,065	9,694,056	10,812,113	11,540,971
DOLLAR AMOUNTS					
3 Wages and Benefits	\$3,501,177	\$3,564,384	\$3,548,841	\$3,538,024	\$4,352,048
4 Depreciation and Amortization	1,580,841	1,703,941	1,831,106	2,298,959	2,289,236
5 Other Operations Expense	2,001,026	1,962,714	1,908,327	1,985,123	1,958,516
6 Total Operation Expenses	7,083,044	7,231,039	7,288,274	7,822,107	8,599,800
7 Income Taxes - Operating Taxes	(453,677)	(373,935)	(196,012)	(345,884)	(606,282)
8 Other Taxes - Operating Taxes	531,019	577,345	557,259	622,347	722,231
9 Capital Costs	(862,145)	(713,151)	(509,680)	(466,379)	(888,398)
10 Total	\$6,298,242	\$6,721,298	\$7,139,842	\$7,632,191	\$7,827,351
PERCENT OF REVENUES					
11 Wages and Benefits	55.6	53.0	49.7	46.4	55.6
12 Depreciation and Amortization	25.1	25.4	25.6	30.1	29.2
13 Other Operations Expense	31.8	29.2	26.7	26.0	25.0
14 Income Taxes - Operating Taxes	(7.2)	(5.6)	(2.7)	(4.5)	(7.7)
15 Other Taxes - Operating Taxes	8.4	8.6	7.8	8.2	9.2
16 Capital Costs	(13.7)	(10.6)	(7.1)	(6.1)	(11.3)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	454.79	412.64	366.08	327.23	377.10
19 Depreciation and Amortization	205.35	197.26	188.89	212.63	198.36
20 Other Operations Expense	259.93	227.22	196.86	183.60	169.70
21 Income Taxes - Operating Taxes	(58.93)	(43.29)	(20.22)	(31.99)	(52.53)
22 Other Taxes - Operating Taxes	68.98	66.84	57.48	57.56	62.58
23 Capital Costs	(111.99)	(82.56)	(52.58)	(43.13)	(76.98)
24 Total	818.13	778.10	736.52	705.89	678.22

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,792,754.74	\$3,945,420.93	\$4,184,600.63	\$4,159,424.24	\$3,863,611.71	1
Central Office Assets	13,124,278	13,571,496	13,862,208	13,827,034	13,489,417	2
Information Origination/Termination	482,001	508,501	625,103	608,609	672,567	3
Cable And Wire Facilities	15,441,296	14,581,679	13,362,619	12,927,173	12,424,730	4
Amortizable Assets	404,297	553,043	792,504	823,127	795,178	5
Total Plant In Service	33,244,627	33,160,141	32,827,035	32,345,367	31,245,504	6
Property Held For Future Use	107	1,963	1,920	2,129	2,323	7
Plant Under Construction	282,575	414,826	359,717	210,247	487,124	8
	245	73				
Tel. Acquisition	142,620	142,620	142,620	142,698	142,698	9
Other Plant	275	423	423	427	427	10
Nonoperating Plant	20,260	28,925	34,179	35,913	145,975	11
Goodwill	1,710	5,112			8,778	12
Total Telecommunications Plant	33,692,420	33,754,085	33,365,894	32,736,782	32,032,829	13
Less Acc. Prov. For Depreciation & Amort.	22,113,415	21,927,878	20,390,940	18,796,108	17,761,593	14
Net Total Utility Plant	\$11,579,004	\$11,826,206	\$12,974,955	\$13,940,673	\$14,271,236	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.47	0.38	0.46	0.38	0.48	16
Total Capitalization (\$000)	\$8,600,176	\$9,078,717	\$8,469,620	\$8,342,482	\$9,258,951	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	31.3%	32.4%	34.9%	35.6%	41.8%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	41.7%	27.5%	32.9%	30.0%	34.3%	20
Short-Term Debt	27.0%	40.0%	32.2%	34.4%	23.9%	21
Pretax Coverage of Interest Expense	-2.95	-2.12	-0.87	-2.01	-2.99	22
Com. Stock Dividends as a % of Earnings	-6.1%	-3.0%	-21.0%	-24.4%	-16.5%	23
Return on Common Equity	-34.8%	-33.6%	-19.0%	-14.5%	-35.0%	24
Internal Cash Generated as a % of Cash Outflows for Construction	89.8%	63.1%	72.0%	103.9%	198.2%	25
CWIP as a % of Plant	0.8%	1.7%	1.4%	1.5%	0.6%	26

Notes:

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

Current Assets	1,957,961,483	2,072,854,046	2,176,552,854	2,012,758,158	3,588,956,459
Current Liabilities	4,125,551,880	5,390,590,531	4,782,057,794	5,263,173,428	7,492,355,623
Total Capitalization	8,600,176,463	9,078,716,598	8,469,620,384	8,342,481,988	9,258,950,985
Long-Term Debt	2,688,366,631	2,943,850,943	2,954,250,938	2,971,502,229	3,868,232,866
Preferred Stock	926,700	926,700	926,700	1,012,700	1,013,200
Common Stock and Retained Earnings (Excl. Preferred Stock)	3,588,933,617	2,499,902,166	2,784,126,273	2,502,348,122	3,179,788,750
Short-Term Debt	2,321,949,515	3,634,036,789	2,730,316,474	2,867,618,937	2,209,916,170
Pretax Income	(1,117,726,167)	(847,486,260)	(314,242,344)	(631,622,917)	(1,371,972,615)
Interest Expense	378,941,994	399,100,895	360,573,682	314,072,741	458,530,988
Dividends Paid	65,085,033	26,514,289	105,747,507	100,116,505	207,162,449
Net Income (Excl. Preferred Stock Dividends)	(1,058,793,271)	(888,296,403)	(503,153,230)	(410,977,884)	(1,258,685,040)
Internal Cash	1,268,216,635	883,819,292	1,040,965,082	1,368,538,564	2,698,631,029
Cash Outflows for Construction	(1,411,570,136)	(1,399,597,093)	(1,446,474,317)	(1,317,546,711)	(1,361,830,539)
CWIP	282,820,393	545,906,910	437,168,044	490,553,176	210,247,016
Total Plant	34,316,182,250	32,824,491,588	32,344,200,784	32,482,887,386	32,736,781,608
Shares Outstanding	7,575,235	7,575,235	7,575,710	7,575,565	7,575,165
Number of Employees	24,503	26,605	27,937	28,916	29,123

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$180,850	\$165,910	\$13,886	(\$36,621)	\$548,225	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	175,373	139,961	647,164	205,600	172,717	2
Changes in Deferred Income Taxes	(20,275)	18,531	344,133	(39,598)	112,428	3
Changes in Working Capital	36,453	11,912	(567,489)	1,457,418	(5,166,712)	4
Capitalized AFDC - Equity	(173)	(89)	9	(779,764)	(2,112)	5
Other	1,733	434	165,722	1,241,555	(867,924)	6
Total Non-Cash Items	193,110	170,750	589,540	2,085,211	(5,751,603)	7
Net Cash Provided From Operating Activities	<u>373,960</u>	<u>336,660</u>	<u>603,426</u>	<u>2,048,590</u>	<u>(5,203,379)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(83,340)	(59,264)	27,942	(147,282)	(1,671,485)	10
Purchase of Other Investments	(77,185)	(260,202)	382,879	(900,122)	427,044	11
Sale of Other Investments	2,019	19,493	(249,236)	1,135,623	945,499	12
Other	10,240	9,393	16,976	(889,376)	771,352	13
Net Cash Provided From Investing Activities	<u>(148,267)</u>	<u>(290,580)</u>	<u>178,561</u>	<u>(801,157)</u>	<u>472,410</u>	
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(8,669)	(9,413)	(653,806)	(252,459)	2,146,428	14
Common Stock	(1,392)	(2,644)	(766)	(14,522)	(8,551)	15
Preferred Stock	(13)	77	(1)	(27)	1,295	16
Short-Term Debt	(1,186)	(3,630)	535,287	(684,569)	2,478,202	17
Dividends Paid	(214,682)	(26,467)	(94,714)	(194,562)	19,413	18
Other Financing	405	516	(555,031)	(101,551)	98,012	19
		335	(8,402)	(166,754)	160,484	
Net Cash Provided From Financing Activities	<u>(225,537)</u>	<u>(41,225)</u>	<u>(777,432)</u>	<u>(1,414,445)</u>	<u>4,895,284</u>	20
Net Increase (Decrease) in Cash & Equivalents	156	4,855	4,555	(167,012)	164,315	21
Cash & Equivalents at Beginning of Year	325	(4,529)	(9,084)	157,928	(6,387)	22
Cash & Equivalents at End of Year	\$482	\$325	(\$4,529)	(\$9,084)	\$157,928	23

Table 5 WT

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

	2007	2006	2005	2004	2003
1 Revenues	\$851,977	\$876,280	\$904,748	\$906,727	\$904,408
2 Access Lines	897,260	1,052,303	1,152,835	1,234,644	1,288,862
DOLLAR AMOUNTS					
3 Wages and Benefits	\$145,232	\$146,614	\$164,776	\$162,825	\$175,008
4 Depreciation and Amortization	176,583	177,868	179,417	179,860	135,936
5 Other Operations Expense	248,403	274,179	266,232	318,656	276,023
6 Total Operation Expenses	570,217	598,662	610,425	661,341	586,968
7 Income Taxes - Operating Taxes	78,772	80,593	82,177	70,817	71,719
8 Other Taxes - Operating Taxes	49,892	52,976	50,914	51,121	52,297
9 Capital Costs	153,095	144,048	161,233	123,447	193,425
10 Total	\$851,977	\$876,280	\$904,748	\$906,727	\$904,408
PERCENT OF REVENUES					
11 Wages and Benefits	17.0	16.7	18.2	18.0	19.4
12 Depreciation and Amortization	20.7	20.3	19.8	19.8	15.0
13 Other Operations Expense	29.2	31.3	29.4	35.1	30.5
14 Income Taxes - Operating Taxes	9.2	9.2	9.1	7.8	7.9
15 Other Taxes - Operating Taxes	5.9	6.0	5.6	5.6	5.8
16 Capital Costs	18.0	16.4	17.8	13.6	21.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	161.86	139.33	142.93	131.88	135.79
19 Depreciation and Amortization	196.80	169.03	155.63	145.68	105.47
20 Other Operations Expense	276.85	260.55	230.94	258.10	214.16
21 Income Taxes - Operating Taxes	87.79	76.59	71.28	57.36	55.64
22 Other Taxes - Operating Taxes	55.61	50.34	44.16	41.41	40.58
23 Capital Costs	170.62	136.89	139.86	99.99	150.07
24 Total	949.53	832.73	784.80	734.40	701.71

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$337,411	\$331,280	\$547,997	\$309,219	\$29,295	1
Central Office Assets	1,391,412	1,367,813	1,441,414	1,282,300	940,196	2
Information Origination/Termination	40,960	40,578	152,846	17,495	101,283	3
Cable And Wire Facilities	1,626,864	1,593,952	987,411	1,091,212	984,020	4
Amortizable Assets	17,580	17,964	190,100	51,143	(7,892)	5
Total Plant In Service	3,414,227	3,351,587	3,319,768	2,751,369	2,046,902	6
Property Held For Future Use	107	107	63	371	321	7
Plant Under Construction	47,124	41,115	92,464	(114,012)	317,292	8
Tel. Acquisition	142,620	142,620	142,620	142,698	142,698	9
Other Plant	275	423	423	427	427	10
Nonoperating Plant	1,543	1,754	(3,440)	3,257	113,611	11
Goodwill	1,710	5,112			8,778	12
Total Telecommunications Plant	3,607,606	3,542,719	3,551,899	2,784,110	2,630,029	13
Less Acc. Prov. For Depreciation & Amort.						14
Net Total Utility Plant						15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.57	1.94	0.22	0.77	4.08	16
Total Capitalization (\$000)	\$1,569,326	\$1,608,058	\$1,358,801	\$2,368,365	\$3,238,395	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	2.4%	2.7%	5.3%	41.0%	31.1%	18
Preferred Stock	0.1%	0.1%	0.1%	0.0%	0.0%	19
Common Stock & Retained Earnings	97.1%	96.8%	83.7%	86.2%	59.8%	20
Short-Term Debt	0.4%	0.4%	10.9%	-27.2%	9.1%	21
Pretax Coverage of Interest Expense	26.05	24.55	1.69	-3.30	34.24	22
Com. Stock Dividends as a % of Earnings	36.0%	16.0%	39.5%	-29.0%	4.6%	23
Return on Common Equity	11.7%	12.3%	16.0%	-35.9%	43.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	525.2%	568.1%	-2159.5%	775.7%	-257.1%	25
CWIP as a % of Plant	1.1%	6.6%	8.4%	-4.1%	12.1%	26

Notes:

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

Current Assets	277,283,963	280,509,309	142,379,850	1,899,905,244	1,995,675,297
Current Liabilities	176,668,608	144,698,396	641,264,710	2,471,798,669	489,400,894
Total Capitalization	1,569,325,620	1,608,058,075	1,358,800,723	2,368,364,657	3,238,395,059
Long-Term Debt	37,206,553	43,479,066	72,260,739	971,721,034	1,007,013,848
Preferred Stock	926,700	926,700	1,012,700	1,013,200	1,015,400
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,524,344,433	1,556,943,360	1,137,751,806	2,040,617,118	1,937,191,232
Short-Term Debt	6,847,933	6,708,949	147,775,478	(644,986,695)	293,174,579
Pretax Income	279,342,692	260,380,396	(59,165,222)	(519,509,961)	1,471,270,081
Interest Expense	10,722,688	10,605,796	(35,036,068)	157,520,805	42,972,466
Dividends Paid	65,085,033	26,514,289	100,116,505	207,162,449	42,986,840
Net Income (Excl. Preferred Stock Dividends)	180,826,931	165,280,396	253,773,649	(714,951,673)	941,917,706
Internal Cash	437,716,193	336,689,067	603,425,793	1,142,503,849	(4,297,322,744)
Cash Outflows for Construction	(83,340,377)	(59,263,492)	27,942,276	(147,281,653)	(1,671,484,934)
CWIP	47,369,446	172,195,953	223,300,322	(114,011,660)	317,291,842
Total Plant	4,231,614,112	2,613,198,605	2,668,892,191	2,784,110,238	2,621,250,603
Shares Outstanding	7,575,234	7,575,234	7,575,564	7,575,164	3,389,990
Number of Employees	1,941	2,144	3,223	2,689	4,216

Table 4 .

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$788,351)	(\$713,931)	(\$324,212)	(\$462,990)	(\$608,233)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,525,445	1,610,468	1,775,806	2,244,257	2,272,878	2
Changes in Deferred Income Taxes	(261,084)	(69,235)	(156,058)	158,723	130,703	3
Changes in Working Capital	66,880	(332,591)	(649,609)	(1,132,429)	328,056	4
Capitalized AFDC - Equity			119	119	(779,550)	5
Other	559,264	269,975	302,821	473,339	2,029,439	6
Total Non-Cash Items	1,890,504	1,478,616	1,273,080	1,744,010	3,981,526	7
Net Cash Provided From Operating Activities	<u>1,102,153</u>	<u>764,685</u>	<u>948,868</u>	<u>1,281,019</u>	<u>3,373,293</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,385,446)	(1,360,004)	(1,412,291)	(1,282,360)	(1,324,993)	9
Purchase of Other Investments	(90,030)	(204,585)	(50,649)	406,398	(739,307)	10
Sale of Other Investments	75,867	(95,574)	186,358	(67,769)	1,066,743	11
Other			(0)		(899,394)	12
Net Cash Provided From Investing Activities	<u>(1,399,610)</u>	<u>(1,660,163)</u>	<u>(1,276,582)</u>	<u>(943,731)</u>	<u>(1,896,951)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt		(1,039)	(197,812)	(849,491)	(1,100,705)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(1,562,357)	907,673	64,318	606,499	(71,690)	17
Dividends Paid	(155,000)		(62,500)	(64,660)	(180,000)	18
Other Financing	2,010,968	(11,095)	523,262	(30,921)	(131,346)	19
	(15,436)	(2,049)	38,221	29,669	(137,544)	
Net Cash Provided From Financing Activities	<u>278,175</u>	<u>893,490</u>	<u>365,490</u>	<u>(308,904)</u>	<u>(1,621,285)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(19,281)	(1,987)	37,776	28,384	(144,944)	21
Cash & Equivalents at Beginning of Year	483,628	485,615	447,839	419,455	564,399	22
Cash & Equivalents at End of Year	\$464,346	\$483,628	\$485,615	\$447,839	\$419,455	23

Table 5 AT

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

	2007	2006	2,005	2004	2003
1 Revenues	\$6,014,329	\$6,423,471	\$6,827,479	\$7,318,212	\$7,509,655
2 Access Lines	7,361,790	8,272,754	9,296,448	10,391,707	11,099,791
DOLLAR AMOUNTS					
3 Wages and Benefits	\$3,443,004	\$3,505,311	\$3,483,696	\$3,473,308	\$4,277,326
4 Depreciation and Amortization	1,525,445	1,595,485	1,776,499	2,242,903	2,241,442
5 Other Operations Expense	1,897,730	1,786,123	1,811,983	1,879,882	1,860,569
6 Total Operation Expenses	6,866,178	6,867,720	7,072,178	7,596,093	8,379,336
7 Income Taxes - Operating Taxes	(473,836)	(432,705)	(222,732)	(369,068)	(629,502)
8 Other Taxes - Operating Taxes	513,725	545,810	541,103	605,133	705,616
9 Capital Costs	(891,738)	(557,354)	(563,070)	(513,946)	(945,794)
10 Total	\$6,014,329	\$6,423,471	\$6,827,479	\$7,318,212	\$7,509,655
PERCENT OF REVENUES					
11 Wages and Benefits	57.2	54.6	51.0	47.5	57.0
12 Depreciation and Amortization	25.4	24.8	26.0	30.6	29.8
13 Other Operations Expense	31.6	27.8	26.5	25.7	24.8
14 Income Taxes - Operating Taxes	(7.9)	(6.7)	(3.3)	(5.0)	(8.4)
15 Other Taxes - Operating Taxes	8.5	8.5	7.9	8.3	9.4
16 Capital Costs	(14.8)	(8.7)	(8.2)	(7.0)	(12.6)
17 Total	100.0	100.3	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	467.69	423.72	374.73	334.24	385.35
19 Depreciation and Amortization	207.21	192.86	191.09	215.84	201.94
20 Other Operations Expense	257.78	215.90	194.91	180.90	167.62
21 Income Taxes - Operating Taxes	(64.36)	(52.30)	(23.96)	(35.52)	(56.71)
22 Other Taxes - Operating Taxes	69.78	65.98	58.21	58.23	63.57
23 Capital Costs	(121.13)	(67.37)	(60.57)	(49.46)	(85.21)
24 Total	816.97	778.78	734.42	704.24	676.56

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

	2007	2006	2,005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,661,426	\$3,816,356	\$3,837,092	\$4,056,625	\$4,034,390	1
Central Office Assets	12,701,434	13,156,035	13,352,128	13,466,314	13,442,350	2
Information Origination/Termination	474,591	501,019	508,012	617,616	600,359	3
Cable And Wire Facilities	14,953,737	14,106,162	13,473,802	12,911,326	12,490,520	4
Amortizable Assets	402,554	550,991	618,435	788,522	819,156	5
Total Plant In Service	32,193,742	32,130,563	31,789,468	31,840,403	31,386,775	6
Property Held For Future Use		1,857	1,857	1,758	2,002	7
Plant Under Construction	271,437	401,879	292,867	348,678	194,961	8
Tel. Acquisition	142,405	142,405	142,405	142,405	142,405	9
Other Plant						10
Nonoperating Plant	18,755	27,210	37,656	32,694	34,467	11
Goodwill						12
Total Telecommunications Plant	32,626,339	32,703,913	32,264,254	32,365,938	31,760,610	13
Less Acc. Prov. For Depreciation & Amort.	21,415,686	21,273,212	20,616,772	19,823,080	18,270,778	14
Net Total Utility Plant	\$11,210,654	\$11,430,701	\$11,647,481	\$12,542,858	\$13,489,832	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.45	0.36	0.43	0.36	0.46	16
Total Capitalization (\$000)	\$8,039,102	\$8,510,746	\$7,918,896	\$7,787,578	\$8,715,816	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	33.0%	34.1%	36.6%	37.2%	43.5%	18
Preferred Stock						19
Common Stock & Retained Earnings	38.2%	23.3%	29.0%	26.1%	31.3%	20
Short-Term Debt	28.8%	42.6%	34.3%	36.7%	25.2%	21
Pretax Coverage of Interest Expense	-3.21	-2.39	-1.17	-2.33	-3.46	22
Com. Stock Dividends as a % of Earnings	-0.4%		-11.1%	-14.0%	-14.0%	23
Return on Common Equity	-44.2%	-44.3%	-26.0%	-19.4%	-40.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	83.6%	56.2%	67.2%	99.9%	186.2%	25
CWIP as a % of Plant	0.8%	1.7%	1.3%	1.5%	0.6%	26

Notes:

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

Current Assets	1,824,577	1,944,357	2,036,629	1,845,352	3,342,516
Current Liabilities	4,066,664	5,328,963	4,721,259	5,181,646	7,304,622
Total Capitalization	8,039,102	8,510,746	7,918,896	7,787,578	8,715,816
Long-Term Debt	2,651,160	2,900,372	2,899,241	2,896,512	3,789,734
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	3,072,840	1,983,046	2,299,811	2,036,163	2,727,852
Short-Term Debt	2,315,102	3,627,328	2,719,843	2,854,903	2,198,229
Pretax Income	(1,203,883)	(942,755)	(413,230)	(718,801)	(1,458,785)
Interest Expense	374,943	394,556	354,560	307,908	421,897
Dividends Paid	5,000		62,500	64,660	180,000
Net Income (Excl. Preferred Stock Dividends)	(1,116,456)	(948,704)	(564,031)	(462,990)	(1,286,537)
Internal Cash	1,158,737	764,685	948,865	1,281,019	2,467,207
Cash Outflows for Construction	(1,385,446)	(1,360,004)	(1,412,291)	(1,282,360)	(1,324,993)
CWIP	271,437	532,887	423,297	479,514	194,961
Total Plant	32,626,339	31,774,284	31,364,689	31,482,931	31,760,610
Shares Outstanding	0	0	0	0	0
Number of Employees	23,562	25,669	26,953	27,871	28,060

Table 4 |

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$57,686	\$61,037	\$60,867	\$51,944	\$27,878	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	54,187	55,565	53,904	54,596	51,822	2
Changes in Deferred Income Taxes	(3,227)	(2,030)	1,767	6,785	(13,903)	3
Changes in Working Capital	(2,366)	14,274	(11,597)	(14,535)	474,337	4
Capitalized AFDC - Equity	(173)	(89)	(87)	(110)	(214)	5
Other	(3,799)	(9,653)	(12,767)	(11,159)	(308,495)	6
Total Non-Cash Items	44,621	58,067	31,220	35,576	203,546	7
Net Cash Provided From Operating Activities	<u>102,307</u>	<u>119,104</u>	<u>92,087</u>	<u>87,519</u>	<u>231,424</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(26,124)	(39,593)	(34,183)	(35,187)	(36,838)	9
Purchase of Other Investments	(13,515)	(62,413)	(32,791)	(16,723)	(160,815)	10
Sale of Other Investments	1,629	19,493	7,494	2,321	1,222	11
Other	10,240	9,393	8,896	16,976	10,018	12
Net Cash Provided From Investing Activities	<u>(27,771)</u>	<u>(73,121)</u>	<u>(50,584)</u>	<u>(32,614)</u>	<u>(186,412)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(8,669)	(9,413)	(14,169)	(2,126)	(1,245)	14
Common Stock	(1,392)	(2,644)	(1,996)	(766)	(14,522)	15
Preferred Stock	(13)	77	(86)	(1)	(27)	16
Short-Term Debt	(1,186)	(3,630)	(8,492)	(6,893)	(6,380)	17
Dividends Paid	(59,682)	(26,467)	(43,665)	(30,054)	(14,562)	18
Other Financing	405	515	3,413	(848)	(1,126)	19
	-	334	523	151	459	
Net Cash Provided From Financing Activities	<u>(70,537)</u>	<u>(41,227)</u>	<u>(64,472)</u>	<u>(40,537)</u>	<u>(37,405)</u>	20
Net Increase (Decrease) in Cash & Equivalents	4,000	4,756	(22,969)	14,369	7,608	21
Cash & Equivalents at Beginning of Year	49,574	30,771	68,546	54,558	46,950	22
Cash & Equivalents at End of Year	\$53,574	\$35,527	\$45,577	\$68,927	\$54,558	23

Table 5 BT

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

	2007	2006	2005	2004	2003
1 Revenues	\$283,913	\$297,827	\$312,363	\$313,979	\$317,696
2 Access Lines	336,575	365,311	397,608	420,406	441,180
DOLLAR AMOUNTS					
3 Wages and Benefits	58,173	59,073	65,145	64,716	74,722
4 Depreciation and Amortization	55,397	108,456	54,606	56,056	47,794
5 Other Operations Expense	103,296	176,591	96,345	105,241	97,948
6 Total Operation Expenses	216,865	363,318	216,096	226,014	220,464
7 Income Taxes - Operating Taxes	20,160	58,769	26,721	23,184	23,221
8 Other Taxes - Operating Taxes	17,294	31,535	16,156	17,215	16,615
9 Capital Costs	29,593	(155,796)	53,390	47,567	57,396
10 Total	\$283,913	\$297,827	\$312,363	\$313,979	\$317,696
PERCENT OF REVENUES					
11 Wages and Benefits	20.5	19.8	20.9	20.6	23.5
12 Depreciation and Amortization	19.5	36.4	17.5	17.9	15.0
13 Other Operations Expense	36.4	59.3	30.8	33.5	30.8
14 Income Taxes - Operating Taxes	7.1	19.7	8.6	7.4	7.3
15 Other Taxes - Operating Taxes	6.1	10.6	5.2	5.5	5.2
16 Capital Costs	10.4	(52.3)	17.1	15.1	18.1
17 Total	100.0	93.6	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	173	162	164	154	169
19 Depreciation and Amortization	165	297	137	133	108
20 Other Operations Expense	307	483	242	250	222
21 Income Taxes - Operating Taxes	60	161	67	55	53
22 Other Taxes - Operating Taxes	51	86	41	41	38
23 Capital Costs	88	(426)	134	113	130
24 Total Annual	844	763	786	747	720

Table 6 I

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$131,329	\$129,065	\$126,568	\$127,976	\$125,035	1
Central Office Assets	422,844	415,461	404,596	395,894	384,684	2
Information Origination/Termination	7,410	7,482	5,695	7,487	8,250	3
Cable And Wire Facilities	487,559	475,517	462,863	451,293	436,653	4
Amortizable Assets	1,743	2,052	6,211	3,982	3,971	5
Total Plant In Service	1,050,885	1,029,578	1,005,933	986,632	958,592	6
Property Held For Future Use	107	107	107	162	128	7
Plant Under Construction	11,138	12,947	13,871	11,039	15,286	8
	245	73				
Tel. Acquisition	215	215	215	215	293	9
Other Plant	275	423	423	423	427	10
Nonoperating Plant	1,505	1,716	1,518	1,485	1,446	11
	36	36				
Goodwill	1,710	5,112				12
Total Telecommunications Plant	1,066,116	1,050,207	1,101,640	999,957	976,172	13
Less Acc. Prov. For Depreciation & Amort.	697,730	654,666	610,054	567,860	525,331	14
Net Total Utility Plant	\$368,386	\$395,541	\$491,587	\$432,097	\$450,841	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.27	2.09	2.30	2.05	1.31	16
Total Capitalization (\$000)	\$561,074	\$567,971	\$550,724	\$554,904	\$543,135	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	6.6%	7.7%	10.0%	13.5%	14.5%	18
Preferred Stock	0.2%	0.2%	0.2%	0.2%	0.2%	19
Common Stock & Retained Earnings	92.0%	91.0%	87.9%	84.0%	83.2%	20
Short-Term Debt	1.2%	1.2%	1.9%	2.3%	2.2%	21
Pretax Coverage of Interest Expense	21.55	20.96	16.46	14.14	2.37	22
Com. Stock Dividends as a % of Earnings	104.2%	43.9%	71.0%	68.2%	97.5%	23
Return on Common Equity	11.2%	12.1%	12.8%	11.3%	6.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	419.1%	300.9%	269.4%	248.7%	628.2%	25
CWIP as a % of Plant	0.7%	1.2%	1.4%	1.1%	1.6%	26

Current Assets	133,384	128,497	139,923	167,406	246,440
Current Liabilities	58,888	61,627	60,799	81,527	187,734
Total Capitalization	561,074	567,971	550,724	554,904	543,135
Long-Term Debt	37,207	43,479	55,009	74,990	78,498
Preferred Stock	927	927	927	1,013	1,013
Common Stock and Retained Earnings (Excl. Preferred Stock)	516,093	516,856	484,315	466,185	451,937
Short-Term Debt	6,848	6,709	10,473	12,716	11,687
Pretax Income	86,157	95,269	98,987	87,178	86,812
Interest Expense	3,999	4,545	6,014	6,165	36,634
Dividends Paid	60,085	26,514	43,248	35,457	27,162
Net Income (Excl. Preferred Stock Dividends)	57,663	60,408	60,878	52,013	27,852
Internal Cash	109,480	119,134	92,100	87,519	231,424
Cash Outflows for Construction	(26,124)	(39,593)	(34,183)	(35,187)	(36,838)
CWIP	11,383	13,020	13,871	11,039	15,286
Total Plant	1,689,843	1,050,207	979,512	999,957	976,172
Shares Outstanding	7,575	7,575	7,576	7,576	7,575
Number of Employees	941	936	984	1,045	1,063

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$18,512,892	\$6,339,521	\$6,711,334	\$7,104,581	\$6,546,475	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	10,218,267	9,887,642	9,681,082	9,553,704	9,395,139	2
Changes in Deferred Income Taxes	(1,431,958)	(2,225,131)	(1,744,640)	1,653,017	(178,558)	3
Changes in Working Capital	(2,823,779)	5,120,445	(423,574)	1,444,918	(326,376)	4
Capitalized AFDC - Equity	(57,469)	(72,179)	(74,907)	(87,835)	(90,558)	5
Other	(343,458)	2,562,481	481,562	(729,542)	(528,329)	6
Total Non-Cash Items	5,561,603	15,273,258	7,919,523	11,834,262	8,271,318	7
Net Cash Provided From Operating Activities	<u>24,074,495</u>	<u>21,612,779</u>	<u>14,630,857</u>	<u>18,938,843</u>	<u>14,817,793</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(2,286,769)	(8,999,542)	(6,954,855)	(5,543,805)	(5,373,166)	9
Purchase of Other Investments						10
Sale of Other Investments						11
Other						12
Net Cash Provided From Investing Activities	<u>(2,286,769)</u>	<u>(8,999,542)</u>	<u>(6,954,855)</u>	<u>(5,543,805)</u>	<u>(5,373,166)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments):						
Long-Term Debt		(8,456,800)	(2,272,400)	(2,272,400)	(2,272,400)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt		(2,272,400)			(916,664)	17
Dividends Paid	(6,677,462)	(5,652,000)	(5,896,999)	(6,189,002)	(5,363,003)	18
Other Financing		2,783,152				19
Net Cash Provided From Financing Activities	<u>(6,677,462)</u>	<u>(13,598,048)</u>	<u>(8,169,399)</u>	<u>(8,461,402)</u>	<u>(8,552,067)</u>	20
Net Increase (Decrease) in Cash & Equivalents	15,110,264	(984,811)	(493,397)	4,933,636	892,560	21
Cash & Equivalents at Beginning of Year	4,686,925	5,671,736	6,165,132	1,231,496	338,936	22
Cash & Equivalents at End of Year	\$19,797,189	\$4,686,925	\$5,671,735	\$6,165,132	\$1,231,496	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$48,629,961	\$51,701,494	\$55,178,848	\$57,008,896	\$58,177,102
2 Access Lines	72,003	75,256	88,168	95,002	98,362

DOLLAR AMOUNTS

3 Wages and Benefits	\$5,776,676	\$6,086,005	6,165,830	\$6,238,562	\$6,690,748
4 Depreciation and Amortization	10,218,267	9,887,642	9,681,082	9,553,704	9,395,139
5 Other Operations Expense	17,629,298	19,102,024	17,475,740	16,738,654	17,907,269
6 Total Operation Expenses	33,624,241	35,075,671	33,322,652	32,530,920	33,993,156
7 Income Taxes - Operating Taxes	3,658,479	4,243,543	6,520,646	6,862,664	6,664,913
8 Other Taxes - Operating Taxes	4,540,725	4,538,931	3,158,682	4,574,631	4,673,686
9 Capital Costs	6,806,516	7,843,349	12,176,868	13,040,681	12,845,347
10 Total	\$48,629,961	\$51,701,494	\$55,178,848	\$57,008,896	\$58,177,102

PERCENT OF REVENUES

11 Wages and Benefits	11.9	11.8	11.2	10.9	11.5
12 Depreciation and Amortization	21.0	19.1	17.5	16.8	16.1
13 Other Operations Expense	36.3	36.9	31.7	29.4	30.8
14 Income Taxes - Operating Taxes	7.5	8.2	11.8	12.0	11.5
15 Other Taxes - Operating Taxes	9.3	8.8	5.7	8.0	8.0
16 Capital Costs	14.0	15.2	22.1	22.9	22.1
17 Total	100.0	100.0	100.0	100.0	100.0

DOLLARS PER ACCESS LINE

18 Wages and Benefits	80.23	80.87	69.93	65.67	68.02
19 Depreciation and Amortization	141.91	131.39	109.80	100.56	95.52
20 Other Operations Expense	244.84	253.83	198.21	176.19	182.05
21 Income Taxes - Operating Taxes	50.81	56.39	73.96	72.24	67.76
22 Other Taxes - Operating Taxes	63.06	60.31	35.83	48.15	47.52
23 Capital Costs	94.53	104.22	138.11	137.27	130.59
24 Total	675.39	687.01	625.84	600.08	591.46

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLAN						
Plant In Service						
General Support Assets	\$20,025,798	\$20,046,973	19,893,437	\$19,634,030	\$19,666,896	1
Central Office Assets	85,917,441	83,310,332	80,782,788	79,430,735	78,850,893	2
Information Origination/Termination	162,358	217,369	301,830	387,386	422,733	3
Cable And Wire Facilities	99,064,656	96,843,245	94,129,024	93,174,250	91,062,023	4
Amortizable Assets						5
Total Plant In Service	205,170,253	200,417,919	195,107,079	192,626,401	190,002,545	6
Property Held For Future Use						7
Plant Under Construction	2,345,465	3,239,337	3,893,929	2,396,939	2,615,635	8
Tel. Acquisition						9
Other Plant		148,560	148,560	148,560	148,560	10
Nonoperating Plant	37,008	37,008	37,008	37,008	37,008	11
Goodwill		3,402,423				12
Total Telecommunications Plant	207,552,726	207,245,247	199,186,576	195,208,908	192,803,748	13
Less Acc. Prov. For Depreciation & Amort.	137,844,672	129,620,859	120,746,036	114,021,473	107,836,078	14
Net Total Utility Plant	\$69,708,054	\$77,624,388	\$78,440,540	\$81,187,435	\$84,967,670	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	4.45	1.17	1.79	1.72	1.24	16
Total Capitalization	\$75,056,169	\$63,220,739	\$70,479,266	\$71,937,331	\$73,294,152	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.0%	0.0%	12.0%	14.9%	17.7%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	100.0%	84.8%	81.9%	79.2%	20
Short-Term Debt	0.0%	0.0%	3.2%	3.2%	3.1%	21
Pretax Coverage of Interest Expense	102.53	13.64	10.31	9.31	7.60	22
Com. Stock Dividends as a % of Earnings	36.1%	89.2%	87.9%	87.1%	81.9%	23
Return on Common Equity	26.8%	10.3%	11.3%	12.1%	11.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	1052.8%	240.2%	210.4%	341.6%	275.8%	25
CWIP as a % of Plant	1.1%	1.6%	2.0%	1.2%	1.4%	26

Current Assets	25,090,767	10,900,814	11,597,574	12,201,363	9,383,992
Current Liabilities	5,640,897	9,319,769	6,474,158	7,089,628	7,567,204
Total Capitalization	75,056,169	63,220,739	70,479,266	71,937,331	73,294,152
Long-Term Debt	0		8,456,800	10,729,200	13,001,600
Preferred Stock	0				
Common Stock and Retained Earnings (Excl. Preferred Stock)	75,056,169	63,220,739	59,750,066	58,935,731	58,020,152
Short-Term Debt	0		2,272,400	2,272,400	2,272,400
Pretax Income	22,502,412	10,260,352	12,045,845	12,847,567	12,250,045
Interest Expense	219,468	752,103	1,167,807	1,380,584	1,611,431
Common Dividends Paid	6,677,462	5,652,000	5,896,999	6,189,002	5,363,003
Net Income (Excl. Preferred Stock Dividends)	18,512,892	6,339,521	6,711,334	7,104,581	6,546,475
Internal Cash	24,074,495	21,612,779	14,630,857	18,938,843	14,817,793
Cash Outflows for Construction	(2,286,769)	(8,999,542)	(6,954,855)	(5,543,805)	(5,373,166)
CWIP	2,345,465	3,239,337	3,893,929	2,396,939	2,615,635
Total Plant	207,552,726	207,245,247	199,186,576	195,208,908	192,803,748
Shares Outstanding	2,621	2,621	2,621	2,621	2,621
Number of Employees	82	77	80	96	107

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$120,862)	\$86,295	(\$91,489)	\$227,186	\$258,080	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	897,049	913,896	924,596	865,424	622,637	2
Changes in Deferred Income Taxes	(207,786)	(198,168)	47,244	20,161	55,277	3
Changes in Working Capital	73,803	51,441	217,716	85,360	(127,324)	4
Capitalized AFDC - Equity						5
Other	(61,310)	125,625	(27,146)	(15,205)	(153,956)	6
Total Non-Cash Items	701,756	892,794	1,162,410	955,740	396,634	7
Net Cash Provided From Operating Activities	<u>580,894</u>	<u>979,089</u>	<u>1,070,921</u>	<u>1,182,926</u>	<u>654,714</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(644,296)	(608,504)	(740,163)	(765,858)	(835,220)	9
Purchase of Other Investments						10
Sale of Other Investments	19,042	26,082	7,581	5,530	4,363	11
Other	(12,584)	(9,398)	(14,624)	(6,697)	(1,459)	12
Net Cash Provided From Investing Activities	<u>(637,838)</u>	<u>(591,820)</u>	<u>(747,206)</u>	<u>(767,025)</u>	<u>(832,316)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(142,230)	(142,599)	(136,042)	(133,650)	(131,794)	14
Common Stock	(131,000)	(525,000)				15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(273,230)</u>	<u>(667,599)</u>	<u>(136,042)</u>	<u>(133,650)</u>	<u>(131,794)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(330,174)	(280,330)	187,673	282,251	(309,396)	21
Cash & Equivalents at Beginning of Year	1,361,588	1,641,918	1,454,245	1,171,994	1,481,390	22
Cash & Equivalents at End of Year	\$1,031,414	\$1,361,588	\$1,641,918	\$1,454,245	\$1,171,994	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$4,625,362	\$4,721,398	\$4,513,762	\$4,567,303	\$4,183,437
2 Access Lines	3,009	3,460	3,515	3,571	3,728
DOLLAR AMOUNTS					
3 Wages and Benefits	\$866,369	\$849,848	\$1,501,493	\$1,574,856	\$1,455,020
4 Depreciation and Amortization	897,049	913,896	924,596	864,309	621,521
5 Other Operations Expense	2,693,458	2,428,738	1,790,658	1,445,490	1,372,364
6 Total Operation Expenses	4,456,876	4,192,482	4,216,747	3,884,655	3,448,905
7 Income Taxes - Operating Taxes	(83,823)	32,190	(7,986)	13,137	38,391
8 Other Taxes - Operating Taxes	226,146	263,071	236,609	260,959	261,802
9 Capital Costs	26,164	233,654	68,392	408,552	434,339
10 Total	\$4,625,362	\$4,721,398	\$4,513,762	\$4,567,303	\$4,183,437
PERCENT OF REVENUES					
11 Wages and Benefits	18.7	18.0	33.3	34.5	34.8
12 Depreciation and Amortization	19.4	19.4	20.5	18.9	14.9
13 Other Operations Expense	58.2	51.4	39.7	31.6	32.8
14 Income Taxes - Operating Taxes	(1.8)	0.7	(0.2)	0.3	0.9
15 Other Taxes - Operating Taxes	4.9	5.6	5.2	5.7	6.3
16 Capital Costs	0.6	4.9	1.5	8.9	10.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	287.93	245.62	427.17	441.01	390.30
19 Depreciation and Amortization	298.12	264.13	263.04	242.04	166.72
20 Other Operations Expense	895.13	701.95	509.43	404.79	368.12
21 Income Taxes - Operating Taxes	(27.86)	9.30	(2.27)	3.68	10.30
22 Other Taxes - Operating Taxes	75.16	76.03	67.31	73.08	70.23
23 Capital Costs	8.70	67.53	19.46	114.41	116.51
24 Total	1,537.18	1,364.57	1,284.14	1,279.00	1,122.17

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,183,675	\$2,345,962	\$2,373,753	\$2,298,894	\$2,489,651	1
Central Office Assets	5,590,118	5,341,544	5,433,580	5,198,453	4,592,761	2
Information Origination/Termination	206,037	213,080	213,080	204,194	191,480	3
Cable And Wire Facilities	5,932,205	5,635,534	5,370,611	5,162,107	4,949,292	4
Amortizable Assets						5
Total Plant In Service	13,912,035	13,536,120	13,391,024	12,863,648	12,223,184	6
Property Held For Future Use						7
Plant Under Construction	19,483	22,449	1,431	234	761	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	13,931,518	13,558,569	13,392,455	12,863,882	12,223,945	13
Less Acc. Prov. For Depreciation & Amort.	8,305,193	7,673,029	7,184,844	6,479,884	5,742,660	14
Net Total Utility Plant	\$5,626,325	\$5,885,539	\$6,207,611	\$6,383,998	\$6,481,285	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.28	2.77	3.87	4.06	4.03	16
Total Capitalization	\$6,075,302	\$6,469,395	\$7,050,698	\$7,278,229	\$7,184,693	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	52.8%	51.8%	49.7%	49.9%	52.5%	18
Preferred Stock						19
Common Stock & Retained Earnings	44.7%	45.9%	48.4%	48.1%	45.6%	20
Short-Term Debt	2.5%	2.2%	2.0%	2.0%	1.9%	21
Pretax Coverage of Interest Expense	-0.16	1.69	0.50	2.27	2.49	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	-4.2%	2.7%	-2.6%	6.7%	8.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	90.2%	160.9%	144.7%	154.5%	78.4%	25
CWIP as a % of Plant	0.1%	0.2%	0.0%	0.0%	0.0%	26

Current Assets	1,910,052	2,205,324	2,515,894	2,467,555	2,188,324
Current Liabilities	839,135	797,304	650,770	607,284	542,448
Total Capitalization	6,075,302	6,469,395	7,050,698	7,278,229	7,184,693
Long-Term Debt	3,207,377	3,353,937	3,501,270	3,635,270	3,773,292
Preferred Stock		-			
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,718,523	2,970,386	3,409,090	3,500,579	3,273,393
Short-Term Debt	149,402	145,072	140,338	142,380	138,008
Pretax Income	(26,638)	302,204	93,115	436,503	495,576
Interest Expense	171,343	178,319	185,024	192,573	198,783
Common Dividends Paid		-			
Net Income (Excl. Preferred Stock Dividends)	(120,862)	86,295	(91,489)	227,186	258,080
Internal Cash	580,894	979,089	1,070,921	1,182,926	654,714
Cash Outflows for Construction	(644,296)	(608,506)	(740,163)	(765,858)	(835,220)
CWIP	19,483	22,449	1,431	234	761
Total Plant	13,931,518	13,558,569	13,392,455	12,863,882	12,223,945
Shares Outstanding	4,860	4,860	4,860	4,850	4,850
Number of Employees	25	24	24	24	18

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$397,336	\$629,936	\$272,177	\$1,326	\$351,948	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,054,274	965,242	939,874	899,318	867,587	2
Changes in Deferred Income Taxes	(215,612)	(303,879)	(220,104)	443,369	29,480	3
Changes in Working Capital	(1,465,643)	(3,226,479)	3,031,857	(228,998)	380,657	4
Capitalized AFDC - Equity						5
Other	(121,932)	1,280,008	322,288	(781,250)	180,084	6
Total Non-Cash Items	(748,913)	(1,285,108)	4,073,915	332,439	1,457,808	7
Net Cash Provided From Operating Activities	<u>(351,577)</u>	<u>(655,172)</u>	<u>4,346,092</u>	<u>333,765</u>	<u>1,809,756</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(450,147)	79,110	(807,298)	(516,046)	(662,671)	9
Purchase of Other Investments					(24,504)	10
Sale of Other Investments	(295,313)	415,775	2,548,956	219,156	(2,673)	11
Other						12
Net Cash Provided From Investing Activities	<u>(745,460)</u>	<u>494,885</u>	<u>1,741,658</u>	<u>(296,890)</u>	<u>(689,848)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(141,576)	(132,997)	(1,554,267)	(270,726)	(253,401)	14
Common Stock	1,140,000					15
Preferred Stock						16
Short-Term Debt	8,579	8,059	124,938			17
Dividends Paid		(423,000)	(4,782,537)	(154,521)	(154,522)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>1,007,003</u>	<u>(547,938)</u>	<u>(6,211,866)</u>	<u>(425,247)</u>	<u>(407,923)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(90,034)	(708,225)	(124,116)	(388,372)	711,985	21
Cash & Equivalents at Beginning of Year	105,268	813,493	1,564,043	1,952,415	1,240,430	22
Cash & Equivalents at End of Year	\$15,234	\$105,268	\$1,439,927	\$1,564,043	\$1,952,415	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$4,210,689	\$4,096,157	\$4,357,399	\$4,322,302	\$4,397,586
2 Access Lines	5,135	6,196	6,391	6,562	6,703
DOLLAR AMOUNTS					
3 Wages and Benefits	\$795,437	\$848,137	\$1,276,226	\$1,564,424	\$1,543,574
4 Depreciation and Amortization	1,051,085	965,242	932,036	895,832	864,102
5 Other Operations Expense	1,744,258	1,655,918	2,107,706	1,041,736	1,430,522
6 Total Operation Expenses	3,590,779	3,469,297	4,315,968	3,501,992	3,838,198
7 Income Taxes - Operating Taxes	119,544	(315,799)	(168,993)	144,208	25,240
8 Other Taxes - Operating Taxes	204,183	551,392	171,893	230,822	234,104
9 Capital Costs	296,183	391,267	38,530	445,280	300,044
10 Total	\$4,210,689	\$4,096,157	\$4,357,399	\$4,322,302	\$4,397,586
PERCENT OF REVENUES					
11 Wages and Benefits	18.9	20.7	29.3	36.2	35.1
12 Depreciation and Amortization	25.0	23.6	21.4	20.7	19.6
13 Other Operations Expense	41.4	40.4	48.4	24.1	32.5
14 Income Taxes - Operating Taxes	2.8	(7.7)	(3.9)	3.3	0.6
15 Other Taxes - Operating Taxes	4.8	13.5	3.9	5.3	5.3
16 Capital Costs	7.0	9.6	0.9	10.3	6.8
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	154.90	136.88	199.69	238.41	230.28
19 Depreciation and Amortization	204.69	155.78	145.84	136.52	128.91
20 Other Operations Expense	339.68	267.26	329.79	158.75	213.42
21 Income Taxes - Operating Taxes	23.28	(50.97)	(26.44)	21.98	3.77
22 Other Taxes - Operating Taxes	39.76	88.99	26.90	35.18	34.93
23 Capital Costs	57.68	63.15	6.03	67.86	44.76
24 Total	820.00	661.10	681.80	658.69	656.06

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,292,820	\$3,140,963	\$2,926,850	\$2,931,448	\$2,822,904	1
Central Office Assets	5,057,746	4,999,279	4,669,332	4,649,353	4,554,341	2
Information Origination/Termination	313,034	309,682	309,682	309,682	309,681	3
Cable And Wire Facilities	6,853,240	6,646,488	6,540,160	6,506,322	6,360,026	4
Amortizable Assets	60,754	60,754	60,754	754	754	5
Total Plant In Service	15,577,593	15,157,165	14,506,778	14,397,559	14,047,706	6
Property Held For Future Use						7
Plant Under Construction	246,439	138,187	695,386	85,358	16,513	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	141,975	141,975	141,975	145,271	145,271	11
Goodwill						12
Total Telecommunications Plant	15,966,007	15,437,328	15,344,139	14,628,188	14,209,490	13
Less Acc. Prov. For Depreciation & Amort.	10,418,868	9,364,592	8,399,351	7,499,948	6,633,384	14
Net Total Utility Plant	\$5,547,139	\$6,072,735	\$6,944,788	\$7,128,240	\$7,576,106	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	-1.04	1.82	0.73	7.49	1.58	16
Total Capitalization	\$7,725,667	\$6,321,327	\$6,239,330	\$12,179,020	\$12,564,260	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	12.4%	17.4%	19.8%	22.9%	24.3%	18
Preferred Stock						19
Common Stock & Retained Earnings	85.8%	80.5%	78.2%	77.1%	75.7%	20
Short-Term Debt	1.8%	2.1%	2.0%			21
Pretax Coverage of Interest Expense	3.16	10.43	1.14	1.70	2.57	22
Com. Stock Dividends as a % of Earnings			1757.1%	11653.2%	43.9%	23
Return on Common Equity	6.8%	12.4%	3.8%	0.0%	3.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-78.1%	828.2%	538.4%	64.7%	273.1%	25
CWIP as a % of Plant	1.5%	0.9%	4.5%	0.6%	0.1%	26

Current Assets	970,534	1,324,014	2,760,020	2,523,999	2,842,914
Current Liabilities	(934,276)	728,888	3,771,283	337,010	1,799,436
Total Capitalization	7,725,667	6,321,327	6,239,330	12,179,020	12,564,260
Long-Term Debt	958,620	1,100,196	1,233,193	2,787,460	3,058,186
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	6,625,471	5,088,135	4,881,199	9,391,560	9,506,074
Short-Term Debt	141,576	132,997	124,938		
Pretax Income	615,602	1,233,535	199,322	384,096	631,205
Interest Expense	194,702	118,268	174,668	226,282	245,793
Common Dividends Paid			4,782,536	154,521	154,522
Net Income (Excl. Preferred Stock Dividends)	399,481	629,936	272,177	1,326	351,948
Internal Cash	(351,577)	(655,172)	4,346,092	333,765	1,809,756
Cash Outflows for Construction	(450,147)	79,110	(807,298)	(516,046)	(662,671)
CWIP	246,439	138,187	695,386	85,358	16,513
Total Plant	15,966,007	15,437,328	15,344,139	14,628,188	14,209,490
Shares Outstanding	1,536	1,536	1,536	1,536	1,536
Number of Employees	15	18	19	30	27

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$31,540)	\$27,603	\$58,477	\$174,247	\$190,052	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	157,022	154,594	153,439	151,468	115,940	2
Changes in Deferred Income Taxes	(12,488)	29,494	21,063	84,158	8,900	3
Changes in Working Capital	(101,332)	(142,022)	(395,978)	(102,726)	415,285	4
Capitalized AFDC - Equity						5
Other	43,303	(25,985)	89,377	165,757	(90,794)	6
Total Non-Cash Items	86,505	16,081	(132,099)	298,657	449,331	7
Net Cash Provided From Operating Activities	<u>54,965</u>	<u>43,684</u>	<u>(73,622)</u>	<u>472,904</u>	<u>639,383</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(54,625)	(49,358)	(55,301)	(173,868)	(749,378)	9
Purchase of Other Investments						10
Sale of Other Investments	(2,014)	3,692	11,644	33,837	7,410	11
Other						12
Net Cash Provided From Investing Activities	<u>(56,639)</u>	<u>(45,666)</u>	<u>(43,657)</u>	<u>(140,031)</u>	<u>(741,968)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt				(141,667)	(21,789)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt			250,000	20,000	70,000	17
Dividends Paid			(132,050)	(208,500)		18
Other Financing						19
Net Cash Provided From Financing Activities			<u>117,950</u>	<u>(330,167)</u>	<u>48,211</u>	20
Net Increase (Decrease) in Cash & Equivalents	(1,674)	(1,982)	671	2,706	(54,374)	21
Cash & Equivalents at Beginning of Year	2,718	4,700	4,029	1,323	55,697	22
Cash & Equivalents at End of Year	\$1,044	\$2,718	\$4,700	\$4,029	\$1,323	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$936,375	\$1,001,441	\$1,029,743	\$992,071	\$974,929
2 Access Lines	1,225	1,349	1,478	1,485	1,589
DOLLAR AMOUNTS					
3 Wages and Benefits	\$306,766	\$278,795	291,502	\$309,414	\$326,208
4 Depreciation and Amortization	157,022	154,594	153,439	150,366	115,739
5 Other Operations Expense	465,745	523,706	381,636	415,288	370,310
6 Total Operation Expenses	929,533	957,095	826,577	875,068	812,257
7 Income Taxes - Operating Taxes	(5,984)	(3,080)	47,240	28,238	44,756
8 Other Taxes - Operating Taxes	37,189	38,692	33,267	45,475	40,151
9 Capital Costs	(24,363)	8,734	122,659	43,290	77,765
10 Total	\$936,375	\$1,001,441	1,029,743	\$992,071	\$974,929
PERCENT OF REVENUES					
11 Wages and Benefits	32.8	27.8	28.3	31.2	33.5
12 Depreciation and Amortization	16.8	15.4	14.9	15.2	11.9
13 Other Operations Expense	49.7	52.3	37.1	41.9	38.0
14 Income Taxes - Operating Taxes	(0.6)	(0.3)	4.6	2.8	4.6
15 Other Taxes - Operating Taxes	4.0	3.9	3.2	4.6	4.1
16 Capital Costs	(2.6)	0.9	11.9	4.4	8.0
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	250.42	206.67	197.23	208.36	205.29
19 Depreciation and Amortization	128.18	114.60	103.82	101.26	72.84
20 Other Operations Expense	380.20	388.22	258.21	279.66	233.05
21 Income Taxes - Operating Taxes	(4.88)	(2.28)	31.96	19.02	28.17
22 Other Taxes - Operating Taxes	30.36	28.68	22.51	30.62	25.27
23 Capital Costs	(19.89)	6.47	82.99	29.15	48.94
24 Total	764.39	742.36	696.71	668.06	613.55

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$280,850	\$283,161	\$281,597	\$284,446	\$287,104	1
Central Office Assets	1,168,170	1,140,223	1,103,934	1,076,547	954,379	2
Information Origination/Termination	65,610	65,610	65,610	65,610	65,610	3
Cable And Wire Facilities	1,214,085	1,214,931	1,210,026	1,199,212	1,181,471	4
Amortizable Assets						5
Total Plant In Service	2,728,715	2,703,925	2,661,167	2,625,814	2,488,564	6
Property Held For Future Use						7
Plant Under Construction	14,665	212		847	555,927	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	2,743,380	2,704,137	2,661,167	2,626,661	3,044,491	13
Less Acc. Prov. For Depreciation & Amort.	1,518,940	1,379,314	1,227,415	1,083,126	1,490,623	14
Net Total Utility Plant	\$1,224,440	\$1,324,823	\$1,433,752	\$1,543,535	\$1,553,868	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	7.81	6.89	5.24	1.12	0.67	16
Total Capitalization	\$1,374,762	\$1,406,302	\$1,378,699	\$1,202,272	\$1,358,192	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt					8.7%	18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	120.8%	109.4%	20
Short-Term Debt				-20.8%	-18.2%	21
Pretax Coverage of Interest Expense	2.53	-2.38	-46.73	-41.67	-33.89	22
Com. Stock Dividends as a % of Earnings			225.8%	119.7%		23
Return on Common Equity	-2.3%	2.0%	4.1%	11.9%	13.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	100.6%	88.5%	-133.1%	272.0%	85.3%	25
CWIP as a % of Plant	0.5%	0.0%		0.0%	18.3%	26

Current Assets	459,971	363,921	207,375	223,766	198,049
Current Liabilities	58,913	52,795	39,598	200,045	294,968
Total Capitalization	1,374,762	1,406,302	1,378,699	1,202,272	1,358,192
Long-Term Debt	-	-			118,674
Preferred Stock	-	-			
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,374,762	1,406,302	1,378,699	1,452,272	1,486,525
Short-Term Debt	-	-		(250,000)	(247,007)
Pretax Income	(62,067)	28,955	103,502	197,740	228,079
Interest Expense	(24,543)	(12,161)	(2,215)	(4,745)	(6,729)
Common Dividends Paid	-	-	132,050	208,500	
Net Income (Excl. Preferred Stock Dividends)	(31,540)	27,603	58,477	174,247	190,052
Internal Cash	54,965	43,684	(73,622)	472,904	639,383
Cash Outflows for Construction	(54,625)	(49,358)	(55,301)	(173,868)	(749,378)
CWIP	14,665	212		847	555,927
Total Plant	2,743,380	2,704,137	2,661,167	2,626,661	3,044,491
Shares Outstanding	695	695	695	695	695
Number of Employees	8	7	5	5	5

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$91,123	\$510,885	\$863,191	\$396,342	(\$82,257)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	658,568	766,403	704,329	613,697	589,597	2
Changes in Deferred Income Taxes	14,652	(109,951)	109,077	(56,172)	(1,011,621)	3
Changes in Working Capital	(159,683)	(206,301)	(1,154,557)	515,754	1,406,597	4
Capitalized AFDC - Equity						5
Other	(68,197)	(52,437)	(158,704)	218,316	(88,699)	6
Total Non-Cash Items	445,340	397,714	(499,855)	1,291,595	895,874	7
Net Cash Provided From Operating Activities	<u>536,463</u>	<u>908,599</u>	<u>363,336</u>	<u>1,687,937</u>	<u>813,617</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(298,657)	(483,067)	(539,405)	(1,034,929)	(543,211)	9
Purchase of Other Investments						10
Sale of Other Investments		1,361	16,454	2,534	3,482	11
Other						12
Net Cash Provided From Investing Activities	<u>(298,657)</u>	<u>(481,706)</u>	<u>(522,951)</u>	<u>(1,032,395)</u>	<u>(539,729)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(139,645)	(132,886)			153,283	14
Common Stock						15
Preferred Stock						16
Short-Term Debt			(9,024)	(9,024)	(530,000)	17
Dividends Paid	(9,024)	(9,024)	(59,888)	(59,888)	(68,912)	18
Other Financing	(59,888)	(59,888)				19
Net Cash Provided From Financing Activities	<u>(208,557)</u>	<u>(201,798)</u>	<u>(203,147)</u>	<u>(449,183)</u>	<u>(445,629)</u>	20
Net Increase (Decrease) in Cash & Equivalents	29,249	225,095	(362,762)	206,359	(171,741)	21
Cash & Equivalents at Beginning of Year	343,955	118,860	481,622	275,263	447,004	22
Cash & Equivalents at End of Year	\$373,204	\$343,955	\$118,860	\$481,622	\$275,263	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$5,443,919	\$5,979,509	\$5,873,970	\$5,299,948	\$5,621,274
2 Access Lines	5,274	5,641	5,798	5,914	5,566
DOLLAR AMOUNTS					
3 Wages and Benefits	\$2,645,931	\$2,658,682	\$2,418,686	\$2,154,811	\$1,716,184
4 Depreciation and Amortization	657,119	764,954	702,850	612,248	588,149
5 Other Operations Expense	1,558,335	1,512,830	1,368,328	1,266,214	2,042,118
6 Total Operation Expenses	4,861,385	4,936,466	4,489,864	4,033,273	4,346,451
7 Income Taxes - Operating Taxes	120,133	257,377	401,710	312,782	(12,911)
8 Other Taxes - Operating Taxes	245,339	253,108	171,128	237,358	202,943
9 Capital Costs	217,062	532,558	811,268	716,535	1,084,791
10 Total	\$5,443,919	\$5,979,509	\$5,873,970	\$5,299,948	\$5,621,274
PERCENT OF REVENUES					
11 Wages and Benefits	48.6	44.5	41.2	40.7	30.5
12 Depreciation and Amortization	12.1	12.8	12.0	11.6	10.5
13 Other Operations Expense	28.6	25.3	23.3	23.9	36.3
14 Income Taxes - Operating Taxes	2.2	4.3	6.8	5.9	(0.2)
15 Other Taxes - Operating Taxes	4.5	4.2	2.9	4.5	3.6
16 Capital Costs	4.0	8.9	13.8	13.5	19.3
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	501.69	471.31	417.16	364.36	308.33
19 Depreciation and Amortization	124.60	135.61	121.22	103.53	105.67
20 Other Operations Expense	295.47	268.18	236.00	214.10	366.89
21 Income Taxes - Operating Taxes	22.78	45.63	69.28	52.89	(2.32)
22 Other Taxes - Operating Taxes	46.52	44.87	29.52	40.13	36.46
23 Capital Costs	41.16	94.41	139.92	121.16	194.90
24 Total	1,032.22	1,060.01	1,013.10	896.17	1,009.93

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,680,135	\$2,941,512	\$3,062,927	\$3,090,596	\$2,643,781	1
Central Office Assets	3,191,478	3,060,421	3,006,191	2,869,240	2,675,972	2
Information Origination/Termination	25,806	174,728	158,982	121,984	104,250	3
Cable And Wire Facilities	7,043,261	6,870,879	6,928,438	6,525,804	6,363,319	4
Amortizable Assets						5
Total Plant In Service	12,940,680	13,047,540	13,156,538	12,607,624	11,787,322	6
Property Held For Future Use						7
Plant Under Construction	173,977	203,209	52,783	331,533	138,599	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	13,114,657	13,250,749	13,209,321	12,939,157	11,925,921	13
Less Acc. Prov. For Depreciation & Amort.	7,415,128	7,262,420	6,881,075	6,417,400	5,867,919	14
Net Total Utility Plant	\$5,699,529	\$5,988,329	\$6,328,246	\$6,521,757	\$6,058,002	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.06	1.92	1.74	0.85	1.08	16
Total Capitalization	\$5,182,353	\$5,299,787	\$4,990,698	\$4,330,654	\$4,066,807	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	23.5%	25.8%	30.2%	38.1%	43.7%	18
Preferred Stock	2.7%	2.6%	2.8%	3.2%	3.4%	19
Common Stock & Retained Earnings	71.0%	69.0%	64.4%	55.9%	50.2%	20
Short-Term Debt	2.8%	2.6%	2.7%	2.8%	2.7%	21
Pretax Coverage of Interest Expense	4.03	10.72	12.97	8.87	0.40	22
Com. Stock Dividends as a % of Earnings	72.9%	11.9%	7.0%	15.5%	-65.6%	23
Return on Common Equity	2.2%	14.6%	30.3%	17.4%	-4.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	179.6%	188.1%	67.4%	163.1%	149.8%	25
CWIP as a % of Plant	1.3%	1.5%	0.4%	2.6%	1.2%	26

Current Assets	2,283,789	2,169,899	1,318,908	1,381,237	1,344,018
Current Liabilities	1,106,501	1,128,903	757,873	1,624,824	1,247,796
Total Capitalization	5,182,353	5,299,787	4,990,698	4,330,654	4,066,807
Long-Term Debt	1,218,363	1,365,121	1,504,773	1,651,577	1,775,530
Preferred Stock	138,850	138,850	138,850	138,850	138,850
Common Stock and Retained Earnings (Excl. Preferred Stock)	3,678,393	3,656,182	3,214,209	2,419,930	2,043,540
Short-Term Debt	146,747	139,634	132,866	120,297	108,887
Pretax Income	291,464	848,361	1,375,613	802,793	61,023
Interest Expense	72,303	79,121	106,087	90,500	154,363
Common Dividends Paid	59,888	59,888	59,888	59,888	59,888
Net Income (Excl. Preferred Stock Dividends)	82,099	501,861	854,167	387,318	(91,281)
Internal Cash	536,463	908,599	363,336	1,687,937	813,617
Cash Outflows for Construction	(298,658)	(483,067)	(539,405)	(1,034,929)	(543,211)
CWIP	173,977	203,209	52,783	331,533	138,599
Total Plant	13,114,657	13,250,749	13,209,321	12,939,157	11,925,921
Shares Outstanding	74,860	74,860	74,860	74,860	74,860
Number of Employees	35	36	33	36	36

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$338,667	\$29,573	\$519,973	\$710,093	\$1,184,892	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,459,135	2,101,264	1,583,125	1,666,545	1,340,142	2
Changes in Deferred Income Taxes	(277,819)	(281,484)	(83,494)	(186,766)	(100,895)	3
Changes in Working Capital	332,632	(334,840)	(164,215)	(38,036)	(178,293)	4
Capitalized AFDC - Equity	0	0	0	0	0	5
Other	(19,941)	(112,033)	199,645	167,850	(140,919)	6
Total Non-Cash Items	1,494,007	1,372,907	1,535,062	1,609,593	920,036	7
Net Cash Provided From Operating Activities	<u>1,832,674</u>	<u>1,402,480</u>	<u>2,055,035</u>	<u>2,319,686</u>	<u>2,104,927</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	238,951	(656,535)	(112,381)	(250,763)	(138,657)	9
Purchase of Other Investments		0	0			10
Sale of Other Investments		0	0			11
Other		0	0			12
Net Cash Provided From Investing Activities	<u>238,951</u>	<u>(656,535)</u>	<u>(112,381)</u>	<u>(250,763)</u>	<u>(138,657)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt		0	0			14
Common Stock	(2,017,000)	(720,000)	0			15
Preferred Stock	0	0	0			16
Short-Term Debt	0	0	0	(25,000)	(19,500)	17
Dividends Paid	0	0	(1,898,012)	(2,044,396)	(1,945,000)	18
Other Financing	(55,000)	(25,500)	(44,000)			19
Net Cash Provided From Financing Activities	<u>(2,072,000)</u>	<u>(745,500)</u>	<u>(1,942,012)</u>	<u>(2,069,396)</u>	<u>(1,964,500)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(375)	445	642	(473)	1,770	21
Cash & Equivalents at Beginning of Year	19,476	19,031	18,389	18,862	17,092	22
Cash & Equivalents at End of Year	\$19,101	\$19,476	\$19,031	\$18,389	\$18,862	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$7,568,047	\$7,617,022	\$8,340,183	\$8,440,986	\$8,412,884
2 Access Lines	10,014	10,177	11,049	11,495	12,257
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,808,323	\$2,119,246	2,016,048	\$2,201,059	\$2,196,897
4 Depreciation and Amortization	1,856,946	1,867,543	1,837,718	1,839,135	1,794,101
5 Other Operations Expense	3,325,253	3,303,946	3,127,582	2,695,495	2,559,675
6 Total Operation Expenses	6,990,522	7,290,735	6,981,348	6,735,689	6,550,673
7 Income Taxes - Operating Taxes	27,063	(19,081)	374,052	406,102	465,572
8 Other Taxes - Operating Taxes	473,935	434,972	500,358	516,439	496,642
9 Capital Costs	76,527	(89,604)	484,425	782,756	899,997
10 Total	\$7,568,047	\$7,617,022	\$8,340,183	\$8,440,986	\$8,412,884
PERCENT OF REVENUES					
11 Wages and Benefits	23.9	27.8	24.2	26.1	26.1
12 Depreciation and Amortization	24.5	24.5	22.0	21.8	21.3
13 Other Operations Expense	43.9	43.4	37.5	31.9	30.4
14 Income Taxes - Operating Taxes	0.4	(0.3)	4.5	4.8	5.5
15 Other Taxes - Operating Taxes	6.3	5.7	6.0	6.1	5.9
16 Capital Costs	1.0	(1.2)	5.8	9.3	10.7
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	180.58	208.24	182.46	191.48	179.24
19 Depreciation and Amortization	185.43	183.51	166.32	159.99	146.37
20 Other Operations Expense	332.06	324.65	283.06	234.49	208.83
21 Income Taxes - Operating Taxes	2.70	(1.87)	33.85	35.33	37.98
22 Other Taxes - Operating Taxes	47.33	42.74	45.29	44.93	40.52
23 Capital Costs	7.64	(8.80)	43.84	68.10	73.43
24 Total	755.75	748.45	754.84	734.32	686.37

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$4,606,645	\$4,626,128	\$4,565,888	\$4,509,125	\$4,457,665	1
Central Office Assets	13,075,149	13,405,894	12,869,318	12,968,010	12,864,841	2
Information Origination/Termination	7,400	7,400	7,400	7,400	7,400	3
Cable And Wire Facilities	12,032,145	11,971,700	11,839,730	11,717,886	11,634,828	4
Amortizable Assets		0	0	0		5
Total Plant In Service	29,721,339	30,011,122	29,282,336	29,202,421	28,964,735	6
Property Held For Future Use						7
Plant Under Construction	57,018	6,186	78,441	45,976	32,901	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	29,778,357	30,017,308	29,360,777	29,248,397	28,997,636	13
Less Acc. Prov. For Depreciation & Amort.	20,553,791	19,094,657	16,993,393	15,410,268	13,743,722	14
Net Total Utility Plant	\$9,224,566	\$10,922,651	\$12,367,384	\$13,838,129	\$15,253,913	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.35	1.43	1.25	1.13	1.17	16
Total Capitalization	\$9,135,900	\$10,869,233	\$11,585,160	\$13,007,199	\$14,366,499	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	97.2%	97.1%	97.1%	97.1%	97.2%	20
Short-Term Debt	2.8%	2.9%	2.9%	2.9%	2.8%	21
Pretax Coverage of Interest Expense	22.76	0.71	42.66	45.64	66.03	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	3.6%	0.3%	4.4%	5.3%	8.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-767.0%	213.6%	1828.6%	925.1%	1518.1%	25
CWIP as a % of Plant	0.2%	0.0%	0.3%	0.2%	0.1%	26

Current Assets	2,383,738	3,057,342	2,476,756	2,622,439	2,989,034
Current Liabilities	1,770,007	2,138,786	1,983,067	2,330,625	2,560,666
Total Capitalization	9,135,900	10,869,233	11,585,160	13,007,199	14,366,499
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	8,878,400	10,556,733	11,247,160	12,625,199	13,959,499
Short-Term Debt	257,500	312,500	338,000	382,000	407,000
Pretax Income	387,271	13,678	909,006	1,133,664	1,668,938
Interest Expense	17,018	19,316	21,308	24,838	25,275
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	349,812	29,573	519,973	710,093	1,184,892
Internal Cash	1,832,674	1,402,480	2,055,035	2,319,686	2,104,927
Cash Outflows for Construction	238,951	(656,531)	(112,381)	(250,763)	(138,657)
CWIP	57,018	6,186	78,441	45,976	32,901
Total Plant	29,778,357	30,017,308	29,360,777	29,248,397	28,997,636
Shares Outstanding	100	100	100	100	100
Number of Employees	50	50	46	45	50

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$350,315)	(\$267,312)	(\$66,270)	(\$589,805)	\$231,455	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	656,086	670,396	635,631	625,767	663,829	2
Changes in Deferred Income Taxes	42,434	(397,125)	(32,862)	(116,241)	(73,347)	3
Changes in Working Capital	(485,380)	180,413	(90,342)	(537,582)	(1,244,347)	4
Capitalized AFDC - Equity	0					5
Other	246,499	162,373	279,414	1,066,579	(198,096)	6
Total Non-Cash Items	459,639	616,057	791,841	1,038,523	(851,961)	7
Net Cash Provided From Operating Activities	<u>109,324</u>	<u>348,745</u>	<u>725,571</u>	<u>448,718</u>	<u>(620,506)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,042,385)	(458,107)	(416,889)	(357,715)	(322,508)	9
Purchase of Other Investments	0	(964,133)	20,200	(4,757)	(38,146)	10
Sale of Other Investments	959,690	1,539,736			644,689	11
Other	17,334	53,275	28,756	20,462	1,067	12
Net Cash Provided From Investing Activities	<u>(65,361)</u>	<u>170,771</u>	<u>(367,933)</u>	<u>(342,010)</u>	<u>285,102</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(190,830)	(202,376)	(224,833)	(211,521)	(199,081)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	196,416	(364,561)	(72,128)	80,456	409,817	17
Dividends Paid	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)	18
Other Financing				(16,773)	(56,343)	19
Net Cash Provided From Financing Activities	<u>(914)</u>	<u>(573,437)</u>	<u>(303,461)</u>	<u>(154,338)</u>	<u>147,893</u>	20
Net Increase (Decrease) in Cash & Equivalents	43,049	(53,921)	54,177	(47,630)	(187,511)	21
Cash & Equivalents at Beginning of Year	21,953	75,874	21,697	69,327	256,838	22
Cash & Equivalents at End of Year	\$65,002	\$21,953	\$75,874	\$21,697	\$69,327	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$2,951,726	\$2,980,153	\$3,049,600	\$2,990,711	\$3,520,864
2 Access Lines	3,412	3,623	3,751	3,935	4,010
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,070,490	\$1,118,929	1,067,133	\$1,099,036	\$1,468,971
4 Depreciation and Amortization	654,875	669,185	634,420	624,557	663,274
5 Other Operations Expense	788,440	927,713	793,961	774,751	858,281
6 Total Operation Expenses	2,513,805	2,715,827	2,495,514	2,498,344	2,990,526
7 Income Taxes - Operating Taxes	64,255	(323,402)	78,888	108,108	21,394
8 Other Taxes - Operating Taxes	160,113	203,986	168,348	189,163	173,356
9 Capital Costs	213,553	383,742	306,850	195,096	335,588
10 Total	\$2,951,726	\$2,980,153	\$3,049,600	\$2,990,711	\$3,520,864
PERCENT OF REVENUES					
11 Wages and Benefits	36.3	37.5	35.0	36.7	41.7
12 Depreciation and Amortization	22.2	22.5	20.8	20.9	18.8
13 Other Operations Expense	26.7	31.1	26.0	25.9	24.4
14 Income Taxes - Operating Taxes	2.2	(10.9)	2.6	3.6	0.6
15 Other Taxes - Operating Taxes	5.4	6.8	5.5	6.3	4.9
16 Capital Costs	7.2	12.9	10.1	6.5	9.5
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	313.74	308.84	284.49	279.30	366.33
19 Depreciation and Amortization	191.93	184.70	169.13	158.72	165.40
20 Other Operations Expense	231.08	256.06	211.67	196.89	214.04
21 Income Taxes - Operating Taxes	18.83	(89.26)	21.03	27.47	5.34
22 Other Taxes - Operating Taxes	46.93	56.30	44.88	48.07	43.23
23 Capital Costs	62.59	105.92	81.80	49.58	83.69
24 Total	865.10	822.57	813.01	760.03	878.02

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,921,643	\$2,888,513	\$2,848,611	\$2,813,998	\$2,808,669	1
Central Office Assets	5,366,218	4,633,536	4,409,413	4,366,449	4,289,686	2
Information Origination/Termination	34,976	34,976	37,695	41,515	42,217	3
Cable And Wire Facilities	5,815,594	5,742,129	5,629,583	5,523,820	5,399,866	4
Amortizable Assets	140,687	140,687	140,687	140,687	140,687	5
Total Plant In Service	14,279,118	13,439,841	13,065,989	12,886,469	12,681,125	6
Property Held For Future Use						7
Plant Under Construction			145,249	7,725	22,478	8
	245,036	72,605				9
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant			35,834	35,834	35,834	11
	35,834	35,834				12
Total Telecommunications Plant	14,559,988	13,548,280	13,247,072	12,930,028	12,739,437	13
Less Acc. Prov. For Depreciation & Amort.	8,740,535	8,102,282	7,542,775	6,987,606	6,509,066	14
Net Total Utility Plant	\$5,819,453	\$5,445,998	\$5,704,297	\$5,942,422	\$6,230,371	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	3.21	2.64	2.98	2.73	2.71	16
Total Capitalization	\$7,285,528	\$7,632,832	\$8,620,323	\$8,981,246	\$10,150,252	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	8.5%	10.8%	11.7%	16.0%	16.4%	18
Preferred Stock	1.8%	1.7%	1.5%	1.4%	1.3%	19
Common Stock & Retained Earnings	83.5%	84.3%	79.5%	77.1%	78.2%	20
Short-Term Debt	6.2%	3.2%	7.2%	5.5%	4.0%	21
Pretax Coverage of Interest Expense	-1.85	-0.29	1.38	-3.34	4.81	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	-5.7%	-4.3%	-1.1%	-8.0%	2.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	10.5%	76.1%	174.0%	125.4%	-192.4%	25
CWIP as a % of Plant	1.7%	0.5%	1.1%	0.1%	0.2%	26

Current Assets	3,648,820	3,511,473	3,078,426	3,261,181	2,855,812
Current Liabilities	1,136,807	1,328,251	1,031,883	1,196,021	1,052,170
Total Capitalization	7,285,528	7,632,832	8,620,323	8,981,246	10,150,252
Long-Term Debt	621,098	821,643	1,012,445	1,439,678	1,667,972
Preferred Stock	130,000	130,000	130,000	130,000	130,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	6,083,890	6,436,780	6,857,333	6,921,295	7,942,463
Short-Term Debt	450,540	244,409	620,545	490,273	409,817
Pretax Income	(178,648)	(29,428)	100,283	(369,239)	596,559
Interest Expense	96,324	100,318	72,811	110,533	123,984
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(356,815)	(273,812)	(72,770)	(596,305)	224,955
Internal Cash	109,324	348,745	725,571	448,718	(620,506)
Cash Outflows for Construction	(1,042,385)	(458,107)	(416,889)	(357,715)	(322,508)
CWIP	245,036	72,605	145,249	7,725	22,478
Total Plant	14,559,988	13,548,280	13,247,072	12,930,028	12,739,437
Shares Outstanding	140	140	140	140	140
Number of Employees	17	18	20	21	25

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$72,742)	\$374,377	\$281,415	(\$27,323)	\$70,438	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	558,193	572,944	597,683	578,728	603,573	2
Changes in Deferred Income Taxes	(25,572)	(391,749)	(5,708)	(123,084)	(126,362)	3
Changes in Working Capital	(844,021)	266,764	78,576	67,323	(441,752)	4
Capitalized AFDC - Equity						5
Other	245,711	958,238	(203,619)	184,778	140,669	6
Total Non-Cash Items	(65,689)	1,406,197	466,931	707,744	176,129	7
Net Cash Provided From Operating Activities	<u>(138,430)</u>	<u>1,780,574</u>	<u>748,346</u>	<u>680,421</u>	<u>246,567</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(594,418)	(125,519)	(424,449)	(591,975)	(407,329)	9
Purchase of Other Investments	(255,971)	(741,395)				10
Sale of Other Investments	74,990	116,223	6,510	(8,904)	44,387	11
Other	48,678	646,690	(478,799)	28,195	5,536	12
Net Cash Provided From Investing Activities	<u>(726,721)</u>	<u>(104,001)</u>	<u>(896,738)</u>	<u>(572,684)</u>	<u>(357,407)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	604,904	(176,327)	(214,741)	(203,172)	(192,332)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt		(914,412)	514,412	250,000	150,000	17
Dividends Paid	(105,000)	(203,700)	(231,000)	(86,100)	(84,000)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>499,904</u>	<u>(1,294,439)</u>	<u>68,671</u>	<u>(39,272)</u>	<u>(126,332)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(365,247)	382,134	(79,720)	68,465	(237,172)	21
Cash & Equivalents at Beginning of Year	631,882	249,748	329,467	261,003	498,174	22
Cash & Equivalents at End of Year	\$266,635	\$631,882	\$249,747	\$329,467	\$261,003	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$2,535,700	\$2,777,297	\$3,143,839	\$3,280,430	\$3,376,225
2 Access Lines	1,815	1,894	1,927	1,959	1,964
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,255,495	\$1,173,287	\$1,434,958	\$1,458,761	\$1,493,930
4 Depreciation and Amortization	553,354	571,704	596,443	577,487	602,333
5 Other Operations Expense	770,597	718,838	707,191	828,337	801,101
6 Total Operation Expenses	2,579,446	2,463,830	2,738,591	2,864,585	2,897,363
7 Income Taxes - Operating Taxes	(130,655)	(13,920)	(4,567)	(22,129)	110,337
8 Other Taxes - Operating Taxes	145,915	135,104	136,616	119,018	3,190
9 Capital Costs	(59,007)	192,283	273,199	318,956	365,334
10 Total	\$2,535,700	\$2,777,297	\$3,143,839	\$3,280,430	\$3,376,225
PERCENT OF REVENUES					
11 Wages and Benefits	49.5	42.2	45.6	44.5	44.2
12 Depreciation and Amortization	21.8	20.6	19.0	17.6	17.8
13 Other Operations Expense	30.4	25.9	22.5	25.3	23.7
14 Income Taxes - Operating Taxes	(5.2)	(0.5)	(0.1)	(0.7)	3.3
15 Other Taxes - Operating Taxes	5.8	4.9	4.3	3.6	0.1
16 Capital Costs	(2.3)	6.9	8.7	9.7	10.8
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	691.73	619.48	744.66	744.65	760.66
19 Depreciation and Amortization	304.88	301.85	309.52	294.79	306.69
20 Other Operations Expense	424.57	379.53	366.99	422.84	407.89
21 Income Taxes - Operating Taxes	(71.99)	(7.35)	(2.37)	(11.30)	56.18
22 Other Taxes - Operating Taxes	80.39	71.33	70.90	60.75	1.62
23 Capital Costs	(32.51)	101.52	141.77	162.82	186.02
24 Total	1,397.08	1,466.37	1,631.47	1,674.54	1,719.06

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,277,981	\$2,189,459	2,154,525	\$2,099,236	\$1,971,662	1
Central Office Assets	3,049,328	2,954,272	2,803,663	2,784,185	3,157,370	2
Information Origination/Termination	107,830	127,497	119,257	119,257	119,257	3
Cable And Wire Facilities	5,045,666	4,919,315	4,860,608	4,816,451	4,758,301	4
Amortizable Assets	214	214	214	214	214	5
Total Plant In Service	10,481,019	10,190,757	9,938,267	9,819,344	10,006,804	6
Property Held For Future Use						7
Plant Under Construction	47,339	85,672	486,427	193,792	114,979	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	10,528,358	10,276,429	10,424,693	10,013,135	10,121,783	13
Less Acc. Prov. For Depreciation & Amort.	6,397,427	6,111,572	5,697,428	5,130,570	5,262,608	14
Net Total Utility Plant	\$4,130,930	\$4,164,857	\$4,727,265	\$4,882,565	\$4,859,174	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	11.96	2.14	1.03	2.11	4.39	16
Total Capitalization	\$8,271,675	\$7,748,535	\$8,668,372	\$8,343,646	\$8,410,305	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	39.3%	34.1%	32.5%	36.4%	38.5%	18
Preferred Stock	0.3%	0.3%	0.3%	0.3%	0.3%	19
Common Stock & Retained Earnings	60.4%	65.6%	56.6%	58.5%	59.4%	20
Short-Term Debt			10.5%	4.8%	1.8%	21
Pretax Coverage of Interest Expense	0.25	2.82	1.92	0.83	1.66	22
Com. Stock Dividends as a % of Earnings	-144.3%	54.4%	82.1%	-315.1%	119.3%	23
Return on Common Equity	-1.4%	7.5%	5.7%	-0.6%	1.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-23.3%	1418.6%	176.3%	114.9%	60.5%	25
CWIP as a % of Plant	0.4%	0.8%	4.7%	1.9%	1.1%	26

Current Assets	1,776,665	1,997,888	1,501,243	1,358,486	1,247,885
Current Liabilities	148,505	934,494	1,451,781	642,834	283,937
Total Capitalization	8,271,675	7,748,535	8,668,372	8,343,646	8,410,305
Long-Term Debt	3,250,063	2,645,159	2,821,486	3,036,226	3,239,398
Preferred Stock	23,000	23,000	23,000	23,000	23,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	4,998,612	5,080,376	4,909,475	4,884,419	4,997,907
Short-Term Debt			914,412	400,000	150,000
Pretax Income	67,502	867,834	577,419	220,965	456,578
Interest Expense	274,604	307,667	300,571	265,725	275,803
Common Dividends Paid	105,000	203,700	231,000	86,100	84,000
Net Income (Excl. Preferred Stock Dividends)	(72,742)	374,377	281,415	(27,323)	70,438
Internal Cash	(138,430)	1,780,574	748,346	680,421	246,567
Cash Outflows for Construction	(594,418)	(125,519)	(424,449)	(591,975)	(407,329)
CWIP	47,339	85,672	486,427	193,792	114,979
Total Plant	10,528,358	10,276,429	10,424,693	10,013,135	10,121,782
Shares Outstanding	420	420	420	420	420
Number of Employees	26	21	26	29	27

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$64,981,424	\$58,204,540	\$60,864,205	\$46,974,344	\$55,694,610	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	52,523,570	51,662,661	52,155,491	53,195,374	49,457,079	2
Changes in Deferred Income Taxes	450,010	(384,911)	3,812,513	(6,295,632)	2,538,117	3
Changes in Working Capital	(797,555)	(279,918)	(14,530,975)	(113,690,695)	145,221,905	4
Capitalized AFDC - Equity	0				(781,661,886)	5
Other	741,644	4,706,388	(614,148)	498,028	548,565,731	6
Total Non-Cash Items	52,917,669	55,704,220	40,822,881	(66,292,925)	(35,879,054)	7
Net Cash Provided From Operating Activities	<u>117,899,093</u>	<u>113,908,760</u>	<u>101,687,086</u>	<u>(19,318,581)</u>	<u>19,815,556</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(19,435,658)	(20,067,144)	(24,198,514)	(25,207,265)	(19,157,073)	9
Purchase of Other Investments	(23,586,542)	(94,084,929)	(15,471,814)	109,627,704		10
Sale of Other Investments						11
Other						12
Net Cash Provided From Investing Activities	<u>(43,022,200)</u>	<u>(114,152,073)</u>	<u>(39,670,328)</u>	<u>84,420,439</u>	<u>(19,157,073)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(75,000,000)		(62,500,000)	(64,660,000)		18
Other Financing		1,200				19
Net Cash Provided From Financing Activities	<u>(75,000,000)</u>	<u>1,200</u>	<u>(62,500,000)</u>	<u>(64,660,000)</u>	<u>0</u>	20
Net Increase (Decrease) in Cash & Equivalents	(123,107)	(242,113)	(483,242)	441,858	658,483	21
Cash & Equivalents at Beginning of Year	(336,353)	(94,241)	389,001	(52,857)	(711,340)	22
Cash & Equivalents at End of Year	(\$459,460)	(\$336,353)	(\$94,241)	\$389,001	(\$52,857)	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$246,878,241	\$254,646,983	\$256,500,760	\$250,559,916	\$246,507,920
2 Access Lines	251,498	271,853	299,197	312,816	317,202
DOLLAR AMOUNTS					
3 Wages and Benefits	\$18,870,351	19,198,243	\$21,115,816	\$20,389,097	\$17,134,635
4 Depreciation and Amortization	52,523,570	51,662,661	52,155,491	52,105,584	56,158,787
5 Other Operations Expense	58,430,931	67,731,499	70,986,538	85,486,804	66,913,296
6 Total Operation Expenses	129,824,852	138,592,403	144,257,846	157,981,485	140,206,718
7 Income Taxes - Operating Taxes	29,310,512	38,981,550	34,627,719	27,700,466	32,475,375
8 Other Taxes - Operating Taxes	12,402,373	13,620,315	13,308,760	13,434,243	13,514,307
9 Capital Costs	75,340,503	63,452,715	64,306,435	51,443,723	60,311,520
10 Total	\$246,878,241	\$254,646,983	\$256,500,760	\$250,559,916	\$246,507,920
PERCENT OF REVENUES					
11 Wages and Benefits	7.6	7.5	8.2	8.1	7.0
12 Depreciation and Amortization	21.3	20.3	20.3	20.8	22.8
13 Other Operations Expense	23.7	26.6	27.7	34.1	27.1
14 Income Taxes - Operating Taxes	11.9	15.3	13.5	11.1	13.2
15 Other Taxes - Operating Taxes	5.0	5.3	5.2	5.4	5.5
16 Capital Costs	30.5	24.9	25.1	20.5	24.5
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	75.03	70.62	70.57	65.18	54.02
19 Depreciation and Amortization	208.84	190.04	174.32	166.57	177.04
20 Other Operations Expense	232.33	249.15	237.26	273.28	210.95
21 Income Taxes - Operating Taxes	116.54	143.39	115.74	88.55	102.38
22 Other Taxes - Operating Taxes	49.31	50.10	44.48	42.95	42.60
23 Capital Costs	299.57	233.41	214.93	164.45	190.14
24 Total	981.63	936.71	857.30	800.98	777.13

Notes:

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

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$69,235,530	\$67,892,395	\$64,839,218	\$66,933,459	\$62,072,556	1
Central Office Assets	384,734,782	378,382,289	367,945,869	359,170,552	348,511,355	2
Information Origination/Termination	15,631,827	15,185,077	14,975,619	10,699,038	13,724,870	3
Cable And Wire Facilities	462,769,985	452,872,616	443,826,593	430,736,406	418,707,132	4
Amortizable Assets	3,899,746	3,899,746	3,899,746	3,898,823	3,898,823	5
Total Plant In Service	936,271,870	918,232,123	895,487,045	871,438,278	846,914,736	6
Property Held For Future Use						7
Plant Under Construction	15,226,358	11,396,832	11,975,690	11,568,534	10,884,812	8
Tel. Acquisition	142,404,998	142,404,998	142,404,998	142,404,998	142,404,998	9
Other Plant						10
Nonoperating Plant	38,251	38,251	37,599	37,599	37,599	11
Goodwill						12
Total Telecommunications Plant	1,093,941,477	1,072,072,204	1,049,905,332	1,025,449,409	1,000,242,145	13
Less Acc. Prov. For Depreciation & Amort.	729,927,311	674,970,125	620,953,844	568,540,944	515,345,570	14
Net Total Utility Plant	\$364,014,166	\$397,102,079	\$428,951,488	\$456,908,465	\$484,896,575	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.66	1.64	1.48	1.14	0.88	16
Total Capitalization	\$319,172,636	\$329,191,212	\$270,986,667	\$272,620,275	\$290,305,932	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	21
Pretax Coverage of Interest Expense	9476.06	29098.90	5910643.14	956770.92	75.47	22
Com. Stock Dividends as a % of Earnings	-115.4%	0.0%	102.7%	137.6%	0.0%	23
Return on Common Equity	20.0%	17.7%	22.4%	16.7%	14.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	714.2%	567.6%	420.2%	-76.6%	103.4%	25
CWIP as a % of Plant	1.4%	100.0%	94.7%	100.0%	1.1%	26

Notes:

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

Current Assets	55,167,216	56,280,965	67,384,818	59,454,990	821,766,062
Current Liabilities	33,166,044	34,409,242	45,394,365	52,082,886	928,630,994
Total Capitalization	319,172,636	329,191,212	270,986,667	272,620,275	290,305,932
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	319,172,636	329,191,212	270,986,667	272,620,275	290,305,932
Short-Term Debt					
Pretax Income	98,988,630	90,561,900	93,092,630	73,059,027	87,060,864
Interest Expense	10,446	3,112	16	76	1,153,644
Common Dividends Paid	(75,000,000)		62,500,000	64,660,000	
Net Income (Excl. Preferred Stock Dividends)	64,981,424	58,204,540	60,864,205	46,974,344	55,694,610
Internal Cash	138,805,788	113,908,760	101,684,899	(19,318,581)	19,815,556
Cash Outflows for Construction	(19,435,658)	(20,067,142)	(24,198,514)	(25,207,265)	(19,157,073)
CWIP	15,226,358	142,404,998	142,404,998	142,404,998	10,884,812
Total Plant	1,093,941,477	142,443,249	150,340,085	142,442,597	1,000,242,145
Shares Outstanding					
Number of Employees	277	304	316	313	304

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$334,790)	(\$387,371)	(\$1,562,999)	(\$1,354,802)	(\$254,855)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	250,138	(247,590)	233,303	237,726	255,322	2
Changes in Deferred Income Taxes	436		(29,682)	149,265	(76,150)	3
Changes in Working Capital	(73,249)	138,977	55,411	(375,041)	209,979	4
Capitalized AFDC - Equity	(46,507)					5
Other	228,378	483,777	2,157,849	1,220,717	56,439	6
Total Non-Cash Items	359,196	375,164	2,416,881	1,232,667	445,590	7
Net Cash Provided From Operating Activities	<u>24,406</u>	<u>(12,207)</u>	<u>853,882</u>	<u>(122,135)</u>	<u>190,735</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(134,997)	(62,023)	(225,846)	(293,411)	(265,475)	9
Purchase of Other Investments	33,844	(203,412)	(3,875)	(9,300)	3,494	10
Sale of Other Investments	23,492	73,475			44,300	11
Other						12
Net Cash Provided From Investing Activities	<u>(77,661)</u>	<u>(191,960)</u>	<u>(229,721)</u>	<u>(302,711)</u>	<u>(217,681)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(145,516)	(90,386)	(46,459)	74,956	462,032	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(32,069)	(25,410)	(50,407)	137,858	(90,000)	17
Dividends Paid						18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(177,585)</u>	<u>(115,796)</u>	<u>(96,866)</u>	<u>212,814</u>	<u>372,032</u>	20
Net Increase (Decrease) in Cash & Equivalents	(230,840)	(319,963)	527,295	(212,032)	345,086	21
Cash & Equivalents at Beginning of Year	451,870	771,833	244,539	456,571	111,485	22
Cash & Equivalents at End of Year	\$221,030	\$451,870	\$771,834	\$244,539	\$456,571	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$1,803,883	\$1,852,826	\$2,028,407	\$1,940,584	\$2,093,515
2 Access Lines	1,043	1,094	1,102	1,128	1,140
DOLLAR AMOUNTS					
3 Wages and Benefits	\$848,457	940,305	949,870	\$1,023,904	\$1,172,678
4 Depreciation and Amortization	250,138	243,880	232,869	237,290	254,886
5 Other Operations Expense	556,026	568,810	588,963	597,116	622,725
6 Total Operation Expenses	1,654,621	1,752,994	1,771,702	1,858,311	2,050,289
7 Income Taxes - Operating Taxes	(39,807)	(73,595)	(21,351)	(91,649)	(113,169)
8 Other Taxes - Operating Taxes	103,477	111,019	106,629	119,890	115,074
9 Capital Costs	85,591	\$62,408	\$171,427	54,033	41,321
10 Total	\$1,803,883	\$1,852,826	\$2,028,407	\$1,940,584	\$2,093,515
PERCENT OF REVENUES					
11 Wages and Benefits	47.0	50.7	46.8	52.8	56.0
12 Depreciation and Amortization	13.9	13.2	11.5	12.2	12.2
13 Other Operations Expense	30.8	30.7	29.0	30.8	29.7
14 Income Taxes - Operating Taxes	(2.2)	(4.0)	(1.1)	(4.7)	(5.4)
15 Other Taxes - Operating Taxes	5.7	6.0	5.3	6.2	5.5
16 Capital Costs	4.7	3.4	8.5	2.8	2.0
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	813.48	859.51	861.95	907.72	1,028.66
19 Depreciation and Amortization	239.83	222.92	211.31	210.36	223.58
20 Other Operations Expense	533.10	519.94	534.45	529.36	546.25
21 Income Taxes - Operating Taxes	(38.17)	(67.27)	(19.37)	(81.25)	(99.27)
22 Other Taxes - Operating Taxes	99.21	101.48	96.76	106.29	100.94
23 Capital Costs	82.06	57.05	155.56	47.90	36.25
24 Total	1,729.51	1,693.63	1,840.66	1,720.38	1,836.42

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,749,284	\$1,783,842	\$1,769,633	\$1,793,458	\$1,716,302	1
Central Office Assets	1,955,647	1,955,647	1,832,121	1,728,997	1,728,997	2
Information Origination/Termination	51,634	51,634	51,634	51,634	51,634	3
Cable And Wire Facilities	3,133,465	2,987,897	2,899,071	2,669,463	2,646,192	4
Amortizable Assets						5
Total Plant In Service	6,890,030	6,779,020	6,552,459	6,243,551	6,143,124	6
Property Held For Future Use						7
Plant Under Construction	200,617	216,743	972,537	1,143,370	974,207	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	7,090,647	6,995,763	7,524,996	7,386,921	7,117,331	13
Less Acc. Prov. For Depreciation & Amort.	3,811,220	3,592,390	3,395,869	3,257,353	3,027,034	14
Net Total Utility Plant	\$3,279,427	\$3,403,373	\$4,129,127	\$4,129,568	\$4,090,298	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	4.13	3.13	7.01	8.45	1.74	16
Total Capitalization	\$4,171,943	\$4,645,057	\$5,148,225	\$6,698,158	\$7,840,146	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	84.9%	79.3%	73.3%	57.1%	47.8%	18
Preferred Stock						19
Common Stock & Retained Earnings	14.4%	19.3%	25.0%	40.9%	52.2%	20
Short-Term Debt	0.7%	1.3%	1.7%	2.1%		21
Pretax Coverage of Interest Expense	-0.97	-1.37	-6.75	-5.99	-0.94	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	-44.7%	-43.2%	-77.7%	-39.7%	-6.0%	24
Internal Cash Generated as a % of Cash Outflows for Construction	18.1%	-19.7%	378.1%	-41.6%	71.8%	25
CWIP as a % of Plant	2.8%	3.1%	12.9%	15.5%	13.7%	26

Current Assets	649,601	929,901	1,358,515	612,360	1,169,193
Current Liabilities	157,430	296,924	193,863	72,481	671,340
Total Capitalization	4,171,943	4,645,057	5,148,225	6,698,158	7,840,146
Long-Term Debt	3,540,007	3,685,523	3,775,909	3,822,368	3,747,412
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	601,964	897,493	1,284,865	2,737,932	4,092,734
Short-Term Debt	29,972	62,041	87,451	137,858	
Pretax Income	(185,151)	(273,221)	(1,382,245)	(1,242,425)	(180,559)
Interest Expense	190,370	200,010	204,666	207,321	192,313
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(334,790)	(387,371)	(1,562,999)	(1,354,802)	(254,855)
Internal Cash	24,406	(12,207)	853,882	(122,135)	190,735
Cash Outflows for Construction	(134,997)	(62,023)	(225,846)	(293,411)	(265,475)
CWIP	200,617	216,743	972,537	1,143,370	974,207
Total Plant	7,090,646	6,995,763	7,524,996	7,386,921	7,117,331
Shares Outstanding	243	243	243	243	243
Number of Employees	12	12	13	13	13

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$212,043	\$791,746	\$278,609	(\$1,705,706)	(\$2,034,739)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	741,306	681,327	691,273	660,170	673,314	2
Changes in Deferred Income Taxes	(69,326)	1,080,064	(88,618)	35,113	17,748	3
Changes in Working Capital	(441,161)	512,915	262,160	33,226	286,329	4
Capitalized AFDC - Equity						5
Other	17,781	(1,813,602)	(165,584)	2,052,144	2,157,870	6
Total Non-Cash Items	248,600	460,704	699,231	2,780,653	3,135,261	7
Net Cash Provided From Operating Activities	<u>460,643</u>	<u>1,252,450</u>	<u>977,840</u>	<u>1,074,947</u>	<u>1,100,522</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,193,500)	(1,499,850)	(218,003)	(204,383)	(315,344)	9
Purchase of Other Investments	(36,100)	(32,601)	40,843		(43,349)	10
Sale of Other Investments	4,106	2,564,470	6,015	145,655	53,488	11
Other			134,678			12
Net Cash Provided From Investing Activities	<u>(1,225,494)</u>	<u>1,032,019</u>	<u>(36,467)</u>	<u>(58,728)</u>	<u>(305,205)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(151,201)	(140,249)	(130,250)	(120,861)	(112,163)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt				(20,919)	(6,435)	17
Dividends Paid	(138,600)	(138,600)	(138,600)	(138,600)	(138,600)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(289,801)</u>	<u>(278,849)</u>	<u>(268,850)</u>	<u>(280,380)</u>	<u>(257,198)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(1,054,652)	2,005,620	672,523	735,839	538,119	21
Cash & Equivalents at Beginning of Year	4,314,475	2,308,855	1,636,332	900,492	362,373	22
Cash & Equivalents at End of Year	\$3,259,823	\$4,314,475	\$2,308,855	\$1,636,332	\$900,492	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$3,669,661	\$3,819,491	\$4,016,427	\$4,267,995	\$4,207,739
2 Access Lines	4,171	4,478	5,334	5,516	5,629
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,316,360	\$1,510,790	\$1,549,555	\$1,285,187	\$1,672,296
4 Depreciation and Amortization	741,306	681,327	690,534	659,555	672,576
5 Other Operations Expense	1,207,139	1,068,528	1,309,514	1,575,298	1,308,735
6 Total Operation Expenses	3,264,804	3,260,646	3,549,603	3,520,040	3,653,607
7 Income Taxes - Operating Taxes	43,557	77,776	58,260	145,721	59,636
8 Other Taxes - Operating Taxes	206,769	213,259	215,294	219,612	210,008
9 Capital Costs	154,531	267,810	193,270	382,622	284,488
10 Total	\$3,669,661	\$3,819,491	\$4,016,427	\$4,267,995	\$4,207,739
PERCENT OF REVENUES					
11 Wages and Benefits	35.9	39.6	38.6	30.1	39.7
12 Depreciation and Amortization	20.2	17.8	17.2	15.5	16.0
13 Other Operations Expense	32.9	28.0	32.6	36.9	31.1
14 Income Taxes - Operating Taxes	1.2	2.0	1.5	3.4	1.4
15 Other Taxes - Operating Taxes	5.6	5.6	5.4	5.1	5.0
16 Capital Costs	4.2	7.0	4.8	9.0	6.8
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	315.60	337.38	290.51	232.99	297.09
19 Depreciation and Amortization	177.73	152.15	129.46	119.57	119.48
20 Other Operations Expense	289.41	238.62	245.50	285.59	232.50
21 Income Taxes - Operating Taxes	10.44	17.37	10.92	26.42	10.59
22 Other Taxes - Operating Taxes	49.57	47.62	40.36	39.81	37.31
23 Capital Costs	37.05	59.81	36.23	69.37	50.54
24 Total	879.80	852.95	752.99	773.75	747.51

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,323,787	\$2,168,287	2,094,499	\$2,056,103	\$2,018,524	1
Central Office Assets	4,542,998	3,763,376	3,643,625	3,656,902	3,666,373	2
Information Origination/Termination	46,376	46,840	52,729	175,727	177,525	3
Cable And Wire Facilities	7,167,620	6,174,744	5,962,622	5,887,809	5,769,536	4
Amortizable Assets						5
Total Plant In Service	14,080,781	12,153,247	11,753,475	11,776,541	11,631,958	6
Property Held For Future Use						7
Plant Under Construction	88,743	1,000,265	54,053	56,351	308,978	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	14,169,524	13,153,512	11,807,528	11,832,892	11,940,936	13
Less Acc. Prov. For Depreciation & Amort.	8,067,525	7,501,545	7,008,004	6,545,698	6,176,990	14
Net Total Utility Plant	\$6,101,999	\$5,651,967	\$4,799,524	\$5,287,194	\$5,763,946	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	14.12	6.29	5.56	6.66	4.58	16
Total Capitalization	\$9,393,923	\$9,471,681	\$8,958,784	\$8,949,023	\$10,914,190	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	9.0%	10.5%	12.7%	14.1%	12.7%	18
Preferred Stock						19
Common Stock & Retained Earnings	91.0%	89.5%	87.3%	85.9%	87.1%	20
Short-Term Debt					0.2%	21
Pretax Coverage of Interest Expense	5.05	11.84	4.91	-15.36	-16.25	22
Com. Stock Dividends as a % of Earnings	65.4%	17.5%	49.7%	-8.1%	-6.8%	23
Return on Common Equity	2.5%	9.7%	3.6%	-19.8%	-19.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	38.6%	83.5%	448.5%	525.9%	349.0%	25
CWIP as a % of Plant	0.6%	7.6%	0.5%	0.5%	2.6%	26

Current Assets	4,826,009	6,069,410	4,534,557	3,877,581	3,340,644
Current Liabilities	341,808	964,818	816,138	581,984	728,727
Total Capitalization	9,393,923	9,471,681	8,958,784	8,949,023	10,935,109
Long-Term Debt	842,829	994,030	1,134,279	1,264,526	1,385,387
Preferred Stock	-				
Common Stock and Retained Earnings (Excl. Preferred Stock)	8,551,094	8,477,651	7,824,506	7,684,497	9,528,803
Short-Term Debt	-				20,919
Pretax Income	375,038	1,295,968	448,565	(1,560,903)	(1,840,594)
Interest Expense	74,322	109,475	91,343	101,629	113,258
Common Dividends Paid	138,600	138,600	138,600	138,600	138,600
Net Income (Excl. Preferred Stock Dividends)	212,043	791,746	278,609	(1,705,706)	(2,034,739)
Internal Cash	460,644	1,252,448	977,840	1,074,947	1,100,522
Cash Outflows for Construction	(1,193,500)	(1,499,850)	(218,003)	(204,383)	(315,344)
CWIP	88,743	1,000,265	54,053	56,351	308,978
Total Plant	14,169,524	13,153,512	11,807,528	11,832,892	11,940,936
Shares Outstanding	39600	39600	39,600	39,600	39,600
Number of Employees	23	23	27	27	26

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$238,982	\$116,757	\$459,268	\$679,666	\$181,254	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,388,219	1,270,174	1,185,691	1,113,659	1,393,947	2
Changes in Deferred Income Taxes	(157,044)	(27,701)	(129,144)	385,250	(43,164)	3
Changes in Working Capital	258,210	145,178	(155,917)	(266,595)	180,188	4
Capitalized AFDC - Equity	0					5
Other	(183,445)	(77,052)	(110,062)	(208,283)	(14,438)	6
Total Non-Cash Items	1,305,940	1,310,599	790,568	1,024,031	1,516,533	7
Net Cash Provided From Operating Activities	<u>1,544,922</u>	<u>1,427,356</u>	<u>1,249,836</u>	<u>1,703,697</u>	<u>1,697,787</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,029,637)	(1,401,420)	(852,244)	(950,524)	(1,218,031)	9
Purchase of Other Investments	0					10
Sale of Other Investments	(92,457)	(138,916)	(73,790)	5,272		11
Other					118,647	12
Net Cash Provided From Investing Activities	<u>(1,122,094)</u>	<u>(1,540,336)</u>	<u>(926,034)</u>	<u>(945,252)</u>	<u>(1,099,384)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt					(25,359)	14
Common Stock					(575,000)	15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid			(9,148,000)			18
Other Financing	503,389	22,284	3,722	(23,032)		19
Net Cash Provided From Financing Activities	<u>503,389</u>	<u>22,284</u>	<u>(9,144,278)</u>	<u>(23,032)</u>	<u>(600,359)</u>	20
Net Increase (Decrease) in Cash & Equivalents	926,217	(90,696)	(8,820,476)	735,413	(1,956)	21
Cash & Equivalents at Beginning of Year	137,964	228,660	9,049,136	8,313,723	8,315,679	22
Cash & Equivalents at End of Year	\$1,064,181	\$137,964	\$228,660	\$9,049,136	\$8,313,723	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$6,251,493	\$6,247,301	\$6,278,852	\$6,429,878	\$6,184,106
2 Access Lines	8,336	8,959	9,221	9,646	9,806
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,227,721	\$1,311,325	1,265,521	\$1,174,135	\$1,189,598
4 Depreciation and Amortization	1,388,220	1,270,174	1,185,691	1,113,659	1,393,947
5 Other Operations Expense	3,240,411	3,276,264	3,217,372	2,964,239	3,016,880
6 Total Operation Expenses	5,856,352	5,857,763	5,668,584	5,252,033	5,600,425
7 Income Taxes - Operating Taxes	(13,007)	58,262	122,436	354,785	221,252
8 Other Taxes - Operating Taxes	185,664	226,678	230,638	235,705	230,751
9 Capital Costs	222,484	104,598	257,194	587,355	131,678
10 Total	\$6,251,493	\$6,247,301	\$6,278,852	\$6,429,878	\$6,184,106
PERCENT OF REVENUES					
11 Wages and Benefits	19.6	21.0	20.2	18.3	19.2
12 Depreciation and Amortization	22.2	20.3	18.9	17.3	22.5
13 Other Operations Expense	51.8	52.4	51.2	46.1	48.8
14 Income Taxes - Operating Taxes	(0.2)	0.9	1.9	5.5	3.6
15 Other Taxes - Operating Taxes	3.0	3.6	3.7	3.7	3.7
16 Capital Costs	3.6	1.7	4.1	9.1	2.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	147.28	146.37	137.24	121.72	121.31
19 Depreciation and Amortization	166.53	141.78	128.59	115.45	142.15
20 Other Operations Expense	388.72	365.70	348.92	307.30	307.66
21 Income Taxes - Operating Taxes	(1.56)	6.50	13.28	36.78	22.56
22 Other Taxes - Operating Taxes	22.27	25.30	25.01	24.44	23.53
23 Capital Costs	26.69	11.68	27.89	60.89	13.43
24 Total	749.94	697.32	680.93	666.58	630.65

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,872,802	\$1,963,380	\$1,877,395	\$1,905,076	\$1,851,347	1
Central Office Assets	9,980,665	9,410,450	8,621,907	8,261,666	7,902,560	2
Information Origination/Termination	11,346	17,834	16,020	15,297	23,402	3
Cable And Wire Facilities	10,779,798	10,637,758	10,234,590	10,136,439	9,709,177	4
Amortizable Assets	301,744	458,048	543,120	663,080	709,932	5
Total Plant In Service	22,946,355	22,487,470	21,293,032	20,981,558	20,196,418	6
Property Held For Future Use						7
Plant Under Construction	336,897	123,332	312,202	127,803	413,532	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	23,283,252	22,610,802	21,605,234	21,109,361	20,609,950	13
Less Acc. Prov. For Depreciation & Amort.	14,780,352	13,841,774	13,106,371	12,350,840	11,683,020	14
Net Total Utility Plant	\$8,502,900	\$8,769,028	\$8,498,863	\$8,758,521	\$8,926,930	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.17	1.65	2.05	8.78	9.63	16
Total Capitalization	\$7,540,466	\$6,789,913	\$6,727,269	\$15,412,279	\$14,755,645	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.1%	0.2%	0.1%	0.0%	0.2%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	99.8%	99.8%	99.9%	100.0%	99.8%	20
Short-Term Debt	0.1%	0.0%	0.0%	0.0%	0.0%	21
Pretax Coverage of Interest Expense	221.41	419.58	193.19	638.92	262.23	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	1991.9%	0.0%	317.2%	23
Return on Common Equity	3.3%	1.7%	4.2%	4.5%	1.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	150.0%	101.9%	146.7%	179.2%	139.4%	25
CWIP as a % of Plant	1.4%	0.5%	1.4%	0.6%	2.0%	26

Current Assets	2,615,756	1,790,954	2,018,766	10,871,902	9,632,718
Current Liabilities	1,204,611	1,084,014	985,784	1,238,551	1,000,599
Total Capitalization	7,540,466	6,789,913	6,727,269	15,412,279	14,755,645
Long-Term Debt	4,201	11,860	5,757	2,035	25,067
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	7,528,606	6,778,053	6,721,512	15,410,244	14,730,578
Short-Term Debt	7,659				
Pretax Income	236,463	182,097	653,546	1,066,350	433,721
Interest Expense	1,068	434	3,383	1,669	1,654
Common Dividends Paid			9,148,000		575,000
Net Income (Excl. Preferred Stock Dividends)	238,982	116,757	459,268	679,666	181,254
Internal Cash	1,544,922	1,427,356	1,249,836	1,703,697	1,697,787
Cash Outflows for Construction	(1,029,637)	(1,401,423)	(852,244)	(950,524)	(1,218,031)
CWIP	336,897	123,332	312,202	127,803	413,532
Total Plant	23,283,252	22,610,802	21,605,234	21,109,361	20,609,950
Shares Outstanding	1,000	1,000	1,000	1,000	1,000
Number of Employees	19	21	21	22	21

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$657,318)	\$482,944	(\$382,875)	\$35,969	\$264,022	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,297,341	1,255,244	1,240,446	1,323,375	1,278,368	2
Changes in Deferred Income Taxes	(188,202)	(731,868)	(163,246)	39,033	55,312	3
Changes in Working Capital	(363,247)	(98,683)	696,631	49,448	656,987	4
Capitalized AFDC - Equity						5
Other	1,525	1,924,181	105,870	(181,319)	(732,800)	6
Total Non-Cash Items	747,417	2,348,874	1,879,701	1,230,537	1,257,867	7
Net Cash Provided From Operating Activities	<u>90,099</u>	<u>2,831,818</u>	<u>1,496,826</u>	<u>1,266,506</u>	<u>1,521,889</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(361,532)	(650,003)	(681,981)	(942,725)	(980,628)	9
Purchase of Other Investments	1,450,000	(295,000)	871,094	(68,998)	(287,314)	10
Sale of Other Investments	44,046	118,145	65,631	92,888	250,948	11
Other						12
Net Cash Provided From Investing Activities	<u>1,132,514</u>	<u>(826,858)</u>	<u>254,744</u>	<u>(918,835)</u>	<u>(1,016,994)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(1,597,043)	(182,384)	(178,425)	(61,887)	(244,197)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(1,327,027)	269,300	(1,079,300)	(199,250)	(141,071)	17
Dividends Paid				(246,393)	(485,417)	18
Other Financing	(4,842)	4,843	(675,292)			19
Net Cash Provided From Financing Activities	<u>(2,928,912)</u>	<u>91,759</u>	<u>(1,933,017)</u>	<u>(507,530)</u>	<u>(870,685)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(1,706,299)	2,096,719	(181,447)	(159,859)	(365,790)	21
Cash & Equivalents at Beginning of Year	2,267,270	170,551	351,998	511,857	877,647	22
Cash & Equivalents at End of Year	\$560,971	\$2,267,270	\$170,551	\$351,998	\$511,857	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$6,528,822	\$6,700,129	\$7,208,683	\$7,690,516	\$7,676,541
2 Access Lines	9,114	9,144	9,831	10,308	10,823
DOLLAR AMOUNTS					
3 Wages and Benefits	\$2,475,240	\$2,411,728	2,454,475	\$2,429,977	\$2,529,041
4 Depreciation and Amortization	1,293,672	1,254,787	1,239,989	1,322,917	1,277,911
5 Other Operations Expense	3,336,195	3,372,279	3,700,062	3,516,889	3,217,573
6 Total Operation Expenses	7,105,107	7,038,794	7,394,526	7,269,783	7,024,525
7 Income Taxes - Operating Taxes	(386,859)	(342,073)	(319,011)	(28,154)	24,524
8 Other Taxes - Operating Taxes	351,714	363,389	377,041	374,055	353,379
9 Capital Costs	(541,140)	(359,981)	(243,873)	74,832	274,113
10 Total	\$6,528,822	\$6,700,129	\$7,208,683	\$7,690,516	\$7,676,541
PERCENT OF REVENUES					
11 Wages and Benefits	37.9	36.0	34.0	31.6	32.9
12 Depreciation and Amortization	19.8	18.7	17.2	17.2	16.6
13 Other Operations Expense	51.1	50.3	51.3	45.7	41.9
14 Income Taxes - Operating Taxes	(5.9)	(5.1)	(4.4)	(0.4)	0.3
15 Other Taxes - Operating Taxes	5.4	5.4	5.2	4.9	4.6
16 Capital Costs	(8.3)	(5.4)	(3.4)	1.0	3.6
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	271.59	263.75	249.67	235.74	233.67
19 Depreciation and Amortization	141.94	137.23	126.13	128.34	118.07
20 Other Operations Expense	366.05	368.80	376.37	341.18	297.29
21 Income Taxes - Operating Taxes	(42.45)	(37.41)	(32.45)	(2.73)	2.27
22 Other Taxes - Operating Taxes	38.59	39.74	38.35	36.29	32.65
23 Capital Costs	(59.37)	(39.37)	(24.81)	7.26	25.33
24 Total	716.35	732.74	733.26	746.07	709.28

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$4,616,323	\$4,609,288	4,512,519	\$4,686,114	\$4,505,796	1
Central Office Assets	7,208,677	7,116,609	6,708,646	6,419,922	7,463,761	2
Information Origination/Termination	438,557	438,557	438,557	438,556	438,556	3
Cable And Wire Facilities	5,553,068	5,507,112	5,469,829	5,430,533	5,470,963	4
Amortizable Assets	103,127	130,699	130,699	130,699	130,699	5
Total Plant In Service	17,919,752	17,802,265	17,260,250	17,105,824	18,009,775	6
Property Held For Future Use						7
Plant Under Construction	20,497		3,351	27,690	124,374	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	17,940,249	17,802,265	17,263,601	17,133,514	18,134,149	13
Less Acc. Prov. For Depreciation & Amort.	13,594,045	12,479,874	11,217,985	10,464,260	10,991,817	14
Net Total Utility Plant	\$4,346,204	\$5,322,391	\$6,045,616	\$6,669,254	\$7,142,332	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.04	1.46	0.72	0.89	0.81	16
Total Capitalization	\$6,884,904	\$9,021,135	\$8,741,724	\$10,397,616	\$10,869,177	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	1.8%	17.1%	19.9%	18.5%	18.0%	18
Preferred Stock						19
Common Stock & Retained Earnings	71.6%	62.0%	58.4%	59.2%	58.6%	20
Short-Term Debt	26.7%	20.9%	21.7%	22.3%	23.4%	21
Pretax Coverage of Interest Expense	-3.40	-1.74	-2.42	1.75	2.61	22
Com. Stock Dividends as a % of Earnings			-202.1%	155.2%	166.7%	23
Return on Common Equity	-12.2%	-1.8%	-5.9%	2.5%	4.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	24.9%	244.3%	219.5%	134.3%	155.2%	25
CWIP as a % of Plant	0.1%		0.0%	0.2%	0.7%	26

Current Assets	2,668,016	4,252,405	2,348,987	2,804,947	3,241,056
Current Liabilities	2,554,635	2,903,592	3,283,864	3,169,341	4,001,822
Total Capitalization	6,884,904	9,021,135	8,741,724	10,397,616	10,869,177
Long-Term Debt	120,972	1,545,384	1,739,456	1,918,763	1,959,212
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	4,926,499	5,588,660	5,101,165	6,159,332	6,369,756
Short-Term Debt	1,837,433	1,887,091	1,901,103	2,319,521	2,540,209
Pretax Income	(794,159)	(491,260)	(462,145)	305,114	512,274
Interest Expense	233,810	281,928	191,269	174,501	196,541
Common Dividends Paid			675,584	246,393	485,417
Net Income (Excl. Preferred Stock Dividends)	(640,580)	(95,646)	(334,261)	158,767	291,209
Internal Cash	90,099	1,588,146	1,496,826	1,266,506	1,521,889
Cash Outflows for Construction	(361,532)	(650,003)	(681,981)	(942,725)	(980,628)
CWIP	20,497		3,351	27,690	124,374
Total Plant	17,940,249	17,802,265	17,263,601	17,133,514	18,134,149
Shares Outstanding	11,733	11,733	11,733	11,733	11,733
Number of Employees	57	56	56	61	66

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$66,032	\$371,862	\$255,149	\$239,623	\$237,017	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	602,994	629,313	653,043	646,917	661,542	2
Changes in Deferred Income Taxes	(32,760)	(205,742)	(33,415)	38,181	78,087	3
Changes in Working Capital	88,668	35,829	16,563	(48,842)	(87,576)	4
Capitalized AFDC - Equity						5
Other	53,972	591,541	(20,273)	346,572	50,816	6
Total Non-Cash Items	712,874	1,050,941	615,918	982,828	702,869	7
Net Cash Provided From Operating Activities	<u>778,906</u>	<u>1,422,803</u>	<u>871,067</u>	<u>1,222,451</u>	<u>939,886</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(289,644)	(740,822)	(92,859)	(597,869)	(395,430)	9
Purchase of Other Investments						10
Sale of Other Investments	5,304	28,106	7,247	(66,729)		11
Other					1,134	12
Net Cash Provided From Investing Activities	<u>(284,340)</u>	<u>(712,716)</u>	<u>(85,612)</u>	<u>(664,598)</u>	<u>(394,296)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt			(1,594,496)	(100,827)	(95,615)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid			(3,294,000)		(499,996)	18
Other Financing*	(4,312)	21,397				19
Net Cash Provided From Financing Activities	<u>(4,312)</u>	<u>21,397</u>	<u>(4,888,496)</u>	<u>(100,827)</u>	<u>(595,611)</u>	20
Net Increase (Decrease) in Cash & Equivalents	490,254	731,484	(4,103,041)	457,026	(50,021)	21
Cash & Equivalents at Beginning of Year	1,082,726	351,242	4,454,283	3,997,257	4,047,278	22
Cash & Equivalents at End of Year	\$1,572,980	\$1,082,726	\$351,242	\$4,454,283	\$3,997,257	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$2,317,216	\$2,377,589	\$2,585,835	\$2,562,322	\$2,736,976
2 Access Lines	2,450	2,720	2,784	2,844	2,825
DOLLAR AMOUNTS					
3 Wages and Benefits	\$347,429	330,191	408,753	\$403,244	\$335,318
4 Depreciation and Amortization	602,925	629,313	653,043	646,919	661,542
5 Other Operations Expense	1,079,837	943,328	984,665	934,921	1,012,329
6 Total Operation Expenses	2,030,191	1,902,832	2,046,461	1,985,084	2,009,189
7 Income Taxes - Operating Taxes	(6,343)	136,004	85,236	118,546	191,429
8 Other Taxes - Operating Taxes	169,421	112,726	190,509	145,974	150,516
9 Capital Costs	123,947	226,027	263,629	312,718	385,842
10 Total	\$2,317,216	\$2,377,589	\$2,585,835	\$2,562,322	\$2,736,976
PERCENT OF REVENUES					
11 Wages and Benefits	15.0	13.9	15.8	15.7	12.3
12 Depreciation and Amortization	26.0	26.5	25.3	25.2	24.2
13 Other Operations Expense	46.6	39.7	38.1	36.5	37.0
14 Income Taxes - Operating Taxes	(0.3)	5.7	3.3	4.6	7.0
15 Other Taxes - Operating Taxes	7.3	4.7	7.4	5.7	5.5
16 Capital Costs	5.3	9.5	10.2	12.2	14.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	141.81	121.39	146.82	141.79	118.70
19 Depreciation and Amortization	246.09	231.37	234.57	227.47	234.17
20 Other Operations Expense	440.75	346.81	353.69	328.73	358.35
21 Income Taxes - Operating Taxes	(2.59)	50.00	30.62	41.68	67.76
22 Other Taxes - Operating Taxes	69.15	41.44	68.43	51.33	53.28
23 Capital Costs	50.59	83.10	94.69	109.96	136.58
24 Total	945.80	874.11	928.82	900.96	968.84

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$906,197	\$939,369	\$912,523	\$977,556	\$1,130,387	1
Central Office Assets	3,188,000	3,061,789	2,903,690	3,027,942	3,235,357	2
Information Origination/Termination	9,017	14,572	15,526	15,787	20,728	3
Cable And Wire Facilities	6,669,112	6,600,329	6,402,369	6,350,422	6,046,763	4
Amortizable Assets	86,253	106,424	79,234	86,494	75,296	5
Total Plant In Service	10,858,579	10,722,483	10,313,342	10,458,201	10,508,531	6
Property Held For Future Use						7
Plant Under Construction	67,343	226,972	691	43,390	37,818	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	10,925,922	10,949,455	10,314,033	10,501,591	10,546,349	13
Less Acc. Prov. For Depreciation & Amort.	7,605,163	7,310,042	6,811,778	6,474,050	6,536,489	14
Net Total Utility Plant	\$3,320,759	\$3,639,413	\$3,502,255	\$4,027,541	\$4,009,860	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	6.32	6.76	3.23	9.60	13.05	16
Total Capitalization	\$2,423,151	\$2,361,431	\$1,991,049	\$6,624,396	\$6,485,600	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.3%	0.7%		22.5%	24.6%	18
Preferred Stock						19
Common Stock & Retained Earnings	99.3%	98.9%	100.0%	75.9%	73.9%	20
Short-Term Debt	0.4%	0.4%		1.6%	1.5%	21
Pretax Coverage of Interest Expense	1.76	9.67	3.96	3.22	3.56	22
Com. Stock Dividends as a % of Earnings			1291.0%		211.0%	23
Return on Common Equity	2.8%	15.9%	7.3%	4.9%	4.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	268.9%	192.1%	938.1%	204.5%	237.7%	25
CWIP as a % of Plant	0.6%	2.1%	0.0%	0.4%	0.4%	26

Current Assets	2,075,146	1,588,122	931,887	5,181,484	4,535,547
Current Liabilities	328,538	234,879	288,649	539,752	347,623
Total Capitalization	2,423,151	2,361,431	1,991,049	6,624,396	6,485,600
Long-Term Debt	7,768	17,090		1,488,712	1,595,024
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,406,061	2,335,019	1,991,049	5,029,900	4,790,277
Short-Term Debt	9,322	9,322		105,784	100,299
Pretax Income	216,826	674,376	460,586	507,625	615,982
Interest Expense	122,857	69,771	116,182	157,628	173,271
Common Dividends Paid			3,294,000		499,996
Net Income (Excl. Preferred Stock Dividends)	66,032	371,862	255,149	239,623	237,017
Internal Cash	778,906	1,422,803	871,067	1,222,451	939,886
Cash Outflows for Construction	(289,644)	(740,822)	(92,859)	(597,869)	(395,430)
CWIP	67,343	226,972	691	43,390	37,818
Total Plant	10,925,922	10,949,455	10,314,033	10,501,591	10,546,349
Shares Outstanding	676	676	676	676	676
Number of Employees	5	5	6	6	6

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$409,022)	(\$73,922)	\$279,723	\$2,422,706	\$315,470	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,201,523	1,422,191	1,352,976	1,574,943	1,746,383	2
Changes in Deferred Income Taxes	13,328	(648,777)	(149,438)	(39,458)	285,279	3
Changes in Working Capital	135,223	(651,906)	7,019	(194,235)	810,797	4
Capitalized AFDC - Equity						5
Other	525,908	(540,365)	(1,156)	(2,163,424)	18,538	6
Total Non-Cash Items	1,875,982	(418,857)	1,209,401	(822,174)	2,860,997	7
Net Cash Provided From Operating Activities	<u>1,466,960</u>	<u>(492,779)</u>	<u>1,489,124</u>	<u>1,600,532</u>	<u>3,176,467</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,477,923)	(1,667,925)	(1,339,646)	(1,608,732)	(987,612)	9
Purchase of Other Investments	(194,955)	(323,396)	(210,726)	(316,418)	(386,045)	10
Sale of Other Investments	(24,721)	2,265,611	(43,394)		22,412	11
Other					(525,146)	12
Net Cash Provided From Investing Activities	<u>(1,697,599)</u>	<u>274,290</u>	<u>(1,593,766)</u>	<u>(1,925,150)</u>	<u>(1,876,391)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(143,779)	(152,919)	(166,532)	(161,775)	(167,807)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(143,779)</u>	<u>(152,919)</u>	<u>(166,532)</u>	<u>(161,775)</u>	<u>(167,807)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(374,418)	(371,408)	(271,174)	(486,393)	1,132,269	21
Cash & Equivalents at Beginning of Year	2,038,111	2,409,519	2,680,693	3,167,086	2,034,817	22
Cash & Equivalents at End of Year	\$1,663,693	\$2,038,111	\$2,409,519	\$2,680,693	\$3,167,086	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$5,413,139	\$4,918,976	\$5,318,175	\$5,732,792	\$5,942,976
2 Access Lines	6,998	8,077	8,077	8,287	8,521
DOLLAR AMOUNTS					
3 Wages and Benefits	\$2,036,573	\$1,918,307	1,771,048	\$1,839,518	\$1,846,841
4 Depreciation and Amortization	1,192,627	1,414,334	1,345,119	1,566,979	1,746,383
5 Other Operations Expense	1,540,266	1,731,055	1,611,710	1,734,759	1,604,776
6 Total Operation Expenses	4,769,466	5,063,696	4,727,877	5,141,256	5,198,000
7 Income Taxes - Operating Taxes	29,006	(188,601)	13,865	68,374	157,274
8 Other Taxes - Operating Taxes	368,561	312,436	279,970	255,184	253,486
9 Capital Costs	246,106	(268,555)	296,463	267,978	334,216
10 Total	\$5,413,139	\$4,918,976	\$5,318,175	\$5,732,792	\$5,942,976
PERCENT OF REVENUES					
11 Wages and Benefits	37.6	39.0	33.3	32.1	31.1
12 Depreciation and Amortization	22.0	28.8	25.3	27.3	29.4
13 Other Operations Expense	28.5	35.2	30.3	30.3	27.0
14 Income Taxes - Operating Taxes	0.5	(3.8)	0.3	1.2	2.6
15 Other Taxes - Operating Taxes	6.8	6.4	5.3	4.5	4.3
16 Capital Costs	4.5	(5.5)	5.6	4.7	5.6
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	291.02	237.50	219.27	221.98	216.74
19 Depreciation and Amortization	170.42	175.11	166.54	189.09	204.95
20 Other Operations Expense	220.10	214.32	199.54	209.33	188.33
21 Income Taxes - Operating Taxes	4.14	(23.35)	1.72	8.25	18.46
22 Other Taxes - Operating Taxes	52.67	38.68	34.66	30.79	29.75
23 Capital Costs	35.17	(33.25)	36.70	32.34	39.22
24 Total	773.53	609.01	658.43	691.78	697.45

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$6,373,834	\$6,328,371	\$5,882,564	\$5,873,596	\$5,754,248	1
Central Office Assets	8,603,484	8,085,324	7,628,896	7,629,349	7,378,551	2
Information Origination/Termination	91,024	88,204	85,266	74,373	220,285	3
Cable And Wire Facilities	14,513,613	13,902,906	12,648,096	12,218,727	11,862,642	4
Amortizable Assets	264	264	264	264	264	5
Total Plant In Service	29,582,219	28,405,069	26,245,086	25,796,309	25,215,990	6
Property Held For Future Use					7,476	7
Plant Under Construction	737,082	665,568	1,537,914	979,833	446,834	8
Tel. Acquisition	142,838	142,838	142,838	142,838	142,838	9
Other Plant	274,983	274,983	274,983	274,983	274,983	10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	30,737,122	29,488,458	28,200,821	27,193,963	26,088,121	13
Less Acc. Prov. For Depreciation & Amort.	17,130,464	16,225,603	15,196,163	14,232,982	13,153,755	14
Net Total Utility Plant	\$13,606,658	\$13,262,855	\$13,004,658	\$12,960,981	\$12,934,366	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	8.22	8.29	5.81	5.88	3.39	16
Total Capitalization	\$22,481,544	\$22,466,743	\$22,603,541	\$22,980,200	\$20,183,213	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	2.0%	2.7%	3.3%	4.0%	5.3%	18
Preferred Stock						19
Common Stock & Retained Earnings	98.0%	97.3%	96.7%	96.0%	94.7%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	-3.22	-0.92	7.63	48.59	6.54	22
Com. Stock Dividends as a % of Earnings						23
Return on Common Equity	-1.9%	-0.3%	1.3%	11.8%	1.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	99.3%	-29.5%	111.2%	99.5%	321.6%	25
CWIP as a % of Plant	2.4%	2.3%	5.5%	3.6%	1.7%	26

Current Assets	3,439,064	4,035,980	3,955,861	4,224,132	4,825,914
Current Liabilities	418,175	486,641	680,981	718,725	1,421,976
Total Capitalization	22,481,544	22,466,743	22,603,541	22,980,200	20,183,213
Long-Term Debt	453,362	597,141	750,012	916,544	1,078,319
Preferred Stock	-	-	-	-	-
Common Stock and Retained Earnings (Excl. Preferred Stock)	22,028,182	21,869,602	21,853,529	22,063,656	19,104,894
Short-Term Debt	-	-	-	-	-
Pretax Income	(351,717)	(39,979)	330,708	2,540,542	390,359
Interest Expense	109,334	43,543	43,364	52,287	59,717
Common Dividends Paid	-	-	-	-	-
Net Income (Excl. Preferred Stock Dividends)	(409,022)	(73,922)	279,723	2,422,706	315,470
Internal Cash	1,466,960	(492,779)	1,489,124	1,600,532	3,176,467
Cash Outflows for Construction	(1,477,923)	(1,667,925)	(1,339,646)	(1,608,732)	(987,612)
CWIP	737,082	665,568	1,537,914	979,833	446,834
Total Plant	30,737,122	29,488,458	28,200,821	27,193,963	26,088,121
Shares Outstanding	2,626	2,626	2,626	2,626	2,626
Number of Employees	55	55	56	55	55

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$45,060)	\$27,351	\$18,387	\$347,191	\$187,262	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	125,232	122,154	118,233	111,881	110,867	2
Changes in Deferred Income Taxes	3,044	(2,694)	(1,853)	10,348	2,813	3
Changes in Working Capital	(52,611)	12,919	(1,717)	14,494	50,508	4
Capitalized AFDC - Equity						5
Other	30,532	37,038	(116,976)	30,319	(12,757)	6
Total Non-Cash Items	106,197	169,417	(2,313)	167,042	151,431	7
Net Cash Provided From Operating Activities	<u>61,137</u>	<u>196,768</u>	<u>16,074</u>	<u>514,233</u>	<u>338,693</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(182,501)	(147,631)	(134,290)	(73,710)	(91,523)	9
Purchase of Other Investments	(97,166)	175,000	(15,000)	(60,000)	(70,000)	10
Sale of Other Investments						11
Other						12
Net Cash Provided From Investing Activities	<u>(279,667)</u>	<u>27,369</u>	<u>(149,290)</u>	<u>(133,710)</u>	<u>(161,523)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(42,302)	(38,506)	(40,540)	(35,891)	(34,586)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid		(100,000)		(200,000)	(51,000)	18
Other Financing	236,974	(258,502)				19
Net Cash Provided From Financing Activities	<u>194,672</u>	<u>(397,008)</u>	<u>(40,540)</u>	<u>(235,891)</u>	<u>(85,586)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(23,858)	(172,871)	(173,756)	144,632	91,584	21
Cash & Equivalents at Beginning of Year	71,832	244,703	418,459	273,827	182,243	22
Cash & Equivalents at End of Year	\$47,974	\$71,832	\$244,703	\$418,459	\$273,827	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$1,393,528	\$1,359,649	\$1,311,624	\$1,320,835	\$1,341,859
2 Access Lines	996	1,011	1,053	1,078	1,077
DOLLAR AMOUNTS					
3 Wages and Benefits	\$456,188	\$423,405	\$381,962	\$290,057	\$275,131
4 Depreciation and Amortization	125,232	122,154	117,892	99,930	97,168
5 Other Operations Expense	808,762	751,500	755,513	732,081	648,387
6 Total Operation Expenses	1,390,182	1,297,059	1,255,367	1,122,068	1,020,686
7 Income Taxes - Operating Taxes	55,917	56,583	53,382	218,593	124,366
8 Other Taxes - Operating Taxes					
9 Capital Costs	(52,571)	6,007	2,875	(19,826)	196,807
10 Total	\$1,393,528	\$1,359,649	\$1,311,624	\$1,320,835	\$1,341,859
PERCENT OF REVENUES					
11 Wages and Benefits	32.7	31.1	29.1	22.0	20.5
12 Depreciation and Amortization	9.0	9.0	9.0	7.6	7.2
13 Other Operations Expense	58.0	55.3	57.6	55.4	48.3
14 Income Taxes - Operating Taxes	4.0	4.2	4.1	16.5	9.3
15 Other Taxes - Operating Taxes					
16 Capital Costs	(3.8)	0.4	0.2	(1.5)	14.7
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	458.02	418.80	362.74	269.07	255.46
19 Depreciation and Amortization	125.73	120.82	111.96	92.70	90.22
20 Other Operations Expense	812.01	743.32	717.49	679.11	602.03
21 Income Taxes - Operating Taxes	56.14	55.97	50.70	202.78	115.47
22 Other Taxes - Operating Taxes					
23 Capital Costs	(52.78)	5.94	2.73	(18.39)	182.74
24 Total	1,399.12	1,344.86	1,245.61	1,225.26	1,245.92

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$213,710	\$221,630	\$220,707	\$475,622	\$456,668	1
Central Office Assets	963,994	1,000,838	937,101	900,642	874,549	2
Information Origination/Termination				29,666	29,666	3
Cable And Wire Facilities	1,083,812	1,043,427	997,762	933,505	898,733	4
Amortizable Assets	48,637	46,720	31,240	31,240	31,240	5
Total Plant In Service	2,310,153	2,312,615	2,186,810	2,370,675	2,290,856	6
Property Held For Future Use						7
Plant Under Construction						8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	2,310,153	2,312,615	2,186,810	2,370,675	2,290,856	13
Less Acc. Prov. For Depreciation & Amort.	1,289,792	1,228,700	1,136,249	1,099,861	1,011,863	14
Net Total Utility Plant	\$1,020,361	\$1,083,915	\$1,050,561	\$1,270,814	\$1,278,993	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.25	1.90	4.22	4.37	3.52	16
Total Capitalization	\$1,608,862	\$1,662,737	\$1,765,952	\$1,977,324	\$1,846,492	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	2.8%	3.3%	4.8%	14.5%	16.4%	18
Preferred Stock						19
Common Stock & Retained Earnings	97.2%	96.7%	95.2%	85.5%	83.6%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	-1.95	2.95	2.09	22.64	11.28	22
Com. Stock Dividends as a % of Earnings		365.6%		57.6%	27.2%	23
Return on Common Equity	-2.8%	1.7%	1.1%	21.5%	12.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	33.5%	133.3%	12.0%	697.6%	370.1%	25
CWIP as a % of Plant						26

Current Assets	291,124	351,040	562,565	659,778	567,120
Current Liabilities	129,258	185,114	133,244	151,017	161,327
Total Capitalization	1,608,862	1,662,737	1,765,952	1,977,324	1,846,492
Long-Term Debt	45,376	54,191	84,757	287,151	303,510
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,563,486	1,608,546	1,681,195	1,690,173	1,542,982
Short-Term Debt					
Pretax Income	(27,768)	48,694	41,547	529,478	287,679
Interest Expense	14,248	16,498	19,915	23,382	25,499
Common Dividends Paid		100,000		200,000	51,000
Net Income (Excl. Preferred Stock Dividends)	(45,060)	27,351	18,387	347,191	187,262
Internal Cash	61,137	196,768	16,074	514,233	338,693
Cash Outflows for Construction	(182,501)	(147,631)	(134,290)	(73,710)	(91,523)
CWIP					
Total Plant	2,310,153	2,312,615	2,186,810	2,370,675	2,290,856
Shares Outstanding	1,050	1,050	1,050	1,050	1,050
Number of Employees	5	5	4	4	4

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$1,211,479	\$3,929,002	\$1,538,654	\$1,717,686	\$355,435	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	925,634	791,428	1,143,856	1,141,286	1,087,329	2
Changes in Deferred Income Taxes	(412,226)	88,973	346,505	(7,492,524)	6,067,402	3
Changes in Working Capital	508,439	466,123	(7,586,416)	8,844,498	5,270,395	4
Capitalized AFDC - Equity						5
Other	2,090,052	3,146	(565,791)	296,053	(124,894)	6
Total Non-Cash Items	3,111,899	1,349,670	(6,661,846)	2,789,313	12,300,232	7
Net Cash Provided From Operating Activities	<u>4,323,378</u>	<u>5,278,672</u>	<u>(5,123,192)</u>	<u>4,506,999</u>	<u>12,655,667</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(402,988)	(113,262)	(827,445)	(1,048,382)	(554,313)	9
Purchase of Other Investments	(790,896)	(5,152,284)	5,924,344	(2,624,351)	(12,132,759)	10
Sale of Other Investments						11
Other	(23,578)					12
Net Cash Provided From Investing Activities	<u>(1,217,462)</u>	<u>(5,265,546)</u>	<u>5,096,899</u>	<u>(3,672,733)</u>	<u>(12,687,072)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt				(805,000)		14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(3,100,000)					18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(3,100,000)</u>			<u>(805,000)</u>		20
Net Increase (Decrease) in Cash & Equivalents	5,916	13,126	(26,293)	29,266	(31,405)	21
Cash & Equivalents at Beginning of Year	4,650	(8,476)	17,817	(11,449)	19,956	22
Cash & Equivalents at End of Year	\$10,567	\$4,650	(\$8,476)	\$17,817	(\$11,449)	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$6,166,027	\$5,962,484	\$5,763,028	\$5,889,018	\$5,784,237
2 Access Lines	6,064	6,249	6,459	6,643	6,722
DOLLAR AMOUNTS					
3 Wages and Benefits	\$466,912	\$561,233	\$747,556	\$673,468	\$1,168,019
4 Depreciation and Amortization	925,634	1,098,359	1,143,856	1,215,809	525,739
5 Other Operations Expense	1,778,060	1,847,581	1,539,027	2,219,035	1,609,012
6 Total Operation Expenses	3,170,606	3,507,173	3,430,439	4,108,312	3,302,770
7 Income Taxes - Operating Taxes	952,197	760,266	712,544	535,011	392,007
8 Other Taxes - Operating Taxes	274,860	283,122	296,750	252,103	270,563
9 Capital Costs	1,768,363	1,411,924	1,323,295	993,593	1,818,897
10 Total	\$6,166,027	\$5,962,484	\$5,763,028	\$5,889,018	\$5,784,237
PERCENT OF REVENUES					
11 Wages and Benefits	7.6	9.4	13.0	11.4	20.2
12 Depreciation and Amortization	15.0	18.4	19.8	20.6	9.1
13 Other Operations Expense	28.8	31.0	26.7	37.7	27.8
14 Income Taxes - Operating Taxes	15.4	12.8	12.4	9.1	6.8
15 Other Taxes - Operating Taxes	4.5	4.7	5.1	4.3	4.7
16 Capital Costs	28.7	23.7	23.0	16.9	31.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	77.00	89.81	115.74	101.38	173.76
19 Depreciation and Amortization	152.64	175.77	177.09	183.02	78.21
20 Other Operations Expense	293.22	295.66	238.28	334.04	239.37
21 Income Taxes - Operating Taxes	157.02	121.66	110.32	80.54	58.32
22 Other Taxes - Operating Taxes	45.33	45.31	45.94	37.95	40.25
23 Capital Costs	291.62	225.94	204.88	149.57	270.59
24 Total	1,016.83	954.15	892.25	886.50	860.49

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,843,647	\$1,839,847	\$1,932,286	\$2,151,428	\$2,055,773	1
Central Office Assets	7,686,639	7,584,054	7,270,289	6,810,576	6,475,155	2
Information Origination/Termination	200,984	198,185	193,479	153,216	186,548	3
Cable And Wire Facilities	12,665,414	12,537,042	12,400,433	11,959,955	11,585,959	4
Amortizable Assets						5
Total Plant In Service	22,396,684	22,159,128	21,796,487	21,075,175	20,303,435	6
Property Held For Future Use						7
Plant Under Construction	299,376	140,797	224,054	481,203	201,270	8
Tel. Acquisition						9
Other Plant					3,290	10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	22,696,060	22,299,925	22,020,541	21,556,378	20,507,995	13
Less Acc. Prov. For Depreciation & Amort.	16,335,007	15,439,802	14,488,380	13,707,807	12,566,521	14
Net Total Utility Plant	\$6,361,053	\$6,860,123	\$7,532,161	\$7,848,571	\$7,941,474	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.40	2.34	2.75	0.24	1.52	16
Total Capitalization	\$12,219,450	\$14,226,975	\$10,298,343	\$8,640,315	\$7,727,630	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt		0.8%	1.2%			18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	99.2%	98.8%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	16.64	789.81	204.33	147.95	1.53	22
Com. Stock Dividends as a % of Earnings	255.9%			46.9%		23
Return on Common Equity	9.2%	32.4%	16.4%	21.0%	4.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	1183.5%	4660.6%	-619.2%	429.9%	2283.1%	25
CWIP as a % of Plant	1.3%	0.6%	1.0%	2.2%	1.0%	26

Current Assets	1,483,341	1,617,253	2,156,680	1,996,025	7,413,147
Current Liabilities	1,061,432	690,802	784,425	8,335,373	4,864,033
Total Capitalization	12,219,450	14,226,975	10,298,343	8,640,315	7,727,630
Long-Term Debt		119,005	119,375		
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	12,219,450	14,107,970	10,178,968	8,640,315	7,727,630
Short-Term Debt					
Pretax Income	1,957,473	6,011,201	2,363,972	2,667,898	2,150,739
Interest Expense	117,653	7,611	11,570	18,033	1,403,297
Common Dividends Paid	3,100,000			805,000	
Net Income (Excl. Preferred Stock Dividends)	1,211,477	3,929,002	1,538,654	1,717,686	355,435
Internal Cash	4,769,436	5,278,670	(5,123,192)	4,506,999	12,655,667
Cash Outflows for Construction	(402,988)	(113,262)	(827,445)	(1,048,382)	(554,313)
CWIP	299,376	140,797	224,054	481,203	201,270
Total Plant	22,696,060	22,299,925	22,020,540	21,556,378	20,507,995
Shares Outstanding	21,742	21,742	21,742	21,742	21,742
Number of Employees	7	7	7	9	9

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$22,240,917	\$23,836,025	\$25,225,925	\$13,731,482	\$1,123,358	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	9,792,203	9,977,816	9,250,362	8,484,266	8,283,877	2
Changes in Deferred Income Taxes	1,840,465	267,224	1,650,941	4,395,965	(15,590,457)	3
Changes in Working Capital	(3,552,055)	4,822,420	(11,552,871)	(2,471,766)	409,891,642	4
Capitalized AFDC - Equity						5
Other	247,664	(940,323)	(552,077)	(1,471,881)	(289,534,883)	6
Total Non-Cash Items	8,328,277	14,127,137	(1,203,647)	8,936,584	113,050,179	7
Net Cash Provided From Operating Activities	<u>30,569,194</u>	<u>37,963,162</u>	<u>24,022,278</u>	<u>22,668,066</u>	<u>114,173,537</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(3,693,117)	(2,888,723)	(5,047,063)	(5,918,552)	(4,636,296)	9
Purchase of Other Investments	(3,519,392)	(35,200,610)	(18,640,228)	(11,372,427)	(109,263,619)	10
Sale of Other Investments						11
Other	(144,399)					12
Net Cash Provided From Investing Activities	<u>(7,356,908)</u>	<u>(38,089,333)</u>	<u>(23,687,291)</u>	<u>(17,290,979)</u>	<u>(113,899,915)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt				(6,405,000)		17
Dividends Paid	(24,000,000)					18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(24,000,000)</u>			<u>(6,405,000)</u>		20
Net Increase (Decrease) in Cash & Equivalents	(787,714)	(126,171)	334,987	(1,027,913)	273,622	21
Cash & Equivalents at Beginning of Year	733,228	859,400	524,412	1,552,325	1,278,703	22
Cash & Equivalents at End of Year	(\$54,485)	\$733,228	\$859,400	\$524,412	\$1,552,325	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$64,162,212	\$69,029,426	\$70,427,364	\$70,766,111	\$69,506,840
2 Access Lines	56,507	67,247	72,442	75,886	85,915
DOLLAR AMOUNTS					
3 Wages and Benefits	\$3,998,507	\$3,063,261	\$5,955,548	\$5,740,424	\$14,222,763
4 Depreciation and Amortization	9,792,203	9,977,816	9,250,362	9,283,347	2,339,939
5 Other Operations Expense	20,152,642	21,412,775	13,643,283	31,948,591	21,237,183
6 Total Operation Expenses	33,943,352	34,453,851	28,849,193	46,972,362	37,799,885
7 Income Taxes - Operating Taxes	9,454,152	11,019,977	13,457,583	7,259,818	10,176,769
8 Other Taxes - Operating Taxes	3,206,998	3,089,925	3,127,935	3,051,409	2,630,475
9 Capital Costs	17,557,710	20,465,673	24,992,653	13,482,522	18,899,711
10 Total	\$64,162,212	\$69,029,426	\$70,427,364	\$70,766,111	\$69,506,840
PERCENT OF REVENUES					
11 Wages and Benefits	6.2	4.4	8.5	8.1	20.5
12 Depreciation and Amortization	15.3	14.5	13.1	13.1	3.4
13 Other Operations Expense	31.4	31.0	19.4	45.1	30.6
14 Income Taxes - Operating Taxes	14.7	16.0	19.1	10.3	14.6
15 Other Taxes - Operating Taxes	5.0	4.5	4.4	4.3	3.8
16 Capital Costs	27.4	29.6	35.5	19.1	27.2
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	70.76	45.55	82.21	75.65	165.54
19 Depreciation and Amortization	173.29	148.38	127.69	122.33	27.24
20 Other Operations Expense	356.64	318.42	188.33	421.01	247.19
21 Income Taxes - Operating Taxes	167.31	163.87	185.77	95.67	118.45
22 Other Taxes - Operating Taxes	56.75	45.95	43.18	40.21	30.62
23 Capital Costs	310.72	304.34	345.00	177.67	219.98
24 Total	1,135.47	1,026.51	972.19	932.53	809.02

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$18,371,447	\$18,162,960	\$18,004,459	\$19,526,125	\$18,013,589	1
Central Office Assets	84,130,377	83,319,745	82,267,914	80,123,115	77,558,794	2
Information Origination/Termination	2,062,047	1,966,227	66,624	1,433,380	1,915,770	3
Cable And Wire Facilities	78,525,112	76,798,883	74,707,383	72,066,479	69,194,170	4
Amortizable Assets	31,214	31,214	2,116,510	31,214	31,215	5
Total Plant In Service	183,120,197	180,279,029	177,162,889	173,180,313	166,713,538	6
Property Held For Future Use	38,544	38,544	38,544	38,544	38,544	7
Plant Under Construction	1,848,933	1,610,861	1,417,862	2,465,566	3,013,790	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	185,007,674	181,928,434	178,619,295	175,684,423	169,765,872	13
Less Acc. Prov. For Depreciation & Amort.	128,722,749	119,688,817	110,534,884	103,396,710	94,912,444	14
Net Total Utility Plant	\$56,284,925	\$62,239,617	\$68,084,411	\$72,287,713	\$74,853,428	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.39	1.84	1.83	0.99	0.98	16
Total Capitalization	\$136,127,964	\$137,887,042	\$114,051,018	\$88,825,092	\$81,498,609	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	N/A	N/A	N/A	N/A	N/A	22
Com. Stock Dividends as a % of Earnings	107.9%			46.6%		23
Return on Common Equity	16.2%	18.9%	24.9%	16.1%	1.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	944.9%	1314.2%	476.0%	383.0%	2462.6%	25
CWIP as a % of Plant	1.0%	0.9%	0.8%	1.4%	1.8%	26

Current Assets	14,994,805	13,118,037	26,920,891	17,669,001	71,999,810
Current Liabilities	6,271,967	7,145,097	14,735,265	17,899,251	73,566,773
Total Capitalization	136,127,964	137,887,042	114,051,018	88,825,092	81,498,609
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	136,127,964	137,887,042	114,051,018	88,825,092	81,498,609
Short-Term Debt					
Pretax Income	34,705,934	36,935,370	39,765,360	21,414,178	29,105,331
Interest Expense	721,035	640,873	1,107,068	30,020	23,249,745
Common Dividends Paid	24,000,000			6,405,000	
Net Income (Excl. Preferred Stock Dividends)	22,240,917	23,836,025	25,225,925	13,731,482	1,123,358
Internal Cash	34,895,763	37,963,162	24,022,278	22,668,066	114,173,537
Cash Outflows for Construction	(3,693,117)	(2,888,723)	(5,047,063)	(5,918,552)	(4,636,296)
CWIP	1,848,933	1,610,861	1,417,862	2,465,566	3,013,790
Total Plant	185,007,674	181,928,434	178,619,295	175,684,422	169,765,872
Shares Outstanding	506,758	506,758	506,758	506,758	506,758
Number of Employees	50	57	59	70	73

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$1,435,115	\$2,993,454	\$1,528,623	\$1,488,471	(\$282,181)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,013,529	1,377,895	1,690,335	1,630,329	1,349,202	2
Changes in Deferred Income Taxes	(764,614)	(129,372)	(63,897)	(340,016)	1,137,022	3
Changes in Working Capital	657,490	534,626	(2,951,469)	(70,064)	25,915,069	4
Capitalized AFDC - Equity						5
Other	1,119,570	(91,412)	(460,783)	(39,854)	(13,470,494)	6
Total Non-Cash Items	2,025,975	1,691,737	(1,785,814)	1,180,395	14,930,799	7
Net Cash Provided From Operating Activities	<u>3,461,090</u>	<u>4,685,191</u>	<u>(257,191)</u>	<u>2,668,866</u>	<u>14,648,618</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(737,730)	(596,969)	(682,751)	(668,180)	(426,026)	9
Purchase of Other Investments	(667,217)	(4,041,926)	871,997	777,831	(14,191,504)	10
Sale of Other Investments						11
Other	45,035					12
Net Cash Provided From Investing Activities	<u>(1,359,912)</u>	<u>(4,638,895)</u>	<u>189,246</u>	<u>109,651</u>	<u>(14,617,530)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(2,100,000)			(2,750,000)		18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(2,100,000)</u>			<u>(2,750,000)</u>		20
Net Increase (Decrease) in Cash & Equivalents	1,178	46,296	(67,945)	28,517	31,088	21
Cash & Equivalents at Beginning of Year	39,074	(7,222)	60,724	32,206	1,118	22
Cash & Equivalents at End of Year	\$40,252	\$39,074	(\$7,222)	\$60,724	\$32,206	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$6,546,922	\$6,742,684	\$6,416,969	\$6,503,194	\$6,250,915
2 Access Lines	7,877	8,439	9,102	9,452	9,671
DOLLAR AMOUNTS					
3 Wages and Benefits	\$427,399	\$370,199	\$655,703	\$544,365	\$22,560
4 Depreciation and Amortization	1,013,529	1,502,905	1,690,335	1,672,331	2,193,096
5 Other Operations Expense	2,066,302	2,081,394	1,544,326	2,499,972	2,067,643
6 Total Operation Expenses	3,507,230	3,954,499	3,890,364	4,716,668	4,283,299
7 Income Taxes - Operating Taxes	743,259	1,566,703	806,029	824,227	713,576
8 Other Taxes - Operating Taxes	324,144	339,391	342,485	299,691	174,844
9 Capital Costs	1,972,289	882,091	1,378,091	662,607	1,079,196
10 Total	\$6,546,922	\$6,742,684	\$6,416,969	\$6,503,194	\$6,250,915
PERCENT OF REVENUES					
11 Wages and Benefits	6.5	5.5	10.2	8.4	0.4
12 Depreciation and Amortization	15.5	22.3	26.3	25.7	35.1
13 Other Operations Expense	31.6	30.9	24.1	38.4	33.1
14 Income Taxes - Operating Taxes	11.4	23.2	12.6	12.7	11.4
15 Other Taxes - Operating Taxes	5.0	5.0	5.3	4.6	2.8
16 Capital Costs	30.1	13.1	21.5	10.2	17.3
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	54.26	43.87	72.04	57.59	2.33
19 Depreciation and Amortization	128.67	178.09	185.71	176.93	226.77
20 Other Operations Expense	262.32	246.64	169.67	264.49	213.80
21 Income Taxes - Operating Taxes	94.36	185.65	88.56	87.20	73.79
22 Other Taxes - Operating Taxes	41.15	40.22	37.63	31.71	18.08
23 Capital Costs	250.39	104.53	151.41	70.10	111.59
24 Total	831.14	798.99	705.01	688.02	646.36

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,908,648	\$1,813,943	\$1,791,923	\$1,969,238	\$1,867,385	1
Central Office Assets	11,090,654	10,878,449	10,533,083	9,975,864	9,722,213	2
Information Origination/Termination	52,030	46,958		48,665	150,518	3
Cable And Wire Facilities	11,048,365	10,736,463	10,544,999	10,301,524	9,963,425	4
Amortizable Assets			48,664			5
Total Plant In Service	24,099,697	23,475,813	22,918,669	22,295,291	21,703,541	6
Property Held For Future Use						7
Plant Under Construction	334,183	270,029	181,538	265,232	188,802	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	24,433,880	23,745,842	23,100,207	22,560,523	21,892,343	13
Less Acc. Prov. For Depreciation & Amort.	19,554,560	18,593,642	17,165,819	15,618,551	13,988,222	14
Net Total Utility Plant	\$4,879,320	\$5,152,200	\$5,934,388	\$6,941,972	\$7,904,121	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.00	1.64	2.08	0.49	0.69	16
Total Capitalization	\$9,760,326	\$10,425,206	\$7,431,751	\$5,903,127	\$7,164,654	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	24.97	179.21	34.42	403.49	1.33	22
Com. Stock Dividends as a % of Earnings	146.3%			151.3%		23
Return on Common Equity	14.2%	33.5%	22.9%	22.8%	-3.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	469.2%	784.8%	-37.7%	399.4%	3438.4%	25
CWIP as a % of Plant	1.4%	1.1%	0.8%	1.2%	0.9%	26

Current Assets	1,930,944	1,683,997	2,272,417	1,832,195	4,171,687
Current Liabilities	1,927,856	1,025,938	1,093,388	3,703,773	6,028,778
Total Capitalization	9,760,326	10,425,206	7,431,751	5,903,127	7,164,654
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	9,760,326	10,425,206	7,431,751	5,903,127	7,164,654
Short-Term Debt					
Pretax Income	2,257,309	4,574,734	2,404,501	2,318,444	1,753,977
Interest Expense	90,389	25,527	69,850	5,746	1,322,582
Common Dividends Paid	2,100,000			2,251,653	
Net Income (Excl. Preferred Stock Dividends)	1,435,115	2,993,454	1,528,623	1,488,471	(282,181)
Internal Cash	3,461,090	4,685,191	(257,195)	2,668,866	14,648,618
Cash Outflows for Construction	(737,730)	(596,969)	(682,751)	(668,180)	(426,026)
CWIP	334,183	270,029	181,538	265,232	188,802
Total Plant	24,433,880	23,745,842	23,100,208	22,560,523	21,892,343
Shares Outstanding	100	100	100	100	100
Number of Employees	9	9	9	9	9

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$2,339,430	\$2,266,665	5,165,544	5,987,739	(721,360)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	3,034,273	2,654,685	1,997,048	2,780,775	2,377,136	2
Changes in Deferred Income Taxes	(274,527)	20,371	475,382	8,193,752	(8,068,793)	3
Changes in Working Capital	367,498	744,515	11,585,364	(26,351,090)	31,972,626	4
Capitalized AFDC - Equity						5
Other	52,148	(28,419)	(1,541,787)	110,239	430,209	6
Total Non-Cash Items	3,179,391	3,391,152	12,516,007	(15,266,324)	26,711,178	7
Net Cash Provided From Operating Activities	<u>5,518,822</u>	<u>5,657,817</u>	<u>17,681,551</u>	<u>(9,278,585)</u>	<u>25,989,818</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(748,198)	(678,216)	(896,214)	(1,207,441)	(1,226,543)	9
Purchase of Other Investments	(1,494,397)	(4,978,691)	(16,843,973)	10,495,080	(24,720,641)	10
Sale of Other Investments						11
Other	(287,630)				67	12
Net Cash Provided From Investing Activities	<u>(2,530,225)</u>	<u>(5,656,907)</u>	<u>(17,740,187)</u>	<u>9,287,639</u>	<u>(25,947,117)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(3,000,000)					18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(3,000,000)</u>					20
Net Increase (Decrease) in Cash & Equivalents	(11,404)	910	(58,636)	9,054	42,701	21
Cash & Equivalents at Beginning of Year	22,449	21,539	80,175	71,120	28,419	22
Cash & Equivalents at End of Year	\$11,046	\$22,449	\$21,539	\$80,175	\$71,120	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$12,040,485	\$12,880,069	\$14,849,282	\$13,765,744	\$13,009,691
2 Access Lines	13,072	15,589	17,707	19,395	21,252
DOLLAR AMOUNTS					
3 Wages and Benefits	\$968,424	\$1,017,653	\$867,753	\$1,182,461	\$1,866,668
4 Depreciation and Amortization	3,034,273	3,010,657	1,948,430	2,904,780	1,959,788
5 Other Operations Expense	4,801,441	5,352,438	3,573,322	(413,436)	4,612,777
6 Total Operation Expenses	8,804,138	9,380,748	6,389,504	3,673,805	8,439,233
7 Income Taxes - Operating Taxes	1,206,771	1,131,668	2,751,673	3,256,239	543,885
8 Other Taxes - Operating Taxes	689,201	736,895	724,799	584,964	541,761
9 Capital Costs	1,340,375	1,630,758	4,983,305	6,250,736	3,484,812
10 Total	\$12,040,485	\$12,880,069	\$14,849,282	\$13,765,744	\$13,009,691
PERCENT OF REVENUES					
11 Wages and Benefits	8.0	7.9	5.8	8.6	14.3
12 Depreciation and Amortization	25.2	23.4	13.1	21.1	15.1
13 Other Operations Expense	39.9	41.6	24.1	(3.0)	35.5
14 Income Taxes - Operating Taxes	10.0	8.8	18.5	23.7	4.2
15 Other Taxes - Operating Taxes	5.7	5.7	4.9	4.2	4.2
16 Capital Costs	11.1	12.7	33.6	45.4	26.8
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	74.08	65.28	49.01	60.97	87.83
19 Depreciation and Amortization	232.12	193.13	110.04	149.77	92.22
20 Other Operations Expense	367.31	343.35	201.80	(21.32)	217.05
21 Income Taxes - Operating Taxes	92.32	72.59	155.40	167.89	25.59
22 Other Taxes - Operating Taxes	52.72	47.27	40.93	30.16	25.49
23 Capital Costs	102.54	104.61	281.43	322.29	163.98
24 Total	921.09	826.23	838.61	709.76	612.16

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,544,426	\$2,501,854	\$2,404,472	\$2,598,380	\$2,559,088	1
Central Office Assets	22,245,110	22,121,830	21,846,879	21,363,428	20,728,917	2
Information Origination/Termination	240,206	220,234	9,962	205,501	175,578	3
Cable And Wire Facilities	25,967,488	25,608,782	24,991,609	24,375,692	23,636,849	4
Amortizable Assets			206,313			5
Total Plant In Service	50,997,230	50,452,700	49,459,235	48,543,001	47,100,432	6
Property Held For Future Use	56,888	56,888	56,888	56,888	56,888	7
Plant Under Construction	389,893	362,330	471,264	491,102	648,244	8
Tel. Acquisition					78,169	9
Other Plant						10
Nonoperating Plant				181		11
Goodwill						12
Total Telecommunications Plant	51,444,011	50,871,918	49,987,387	49,091,172	47,883,733	13
Less Acc. Prov. For Depreciation & Amort.	35,035,016	32,158,656	29,290,897	27,293,852	24,513,077	14
Net Total Utility Plant	\$16,408,995	\$18,713,262	\$20,696,490	\$21,797,320	\$23,370,656	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.34	1.48	1.87	7.45	0.10	16
Total Capitalization	\$26,140,131	\$26,800,701	\$24,534,037	\$19,368,491	\$13,380,720	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	-2.56	-4.39	-25.11	36.01	0.96	22
Com. Stock Dividends as a % of Earnings	128.5%					23
Return on Common Equity	8.8%	8.8%	23.5%	36.6%	-5.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	969.1%	834.2%	1972.9%	-768.5%	2118.9%	25
CWIP as a % of Plant	0.8%	0.7%	0.9%	1.0%	1.4%	26

Current Assets	3,027,047	2,717,400	3,553,342	15,251,468	1,484,516
Current Liabilities	2,260,011	1,830,544	1,904,434	2,046,919	14,510,182
Total Capitalization	26,140,131	26,800,701	24,534,037	19,368,491	13,380,720
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	26,140,131	26,800,701	24,534,037	19,368,491	13,380,720
Short-Term Debt					
Pretax Income	2,545,048	2,764,465	7,614,002	9,508,014	4,062,101
Interest Expense	(995,958)	(629,585)	(303,216)	264,036	4,239,576
Common Dividends Paid	3,000,000				
Net Income (Excl. Preferred Stock Dividends)	2,334,235	2,262,382	5,165,544	5,987,739	(721,360)
Internal Cash	7,250,939	5,657,817	17,681,551	(9,278,585)	25,989,818
Cash Outflows for Construction	(748,198)	(678,215)	(896,214)	(1,207,441)	(1,226,543)
CWIP	389,893	362,330	471,264	491,102	648,244
Total Plant	51,444,011	50,871,918	49,987,387	49,091,172	47,883,733
Shares Outstanding	200	200	200	200	200
Number of Employees	11	13	14	14	15

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$35,964)	\$286,329	\$269,870	\$143,885	\$303,841	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	570,472	621,117	598,038	584,328	537,975	2
Changes in Deferred Income Taxes	(59,039)	(125,130)	(106,889)	(71,359)	(30,803)	3
Changes in Working Capital	(236,757)	(52,949)	571,061	(253,552)	423,796	4
Capitalized AFDC - Equity						5
Other	372,678	(147,473)	(117,924)	36,505	131,486	6
Total Non-Cash Items	647,354	295,565	944,286	295,922	1,062,454	7
Net Cash Provided From Operating Activities	<u>611,390</u>	<u>581,894</u>	<u>1,214,156</u>	<u>439,807</u>	<u>1,366,295</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(415,681)	(419,664)	(738,830)	(306,004)	(577,815)	9
Purchase of Other Investments	359,857	(17,449)	(13,880)	(15,935)	(209,675)	10
Sale of Other Investments	(3,664)	(4,790)	74,351	1,595	(7,181)	11
Other	(46,395)	(46,395)	(76,702)	(73,784)	(104,095)	12
Net Cash Provided From Investing Activities	<u>(105,883)</u>	<u>(488,299)</u>	<u>(755,061)</u>	<u>(394,128)</u>	<u>(898,766)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(469,359)	(96,279)	(91,615)	(87,137)	(82,911)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(16,427)	(517,193)	(512,653)	(23,551)	(211,045)	18
Other Financing	(104,473)	90,101	60,418	(58,970)	(290,382)	19
Net Cash Provided From Financing Activities	<u>(590,259)</u>	<u>(523,371)</u>	<u>(543,850)</u>	<u>(169,658)</u>	<u>(584,338)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(84,752)	(429,776)	(84,755)	(123,979)	(116,809)	21
Cash & Equivalents at Beginning of Year	1,531,661	1,961,437	2,046,192	2,170,171	2,286,980	22
Cash & Equivalents at End of Year	\$1,446,909	\$1,531,661	\$1,961,437	\$2,046,192	\$2,170,171	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$2,943,156	\$3,210,575	\$3,347,028	\$3,503,071	\$3,845,378
2 Access Lines	2,684	2,781	2,936	3,003	3,090
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,335,145	\$1,502,040	\$1,467,966	\$1,711,482	\$1,532,921
4 Depreciation and Amortization	573,361	627,781	604,693	590,919	544,458
5 Other Operations Expense	1,204,948	1,139,504	1,264,408	1,141,586	1,160,675
6 Total Operation Expenses	3,113,454	3,269,325	3,337,067	3,443,986	3,238,054
7 Income Taxes - Operating Taxes	(121,445)	(103,544)	(43,961)	(78,696)	133,564
8 Other Taxes - Operating Taxes	124,354	129,985	143,130	152,710	160,127
9 Capital Costs	(173,207)	(85,191)	(89,207)	(14,929)	313,633
10 Total	\$2,943,156	\$3,210,575	\$3,347,028	\$3,503,071	\$3,845,378
PERCENT OF REVENUES					
11 Wages and Benefits	45.4	46.8	43.9	48.9	39.9
12 Depreciation and Amortization	19.5	19.6	18.1	16.9	14.2
13 Other Operations Expense	40.9	35.5	37.8	32.6	30.2
14 Income Taxes - Operating Taxes	(4.1)	(3.2)	(1.3)	(2.2)	3.5
15 Other Taxes - Operating Taxes	4.2	4.0	4.3	4.4	4.2
16 Capital Costs	(5.9)	(2.7)	(2.7)	(0.4)	8.2
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	497.45	540.11	499.99	569.92	496.09
19 Depreciation and Amortization	213.62	225.74	205.96	196.78	176.20
20 Other Operations Expense	448.94	409.75	430.66	380.15	375.62
21 Income Taxes - Operating Taxes	(45.25)	(37.23)	(14.97)	(26.21)	43.22
22 Other Taxes - Operating Taxes	46.33	46.74	48.75	50.85	51.82
23 Capital Costs	(64.53)	(30.63)	(30.38)	(4.97)	101.50
24 Total	1,096.56	1,154.47	1,140.00	1,166.52	1,244.46

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,741,133	\$1,676,490	\$1,592,521	\$1,529,506	\$1,401,162	1
Central Office Assets	3,521,867	3,611,619	3,333,624	3,305,445	3,313,166	2
Information Origination/Termination	181,672	181,672	181,672	181,672	181,672	3
Cable And Wire Facilities	3,667,970	3,607,308	3,671,748	3,568,157	3,554,160	4
Amortizable Assets	376,464	376,464	375,712	375,712	367,290	5
Total Plant In Service	9,489,106	9,453,553	9,155,276	8,960,492	8,817,450	6
Property Held For Future Use						7
Plant Under Construction	102,503	13,887	54,843	5,174	439	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	9,591,609	9,467,440	9,210,120	8,965,666	8,817,889	13
Less Acc. Prov. For Depreciation & Amort.	6,744,192	6,473,630	6,020,600	5,843,542	5,416,800	14
Net Total Utility Plant	\$2,847,417	\$2,993,810	\$3,189,520	\$3,122,124	\$3,401,089	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	11.48	3.99	4.44	45.86	4.48	16
Total Capitalization	\$8,485,711	\$9,076,415	\$9,344,089	\$9,721,377	\$9,644,334	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt		5.2%	6.1%	6.8%	7.7%	18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	94.8%	93.9%	93.2%	92.3%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	-4.39	8.63	8.98	0.34	12.37	22
Com. Stock Dividends as a % of Earnings	-45.7%	180.6%	190.0%	16.4%	69.5%	23
Return on Common Equity	-0.4%	3.3%	3.0%	1.6%	3.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	147.1%	138.7%	164.3%	143.7%	236.5%	25
CWIP as a % of Plant	1.1%	0.1%	0.6%	0.1%	0.0%	26

Current Assets	2,010,418	2,230,983	2,683,140	3,028,689	3,848,964
Current Liabilities	175,057	559,260	603,786	66,046	860,067
Total Capitalization	8,485,711	9,076,415	9,344,089	9,721,377	9,644,334
Long-Term Debt		469,359	565,638	657,253	744,390
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	8,485,711	8,607,056	8,778,451	9,064,124	8,899,944
Short-Term Debt					
Pretax Income	(98,512)	230,366	281,929	12,238	496,805
Interest Expense	22,445	26,689	31,384	35,892	40,161
Common Dividends Paid	16,427	517,193	512,653	23,551	211,045
Net Income (Excl. Preferred Stock Dividends)	(35,964)	286,329	269,870	143,885	303,841
Internal Cash	611,390	581,894	1,214,156	439,807	1,366,295
Cash Outflows for Construction	(415,681)	(419,664)	(738,830)	(306,004)	(577,815)
CWIP	102,503	13,887	54,843	5,174	439
Total Plant	9,591,609	9,467,440	9,210,120	8,965,666	8,817,889
Shares Outstanding	800	800	800	800	800
Number of Employees	17	19	19	18	18

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$110,572)	(\$112,416)	\$116,735	\$264,624	\$80,147	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	299,073	289,497	255,778	233,971	248,612	2
Changes in Deferred Income Taxes	(20,295)	(57,369)	(23,741)	(2,666)	(29,245)	3
Changes in Working Capital	(53,838)	(83,667)	171,511	40,599	21,566	4
Capitalized AFDC - Equity						5
Other	(34,950)	(123,002)	(43,676)	(129,680)	(58,606)	6
Total Non-Cash Items	189,990	25,459	359,872	142,224	182,327	7
Net Cash Provided From Operating Activities	<u>79,418</u>	<u>(86,957)</u>	<u>476,607</u>	<u>406,848</u>	<u>262,474</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(121,467)	(241,741)	(525,570)	(168,041)	(142,497)	9
Purchase of Other Investments				(273,299)	686,087	10
Sale of Other Investments	60,840	1,257,806	1,484	27,513	1,450	11
Other	(78,211)	474,562	(105,344)	(90,780)	(92,204)	12
Net Cash Provided From Investing Activities	<u>(138,838)</u>	<u>1,490,627</u>	<u>(629,430)</u>	<u>(504,607)</u>	<u>452,836</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(113,340)	(105,654)	(98,516)	(91,841)	(85,641)	14
Common Stock		(950,752)				15
Preferred Stock						16
Short-Term Debt					(382,566)	17
Dividends Paid	(17,460)	(240,000)	(24,000)	(24,000)	(18,000)	18
Other Financing	134,083	93,973	200,788			19
		(283,650)	283,650			
Net Cash Provided From Financing Activities	<u>3,283</u>	<u>(1,486,083)</u>	<u>361,922</u>	<u>(115,841)</u>	<u>(486,207)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(56,137)	(82,413)	209,099	(213,600)	229,103	21
Cash & Equivalents at Beginning of Year	276,266	358,679	149,580	363,180	134,077	22
Cash & Equivalents at End of Year	\$220,129	\$276,266	\$358,679	\$149,580	\$363,180	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$1,895,494	\$2,007,650	\$1,973,340	\$2,027,455	\$1,853,174
2 Access Lines	1,732	1,754	1,787	1,809	1,838
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,096,493	\$1,049,176	\$999,905	\$1,007,181	\$967,413
4 Depreciation and Amortization	297,837	288,261	254,542	232,735	247,376
5 Other Operations Expense	614,332	676,334	530,336	518,226	485,560
6 Total Operation Expenses	2,008,662	2,013,771	1,784,783	1,758,142	1,700,349
7 Income Taxes - Operating Taxes	(65,410)	(32,185)	1,314	30,889	(21,507)
8 Other Taxes - Operating Taxes	89,365	91,105	91,674	87,929	88,744
9 Capital Costs	(137,123)	(65,041)	95,569	150,495	85,588
10 Total	\$1,895,494	\$2,007,650	\$1,973,340	\$2,027,455	\$1,853,174
PERCENT OF REVENUES					
11 Wages and Benefits	57.8	52.3	50.7	49.7	52.2
12 Depreciation and Amortization	15.7	14.4	12.9	11.5	13.3
13 Other Operations Expense	32.4	33.7	26.9	25.6	26.2
14 Income Taxes - Operating Taxes	(3.5)	(1.6)	0.1	1.5	(1.2)
15 Other Taxes - Operating Taxes	4.7	4.5	4.6	4.3	4.8
16 Capital Costs	(7.2)	(3.2)	4.8	7.4	4.6
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	633.08	598.16	559.54	556.76	526.34
19 Depreciation and Amortization	171.96	164.34	142.44	128.65	134.59
20 Other Operations Expense	354.70	385.60	296.77	286.47	264.18
21 Income Taxes - Operating Taxes	(37.77)	(18.35)	0.74	17.08	(11.70)
22 Other Taxes - Operating Taxes	51.60	51.94	51.30	48.61	48.28
23 Capital Costs	(79.17)	(37.08)	53.48	83.19	46.57
24 Total	1,094.40	1,144.61	1,104.28	1,120.76	1,008.26

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,612,517	\$1,582,652	\$1,388,673	\$1,244,329	\$1,207,257	1
Central Office Assets	1,507,076	1,487,125	1,465,920	1,407,644	1,351,462	2
Information Origination/Termination	63,443	63,615	63,640	63,822	64,087	3
Cable And Wire Facilities	2,079,925	2,076,109	2,007,516	1,857,592	1,841,904	4
Amortizable Assets						5
Total Plant In Service	5,262,961	5,209,501	4,925,749	4,573,387	4,464,710	6
Property Held For Future Use						7
Plant Under Construction			162,047		14,239	8
Tel. Acquisition	72,459	72,459	72,459	72,459	72,459	9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	5,335,420	5,281,960	5,160,255	4,645,846	4,551,408	13
Less Acc. Prov. For Depreciation & Amort.	3,638,676	3,348,004	3,180,437	2,935,573	2,748,929	14
Net Total Utility Plant	\$1,696,744	\$1,933,956	\$1,979,818	\$1,710,273	\$1,802,479	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.93	1.98	2.67	5.24	5.33	16
Total Capitalization	\$2,816,089	\$3,057,461	\$4,466,283	\$4,472,064	\$4,323,281	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	11.9%	14.9%	12.7%	15.1%	17.9%	18
Preferred Stock						19
Common Stock & Retained Earnings	83.8%	81.4%	84.9%	82.7%	80.0%	20
Short-Term Debt	4.3%	3.7%	2.4%	2.2%	2.1%	21
Pretax Coverage of Interest Expense	-3.57	2.36	3.50	6.23	1.81	22
Com. Stock Dividends as a % of Earnings	-15.8%	-213.5%	20.6%	9.1%	22.5%	23
Return on Common Equity	-4.6%	-3.6%	3.1%	7.4%	2.4%	24
Internal Cash Generated as a % of Cash Outflows for Construction	65.4%	-36.0%	90.7%	242.1%	184.2%	25
CWIP as a % of Plant			3.1%		0.3%	26

Current Assets	1,395,445	1,439,179	1,868,599	1,662,117	1,518,171
Current Liabilities	722,357	727,107	700,452	317,201	284,637
Total Capitalization	2,816,089	3,057,461	4,466,283	4,472,064	4,323,281
Long-Term Debt	334,337	455,937	569,283	675,074	773,572
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,360,383	2,488,415	3,791,583	3,698,848	3,458,224
Short-Term Debt	121,369	113,109	105,417	98,142	91,485
Pretax Income	(133,852)	106,706	183,570	369,290	148,281
Interest Expense	37,460	45,173	52,521	59,277	82,141
Common Dividends Paid	17,460	240,000	24,000	24,000	18,000
Net Income (Excl. Preferred Stock Dividends)	(110,572)	(112,416)	116,735	264,624	80,147
Internal Cash	79,418	(86,957)	476,607	406,848	262,474
Cash Outflows for Construction	(121,467)	(241,741)	(525,570)	(168,041)	(142,497)
CWIP			162,047		14,239
Total Plant	5,335,420	5,281,960	5,160,255	4,645,846	4,551,408
Shares Outstanding	873	873	1,200	1,200	1,200
Number of Employees	10	10	11	12	12

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$173,614	\$355,269	\$319,504	(\$482,207)	(\$132,078)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	518,841	543,378	562,646	582,071	607,242	2
Changes in Deferred Income Taxes	(117,206)	143,635	(71,989)	(35,067)	(38,634)	3
Changes in Working Capital	(210,719)	728,693	(747)	70,932	55,707	4
Capitalized AFDC - Equity						5
Other	(165,001)	(817,480)	(162,667)	636,888	272,000	6
Total Non-Cash Items	25,915	598,226	327,243	1,254,824	896,315	7
Net Cash Provided From Operating Activities	<u>199,529</u>	<u>953,495</u>	<u>646,747</u>	<u>772,617</u>	<u>764,237</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(431,664)	(663,367)	(286,127)	(460,628)	(250,553)	9
Purchase of Other Investments	3,998	(122,255)	75,365	28,140	(358,810)	10
Sale of Other Investments	(3,646)	817,353	(359)	(3,437)	(6,354)	11
Other				188,648		12
Net Cash Provided From Investing Activities	<u>(431,312)</u>	<u>31,731</u>	<u>(211,121)</u>	<u>(247,277)</u>	<u>(615,717)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(73,831)	(70,241)	(66,853)	(98,165)	(130,652)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt		(375,000)				17
Dividends Paid	(227,500)	(227,500)	(227,500)	(227,500)		18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(301,331)</u>	<u>(672,741)</u>	<u>(294,353)</u>	<u>(325,665)</u>	<u>(130,652)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(533,114)	312,485	141,273	199,675	17,868	21
Cash & Equivalents at Beginning of Year	1,468,465	1,155,980	1,014,707	815,032	797,164	22
Cash & Equivalents at End of Year	\$935,351	\$1,468,465	\$1,155,980	\$1,014,707	\$815,032	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$2,687,746	\$2,671,498	\$2,834,684	\$3,091,930	\$3,147,705
2 Access Lines	4,184	4,375	4,422	4,496	4,558
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,196,534	\$1,099,683	\$1,048,014	\$1,172,051	\$1,233,076
4 Depreciation and Amortization	518,328	542,864	562,132	581,557	606,729
5 Other Operations Expense	792,164	853,896	847,126	794,170	865,830
6 Total Operation Expenses	2,507,026	2,496,443	2,457,272	2,547,778	2,705,635
7 Income Taxes - Operating Taxes	25,134	9,126	67,710	78,727	31,182
8 Other Taxes - Operating Taxes	156,555	142,930	142,555	149,127	144,375
9 Capital Costs	(969)	22,999	167,147	316,298	266,513
10 Total	\$2,687,746	\$2,671,498	\$2,834,684	\$3,091,930	\$3,147,705
PERCENT OF REVENUES					
11 Wages and Benefits	44.5	41.2	37.0	37.9	39.2
12 Depreciation and Amortization	19.3	20.3	19.8	18.8	19.3
13 Other Operations Expense	29.5	32.0	29.9	25.7	27.5
14 Income Taxes - Operating Taxes	0.9	0.3	2.4	2.5	1.0
15 Other Taxes - Operating Taxes	5.8	5.4	5.0	4.8	4.6
16 Capital Costs	(0.0)	0.9	5.9	10.2	8.5
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	285.98	251.36	237.00	260.69	270.53
19 Depreciation and Amortization	123.88	124.08	127.12	129.35	133.11
20 Other Operations Expense	189.33	195.18	191.57	176.64	189.96
21 Income Taxes - Operating Taxes	6.01	2.09	15.31	17.51	6.84
22 Other Taxes - Operating Taxes	37.42	32.67	32.24	33.17	31.68
23 Capital Costs	(0.23)	5.26	37.80	70.35	58.47
24 Total	642.39	610.63	641.04	687.71	690.59

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,949,099	\$1,885,685	1,474,283	\$1,444,276	\$1,337,669	1
Central Office Assets	4,290,194	4,228,078	4,065,407	4,001,251	3,799,297	2
Information Origination/Termination	145,154	145,154	145,154	145,154	145,154	3
Cable And Wire Facilities	5,213,493	5,147,845	5,040,266	4,968,770	4,862,519	4
Amortizable Assets	290	290	290	290	290	5
Total Plant In Service	11,598,230	11,407,052	10,725,400	10,559,741	10,144,929	6
Property Held For Future Use						7
Plant Under Construction	183,915	1,009	51,484	22,756		8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	11,782,145	11,408,061	10,776,884	10,582,497	10,144,929	13
Less Acc. Prov. For Depreciation & Amort.	8,967,713	8,509,735	7,998,703	7,531,078	6,968,894	14
Net Total Utility Plant	\$2,814,432	\$2,898,326	\$2,778,181	\$3,051,419	\$3,176,035	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	3.11	3.07	2.83	2.53	4.40	16
Total Capitalization	\$7,166,619	\$7,291,853	\$7,748,127	\$7,798,607	\$8,490,378	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	4.4%	5.4%	6.0%	6.8%	7.4%	18
Preferred Stock						19
Common Stock & Retained Earnings	95.6%	94.6%	89.2%	88.4%	88.2%	20
Short-Term Debt			4.8%	4.8%	4.4%	21
Pretax Coverage of Interest Expense	7.03	25.73	15.95	-13.63	-1.97	22
Com. Stock Dividends as a % of Earnings	131.0%	64.0%	71.2%	-47.2%		23
Return on Common Equity	2.5%	5.1%	4.6%	-6.7%	-1.8%	24
Internal Cash Generated as a % of Cash Outflows for Construction	46.2%	143.7%	226.0%	167.7%	305.0%	25
CWIP as a % of Plant	1.6%	0.0%	0.5%	0.2%		26

Current Assets	1,552,394	2,052,968	2,199,972	2,156,297	3,149,066
Current Liabilities	499,698	669,255	776,922	850,672	714,893
Total Capitalization	7,166,619	7,291,853	7,748,127	7,798,607	8,490,378
Long-Term Debt	318,851	392,682	462,923	529,776	627,941
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	6,847,768	6,899,171	6,910,204	6,893,831	7,487,437
Short-Term Debt			375,000	375,000	375,000
Pretax Income	250,524	559,538	402,523	(404,687)	(77,914)
Interest Expense	35,660	21,745	25,231	29,697	39,497
Common Dividends Paid	227,500	227,500	227,500	227,500	
Net Income (Excl. Preferred Stock Dividends)	173,614	355,269	319,504	(482,207)	(132,078)
Internal Cash	199,529	953,495	646,747	772,617	764,237
Cash Outflows for Construction	(431,664)	(663,367)	(286,127)	(460,628)	(250,553)
CWIP	183,915	1,009	51,484	22,756	
Total Plant	11,782,145	11,408,061	10,776,884	10,582,497	10,144,929
Shares Outstanding	1,300	1,300	1,300	1,300	1,300
Number of Employees	21	21	21	23	19

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$174,466	(\$65,301)	\$21,063	(\$463,040)	(\$68,200)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,550,327	1,496,254	1,378,289	1,361,368	1,331,706	2
Changes in Deferred Income Taxes	(253,905)	537,886	(194,527)	(123,288)	(54,853)	3
Changes in Working Capital	(781,040)	607,615	51,588	(1,756,075)	1,678,965	4
Capitalized AFDC - Equity						5
Other	223,405	(1,385,668)	75,313	154,681	206,751	6
Total Non-Cash Items	738,787	1,256,087	1,310,663	(363,314)	3,162,569	7
Net Cash Provided From Operating Activities	<u>913,253</u>	<u>1,190,786</u>	<u>1,331,726</u>	<u>(826,354)</u>	<u>3,094,369</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(994,661)	(1,043,702)	(1,000,268)	(567,762)	(638,723)	9
Purchase of Other Investments	(300,000)	(375,000)				10
Sale of Other Investments	81,557	1,970,182	647,351	218,414	(22,754)	11
Other						12
Net Cash Provided From Investing Activities	<u>(1,213,104)</u>	<u>551,480</u>	<u>(352,917)</u>	<u>(349,348)</u>	<u>(661,477)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(256,627)	(242,881)	(229,837)	(217,477)	(205,813)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(98,600)	(98,600)	(105,825)	(109,140)	(1,590,555)	18
Other Financing		(285,714)	(554,622)			19
Net Cash Provided From Financing Activities	<u>(355,227)</u>	<u>(627,195)</u>	<u>(890,284)</u>	<u>(326,617)</u>	<u>(1,796,368)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(655,078)	1,115,071	88,525	(1,502,319)	636,524	21
Cash & Equivalents at Beginning of Year	3,197,401	2,082,330	1,993,805	3,496,124	2,859,600	22
Cash & Equivalents at End of Year	\$2,542,323	\$3,197,401	\$2,082,330	\$1,993,805	\$3,496,124	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$5,716,151	\$5,081,086	\$5,208,364	\$5,078,826	\$5,221,949
2 Access Lines	6,778	7,094	7,234	7,220	7,136
DOLLAR AMOUNTS					
3 Wages and Benefits	\$2,100,032	\$2,210,423	\$2,140,236	\$2,043,822	\$2,200,789
4 Depreciation and Amortization	1,550,327	1,496,254	1,378,289	1,360,665	1,331,003
5 Other Operations Expense	1,002,375	966,517	971,184	937,888	963,443
6 Total Operation Expenses	4,652,734	4,673,194	4,489,709	4,342,375	4,495,235
7 Income Taxes - Operating Taxes	148,226	(443,215)	90,935	91,889	14,325
8 Other Taxes - Operating Taxes	325,835	387,838	326,038	306,925	300,742
9 Capital Costs	589,356	463,269	301,682	337,637	411,647
10 Total	\$5,716,151	\$5,081,086	\$5,208,364	\$5,078,826	\$5,221,949
PERCENT OF REVENUES					
11 Wages and Benefits	36.7	43.5	41.1	40.2	42.1
12 Depreciation and Amortization	27.1	29.4	26.5	26.8	25.5
13 Other Operations Expense	17.5	19.0	18.6	18.5	18.4
14 Income Taxes - Operating Taxes	2.6	(8.7)	1.7	1.8	0.3
15 Other Taxes - Operating Taxes	5.7	7.6	6.3	6.0	5.8
16 Capital Costs	10.3	9.1	5.8	6.6	7.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	309.83	311.59	295.86	283.08	308.41
19 Depreciation and Amortization	228.73	210.92	190.53	188.46	186.52
20 Other Operations Expense	147.89	136.24	134.25	129.90	135.01
21 Income Taxes - Operating Taxes	21.87	(62.48)	12.57	12.73	2.01
22 Other Taxes - Operating Taxes	48.07	54.67	45.07	42.51	42.14
23 Capital Costs	86.95	65.30	41.70	46.76	57.69
24 Total	843.34	716.25	719.98	703.44	731.78

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,135,067	\$3,036,643	\$3,074,029	\$3,141,128	\$3,192,448	1
Central Office Assets	6,653,180	6,862,705	6,162,216	5,775,349	5,552,569	2
Information Origination/Termination	70,966	73,454	291,707	290,941	290,273	3
Cable And Wire Facilities	10,583,427	10,259,077	10,005,352	9,762,431	9,752,521	4
Amortizable Assets						5
Total Plant In Service	20,442,640	20,231,879	19,533,304	18,969,849	18,787,811	6
Property Held For Future Use						7
Plant Under Construction	246,046	176,779	224,906	83,875	61,655	8
Tel. Acquisition						9
Other Plant	(50)	(50)	(50)	(50)	(50)	10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	20,688,636	20,408,608	19,758,160	19,053,674	18,849,416	13
Less Acc. Prov. For Depreciation & Amort.	15,751,168	14,810,807	13,735,668	12,658,496	11,676,779	14
Net Total Utility Plant	\$4,937,468	\$5,597,801	\$6,022,492	\$6,395,178	\$7,172,637	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	12.44	4.33	10.21	8.93	2.19	16
Total Capitalization	\$10,582,122	\$10,762,883	\$11,455,379	\$12,307,826	\$12,627,560	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	16.6%	18.7%	19.7%	20.2%	21.4%	18
Preferred Stock						19
Common Stock & Retained Earnings	83.4%	81.3%	80.3%	79.8%	78.6%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	3.10	1.42	1.37	-2.90	0.69	22
Com. Stock Dividends as a % of Earnings	56.5%	-151.0%	502.4%	-23.6%	-2332.2%	23
Return on Common Equity	2.0%	-0.7%	0.2%	-4.7%	-0.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	91.8%	114.1%	133.1%	-145.5%	484.5%	25
CWIP as a % of Plant	1.2%	0.9%	1.1%	0.4%	0.3%	26

Current Assets	3,699,444	4,239,915	3,047,948	3,052,425	4,528,693
Current Liabilities	297,435	979,110	298,434	341,671	2,066,087
Total Capitalization	10,582,122	10,762,883	11,455,379	12,307,826	12,627,560
Long-Term Debt	1,755,110	2,011,737	2,254,618	2,484,455	2,701,932
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	8,827,012	8,751,146	9,200,761	9,823,371	9,925,628
Short-Term Debt					
Pretax Income	471,730	201,702	212,750	(487,807)	124,014
Interest Expense	152,131	142,378	155,509	167,949	179,688
Common Dividends Paid	98,600	98,600	105,825	109,140	1,590,555
Net Income (Excl. Preferred Stock Dividends)	174,466	(65,301)	21,063	(463,040)	(68,200)
Internal Cash	913,254	1,190,786	1,331,726	(826,354)	3,094,369
Cash Outflows for Construction	(994,661)	(1,043,702)	(1,000,268)	(567,762)	(638,723)
CWIP	246,046	176,779	224,906	83,875	61,655
Total Plant	20,688,636	20,408,608	19,758,160	19,053,674	18,849,416
Shares Outstanding	580	580	597	462	642
Number of Employees	36	39	37	37	38

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$911,515,356)	(\$818,803,311)	(\$424,932,985)	(\$543,733,366)	(\$692,122,925)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,404,258,778	1,526,072,099	1,651,688,532	2,119,099,426	2,153,299,570	2
Changes in Deferred Income Taxes	(244,036,543)	(89,796,242)	(178,625,436)	156,397,797	163,958,548	3
Changes in Working Capital	28,061,187	(330,229,479)	(579,475,196)	(655,025,545)	243,380,903	4
Capitalized AFDC - Equity						5
Other	553,732,375	259,887,158	296,457,855	479,388,869	1,511,632,502	6
Total Non-Cash Items	1,742,015,797	1,365,933,536	1,190,045,755	2,099,860,547	4,072,271,524	7
Net Cash Provided From Operating Activities	<u>830,500,441</u>	<u>547,130,225</u>	<u>765,112,771</u>	<u>1,556,127,181</u>	<u>3,380,148,599</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,328,229,759)	(1,340,333,601)	(1,345,488,987)	(1,214,548,886)	(1,208,882,902)	9
Purchase of Other Investments	(26,361,051)	(6,795,438)	6,795,438			10
Sale of Other Investments	75,476,889	(95,574,447)	183,788,019	(67,657,690)	211,875,661	11
Other					(899,393,883)	12
Net Cash Provided From Investing Activities	<u>(1,279,113,921)</u>	<u>(1,442,703,486)</u>	<u>(1,154,905,530)</u>	<u>(1,282,206,576)</u>	<u>(1,896,401,125)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt		(1,038,778)	(197,811,528)	(849,491,046)	(1,100,705,361)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(1,562,357,241)	907,673,006	64,318,315	606,498,535	(71,690,113)	17
Dividends Paid					(180,000,000)	18
Other Financing	2,010,968,085	(11,095,065)	523,261,969	(30,920,615)	(131,345,852)	19
	(15,435,587)	(2,049,927)	38,221,372	29,668,628	(137,543,854)	
Net Cash Provided From Financing Activities	<u>433,175,257</u>	<u>893,489,236</u>	<u>427,990,128</u>	<u>(244,244,497)</u>	<u>(1,621,285,180)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(15,438,222)	(2,084,025)	38,197,369	29,676,107	(137,537,706)	21
Cash & Equivalents at Beginning of Year	483,112,697	485,196,722	446,999,353	417,323,246	554,860,952	22
Cash & Equivalents at End of Year	\$467,674,475	\$483,112,697	\$485,196,722	\$446,999,353	\$417,323,246	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$5,446,265,183	\$5,845,018,008	\$6,235,093,862	\$6,725,463,904	\$6,922,943,037
2 Access Lines	6,801,105	7,585,762	8,541,221	9,577,469	10,252,109
DOLLAR AMOUNTS					
3 Wages and Benefits	\$3,355,944,666	\$3,417,769,417	\$3,384,064,802	\$3,375,199,059	\$4,177,039,311
4 Depreciation and Amortization	1,404,258,778	1,526,072,772	1,651,688,532	2,119,099,426	2,153,299,570
5 Other Operations Expense	1,752,622,955	1,688,534,298	1,642,095,902	1,666,467,043	1,682,492,927
6 Total Operation Expenses	6,512,826,400	6,632,376,487	6,677,849,236	7,160,765,528	8,012,831,809
7 Income Taxes - Operating Taxes	(532,448,533)	(454,528,305)	(278,188,181)	(416,700,998)	(678,000,128)
8 Other Taxes - Operating Taxes	481,126,927	524,368,813	506,345,895	571,226,059	669,934,466
9 Capital Costs	(1,015,239,610)	(857,198,986)	(670,913,088)	(589,826,686)	(1,081,823,110)
10 Total	\$5,446,265,183	\$5,845,018,008	\$6,235,093,862	\$6,725,463,904	\$6,922,943,037
PERCENT OF REVENUES					
11 Wages and Benefits	61.6	58.5	54.3	50.2	60.3
12 Depreciation and Amortization	25.8	26.1	26.5	31.5	31.1
13 Other Operations Expense	32.2	28.9	26.3	24.8	24.3
14 Income Taxes - Operating Taxes	(9.8)	(7.8)	(4.5)	(6.2)	(9.8)
15 Other Taxes - Operating Taxes	8.8	9.0	8.1	8.5	9.7
16 Capital Costs	(18.6)	(14.7)	(10.8)	(8.8)	(15.6)
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	493.44	450.55	396.20	352.41	407.43
19 Depreciation and Amortization	206.48	201.18	193.38	221.26	210.03
20 Other Operations Expense	257.70	222.59	192.26	174.00	164.11
21 Income Taxes - Operating Taxes	(78.29)	(59.92)	(32.57)	(43.51)	(66.13)
22 Other Taxes - Operating Taxes	70.74	69.13	59.28	59.64	65.35
23 Capital Costs	(149.28)	(113.00)	(78.55)	(61.58)	(105.52)
24 Total	800.79	770.52	730.00	702.22	675.27

Notes:

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

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,455,344,153	\$3,614,141,113	\$3,636,604,116	\$3,850,205,568	\$3,834,316,862	1
Central Office Assets	11,732,866,459	12,203,683,512	12,420,794,347	12,544,734,533	12,549,221,730	2
Information Origination/Termination	441,041,359	467,923,570	472,256,673	591,113,738	571,284,578	3
Cable And Wire Facilities	13,814,431,763	12,987,726,754	12,375,207,537	11,835,960,510	11,440,709,790	4
Amortizable Assets	386,716,275	535,079,061	602,404,225	771,984,152	803,069,602	5
Total Plant In Service	29,830,400,009	29,808,554,010	29,507,266,898	29,593,998,501	29,198,602,562	6
Property Held For Future Use		1,856,610	1,856,610	1,757,886	2,001,759	7
Plant Under Construction	235,450,947	373,710,957	267,252,854	324,258,675	169,832,171	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	18,717,183	27,171,406	37,618,833	32,656,308	32,364,339	11
Goodwill						12
Total Telecommunications Plant	30,084,568,139	30,211,292,983	29,813,995,195	29,952,671,370	29,402,800,831	13
Less Acc. Prov. For Depreciation & Amort.	19,735,045,854	19,706,082,848	19,156,188,554	18,458,681,637	17,018,380,386	14
Net Total Utility Plant	\$10,349,522,285	\$10,505,210,134	\$10,657,806,641	\$11,493,989,733	\$12,384,420,445	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.43	0.34	0.40	0.34	0.42	16
Total Capitalization	\$7,030,850,843	\$7,470,658,523	\$6,983,681,264	\$6,890,586,329	\$7,834,907,077	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	37.7%	38.8%	41.5%	42.0%	48.4%	18
Preferred Stock						19
Common Stock & Retained Earnings	29.4%	12.6%	19.5%	16.5%	23.6%	20
Short-Term Debt	32.9%	48.6%	38.9%	41.4%	28.1%	21
Pretax Coverage of Interest Expense	-3.79	-2.85	-1.64	-2.83	-4.47	22
Com. Stock Dividends as a % of Earnings					-13.1%	23
Return on Common Equity	-82.4%	-91.3%	-53.1%	-36.4%	-63.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	62.5%	40.8%	56.9%	128.1%	204.7%	25
CWIP as a % of Plant	0.8%	1.2%	0.9%	1.1%	0.6%	26

Current Assets	1,680,677,520	1,792,344,737	1,870,378,308	1,689,051,215	2,401,669,998
Current Liabilities	3,948,883,272	5,245,892,135	4,621,908,718	5,020,556,954	5,725,581,486
Total Capitalization	7,030,850,843	7,470,658,523	6,983,681,264	6,890,586,329	7,834,907,077
Long-Term Debt	2,651,160,078	2,900,371,877	2,899,241,490	2,896,511,832	3,789,734,370
Preferred Stock	-	-			
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,064,589,184	942,958,806	1,364,596,316	1,139,171,632	1,846,943,253
Short-Term Debt	2,315,101,582	3,627,327,840	2,719,843,459	2,854,902,865	2,198,229,454
Pretax Income	(1,397,068,859)	(1,107,866,656)	(572,457,695)	(852,462,654)	(1,643,513,620)
Interest Expense	368,219,306	388,495,098	349,108,809	301,010,183	367,292,821
Common Dividends Paid	-				180,000,000
Net Income (Excl. Preferred Stock Dividends)	(1,239,620,202)	(1,053,576,799)	(664,751,534)	(543,733,366)	(1,370,426,530)
Internal Cash	830,500,441	547,130,225	765,112,771	1,556,127,181	2,474,062,592
Cash Outflows for Construction	(1,328,229,759)	(1,340,333,601)	(1,345,488,987)	(1,214,548,886)	(1,208,882,902)
CWIP	235,450,947	373,710,957	267,252,854	324,258,675	169,832,171
Total Plant	30,084,568,139	30,211,292,983	29,813,995,195	29,952,671,370	29,402,800,831
Shares Outstanding	1	1	1	1	1
Number of Employees	22,562	24,461	25,694	26,434	26,575

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$169,739	\$176,587	(\$767,067)	(\$819,392)	\$361,562	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	584,293	540,696	526,249	528,752	511,108	2
Changes in Deferred Income Taxes	(302,369)	(559,147)	(37,442)	(32,847)	(54,762)	3
Changes in Working Capital	227,368	203,280	86,027	(103,182)	42,455	4
Capitalized AFDC - Equity						5
Other	(89,467)	(462,253)	764,825	868,321	(235,436)	6
Total Non-Cash Items	419,825	(277,424)	1,339,659	1,261,044	263,365	7
Net Cash Provided From Operating Activities	<u>589,564</u>	<u>(100,837)</u>	<u>572,592</u>	<u>441,652</u>	<u>624,927</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(373,590)	(480,565)	(267,173)	(248,180)	(401,407)	9
Purchase of Other Investments	(269,628)	(1,174,331)	(50,675)	(110,621)	(120,274)	10
Sale of Other Investments	458,908	1,915,887	2,469	786	1,950	11
Other	1,700,000					12
Net Cash Provided From Investing Activities	<u>1,515,690</u>	<u>260,991</u>	<u>(315,379)</u>	<u>(358,015)</u>	<u>(519,731)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(146,774)	(139,638)	(133,775)	(128,204)	(122,916)	14
Common Stock						15
Preferred Stock			(85,500)	(500)	(2,100)	16
Short-Term Debt					(3,696)	17
Dividends Paid	(1,700,000)		(2,400)	(5,145)	(5,163)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(1,846,774)</u>	<u>(139,638)</u>	<u>(221,675)</u>	<u>(133,849)</u>	<u>(133,875)</u>	20
Net Increase (Decrease) in Cash & Equivalents	258,480	20,516	35,538	(50,212)	(28,679)	21
Cash & Equivalents at Beginning of Year	107,069	86,553	51,015	101,227	129,906	22
Cash & Equivalents at End of Year	\$365,549	\$107,069	\$86,553	\$51,015	\$101,227	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$2,877,436	\$2,735,299	\$2,935,476	\$2,824,244	\$2,838,956
2 Access Lines	3,424	3,527	3,618	3,704	3,764
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,458,840	\$1,429,756	\$1,451,018	\$1,409,734	\$1,334,049
4 Depreciation and Amortization	583,106	539,509	525,062	527,565	509,923
5 Other Operations Expense	805,562	888,095	853,919	802,971	826,865
6 Total Operation Expenses	2,847,508	2,857,360	2,829,999	2,740,270	2,670,837
7 Income Taxes - Operating Taxes	(91,389)	(134,760)	(59,713)	(81,336)	(59,701)
8 Other Taxes - Operating Taxes	197,290	234,877	186,040	168,940	169,810
9 Capital Costs	(75,973)	(222,178)	(\$20,850)	(3,630)	58,010
10 Total	\$2,877,436	\$2,735,299	\$2,935,476	\$2,824,244	\$2,838,956
PERCENT OF REVENUES					
11 Wages and Benefits	50.7	52.3	49.4	49.9	47.0
12 Depreciation and Amortization	20.3	19.7	17.9	18.7	18.0
13 Other Operations Expense	28.0	32.5	29.1	28.4	29.1
14 Income Taxes - Operating Taxes	(3.2)	(4.9)	(2.0)	(2.9)	(2.1)
15 Other Taxes - Operating Taxes	6.9	8.6	6.3	6.0	6.0
16 Capital Costs	(2.6)	(8.1)	(0.7)	(0.1)	2.0
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	426.06	405.37	401.06	380.60	354.42
19 Depreciation and Amortization	170.30	152.97	145.12	142.43	135.47
20 Other Operations Expense	235.27	251.80	236.02	216.78	219.68
21 Income Taxes - Operating Taxes	(26.69)	(38.21)	(16.50)	(21.96)	(15.86)
22 Other Taxes - Operating Taxes	57.62	66.59	51.42	45.61	45.11
23 Capital Costs	(22.19)	(62.99)	(5.76)	(0.98)	15.41
24 Total	840.37	775.53	811.35	762.48	754.24

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,668,041	\$2,682,246	\$2,633,983	\$2,626,580	\$2,619,305	1
Central Office Assets	3,037,118	2,930,585	2,674,982	2,624,252	2,577,264	2
Information Origination/Termination	87,408	88,440	88,930	89,572	90,595	3
Cable And Wire Facilities	4,877,137	4,785,771	4,674,327	4,635,645	4,535,818	4
Amortizable Assets	45	45	45	45	45	5
Total Plant In Service	10,669,749	10,487,087	10,072,267	9,976,094	9,823,027	6
Property Held For Future Use						7
Plant Under Construction	237,143	104,782	175,995	58,585	32,195	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	10,906,892	10,591,869	10,248,262	10,034,679	9,855,222	13
Less Acc. Prov. For Depreciation & Amort.	7,268,678	6,719,462	6,316,284	5,834,652	5,369,557	14
Net Total Utility Plant	\$3,638,214	\$3,872,407	\$3,931,978	\$4,200,027	\$4,485,665	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.41	1.48	3.13	5.29	2.56	16
Total Capitalization	\$4,895,312	\$6,559,523	\$6,480,828	\$7,434,909	\$8,388,150	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	17.9%	15.6%	18.0%	17.5%	17.0%	18
Preferred Stock				1.1%	1.0%	19
Common Stock & Retained Earnings	82.1%	84.4%	82.0%	81.4%	82.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	1.89	3.38	-8.94	-8.90	4.48	22
Com. Stock Dividends as a % of Earnings	1001.5%					23
Return on Common Equity	3.6%	3.3%	-13.5%	-12.8%	5.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	157.8%	-21.0%	214.3%	178.0%	155.7%	25
CWIP as a % of Plant	2.2%	1.0%	1.7%	0.6%	0.3%	26

Current Assets	760,370	543,476	520,598	505,046	579,500
Current Liabilities	538,561	368,096	166,118	95,432	226,179
Total Capitalization	4,895,312	6,559,523	6,480,828	7,434,909	8,388,150
Long-Term Debt	878,535	1,025,309	1,164,947	1,298,722	1,426,926
Preferred Stock				85,500	86,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	4,016,777	5,534,214	5,315,881	6,050,687	6,875,224
Short-Term Debt					
Pretax Income	193,729	312,856	(737,236)	(783,951)	418,547
Interest Expense	102,271	92,597	82,464	88,064	93,396
Common Dividends Paid	1,700,000				
Net Income (Excl. Preferred Stock Dividends)	169,739	176,587	(769,467)	(824,537)	356,399
Internal Cash	589,564	(100,837)	572,592	441,652	624,927
Cash Outflows for Construction	(373,590)	(480,565)	(267,173)	(248,180)	(401,407)
CWIP	237,143	104,782	175,995	58,585	32,195
Total Plant	10,906,892	10,591,869	10,248,262	10,034,679	9,855,222
Shares Outstanding	23	23	23	23	23
Number of Employees	23	23	24	26	27

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$528,063)	\$10,909	\$208,620	(\$111,317)	(\$210,222)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	532,424	467,305	539,323	684,782	685,302	2
Changes in Deferred Income Taxes	9,313	(233,602)	(44,318)	(103,622)	1,147	3
Changes in Working Capital	95,027	(107,705)	29,862	(198,459)	(342,138)	4
Capitalized AFDC - Equity						5
Other	139,899	(83,674)	347,419	101,892	210,379	6
Total Non-Cash Items	776,663	42,324	872,286	484,593	554,690	7
Net Cash Provided From Operating Activities	<u>248,600</u>	<u>53,233</u>	<u>1,080,906</u>	<u>373,276</u>	<u>344,468</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(334,523)	(315,150)	(204,942)	(392,906)	(117,775)	9
Purchase of Other Investments	(73,422)	(111,835)	(7,695)	(74,722)	(3,725)	10
Sale of Other Investments	(2,502)	1,152,044	333,936	12,838	35,055	11
Other						12
Net Cash Provided From Investing Activities	<u>(410,447)</u>	<u>725,059</u>	<u>121,299</u>	<u>(454,790)</u>	<u>(86,445)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(200,221)	(188,288)	(177,136)	(166,672)	(157,537)	14
Common Stock						15
Preferred Stock	(13,324)	77,436				16
Short-Term Debt	(8,067)	(8,225)	(118,000)			17
Dividends Paid		3,092	(8,382)	(8,382)	(8,382)	18
Other Financing			(550,000)			19
Net Cash Provided From Financing Activities	<u>(221,612)</u>	<u>(115,985)</u>	<u>(853,518)</u>	<u>(175,054)</u>	<u>(165,919)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(383,459)	662,307	348,687	(256,568)	92,104	21
Cash & Equivalents at Beginning of Year	1,144,480	482,173	133,486	390,054	297,950	22
Cash & Equivalents at End of Year	\$761,021	\$1,144,480	\$482,173	\$133,486	\$390,054	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$2,793,775	\$3,127,839	\$3,396,539	\$3,452,384	\$3,663,283
2 Access Lines	2,201	2,401	2,493	2,549	2,551
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,439,605	\$1,374,597	\$1,505,312	\$1,489,460	\$1,390,434
4 Depreciation and Amortization	525,701	466,186	538,205	683,664	684,183
5 Other Operations Expense	923,781	840,918	1,012,129	1,095,426	946,492
6 Total Operation Expenses	2,889,087	2,681,701	3,055,646	3,268,549	3,021,109
7 Income Taxes - Operating Taxes	(185,621)	(225,044)	1,429	(127,029)	63,890
8 Other Taxes - Operating Taxes	152,317	194,619	167,913	168,344	180,068
9 Capital Costs	(\$62,008)	\$476,563	\$171,551	142,520	398,216
10 Total	\$2,793,775	\$3,127,839	\$3,396,539	\$3,452,384	\$3,663,283
PERCENT OF REVENUES					
11 Wages and Benefits	51.5	43.9	44.3	43.1	38.0
12 Depreciation and Amortization	18.8	14.9	15.8	19.8	18.7
13 Other Operations Expense	33.1	26.9	29.8	31.7	25.8
14 Income Taxes - Operating Taxes	(6.6)	(7.2)	0.0	(3.7)	1.7
15 Other Taxes - Operating Taxes	5.5	6.2	4.9	4.9	4.9
16 Capital Costs	(2.2)	15.2	5.1	4.1	10.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	654.07	572.51	603.82	584.33	545.05
19 Depreciation and Amortization	238.85	194.16	215.89	268.21	268.20
20 Other Operations Expense	419.71	350.24	405.99	429.75	371.03
21 Income Taxes - Operating Taxes	(84.33)	(93.73)	0.57	(49.83)	25.05
22 Other Taxes - Operating Taxes	69.20	81.06	67.35	66.04	70.59
23 Capital Costs	(28.17)	198.49	68.81	55.91	156.10
24 Total	1,269.32	1,302.72	1,362.43	1,354.41	1,436.02

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,880,796	\$2,862,643	\$2,885,043	\$3,017,572	\$3,042,599	1
Central Office Assets	3,009,596	2,721,253	2,677,500	2,435,615	2,403,216	2
Information Origination/Termination	207,958	207,958	207,958	207,958	207,958	3
Cable And Wire Facilities	4,928,981	4,910,105	4,882,740	4,836,121	4,760,491	4
Amortizable Assets	150	150	150	150	150	5
Total Plant In Service	11,027,481	10,702,109	10,653,391	10,497,416	10,414,414	6
Property Held For Future Use						7
Plant Under Construction	34,338	75,958	25,560	219,126	25,329	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	11,061,819	10,778,067	10,678,951	10,716,542	10,439,743	13
Less Acc. Prov. For Depreciation & Amort.	8,223,424	7,729,236	7,468,174	7,152,277	6,568,791	14
Net Total Utility Plant	\$2,838,395	\$3,048,831	\$3,210,777	\$3,564,265	\$3,870,952	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	2.88	4.16	3.70	2.87	2.61	16
Total Capitalization	\$4,028,744	\$4,777,836	\$4,882,911	\$5,527,809	\$5,814,179	17
Percent Of Capitalization (Incl. S-T Debt)						
Long-Term Debt	48.8%	45.6%	48.8%	46.5%	47.3%	18
Preferred Stock	2.5%	2.1%	2.0%	1.8%	1.7%	19
Common Stock & Retained Earnings	41.9%	46.5%	45.4%	46.4%	46.2%	20
Short-Term Debt	6.9%	5.8%	3.8%	5.3%	4.8%	21
Pretax Coverage of Interest Expense	-1.62	2.05	2.28	-0.45	0.06	22
Com. Stock Dividends as a % of Earnings	-0.4%	45.3%	1.2%	-2.0%	-1.1%	23
Return on Common Equity	-27.3%	0.2%	8.5%	-4.5%	-7.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	74.5%	16.9%	527.4%	95.0%	292.5%	25
CWIP as a % of Plant	0.3%	0.7%	0.2%	2.0%	0.2%	26

Current Assets	2,286,080	2,600,358	1,754,515	1,305,782	1,474,708
Current Liabilities	792,997	625,519	473,819	455,351	564,708
Total Capitalization	4,028,744	4,777,836	4,882,911	5,527,809	5,814,179
Long-Term Debt	1,965,865	2,179,824	2,381,396	2,570,551	2,747,463
Preferred Stock	100,000	100,000	100,000	100,000	100,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,686,723	2,222,269	2,216,493	2,566,255	2,685,953
Short-Term Debt	276,156	275,743	185,022	291,003	280,763
Pretax Income	(313,123)	335,522	394,348	(83,316)	12,948
Interest Expense	193,655	163,445	173,100	183,774	222,910
Common Dividends Paid	2,067	2,225	2,382	2,382	2,382
Net Income (Excl. Preferred Stock Dividends)	(533,479)	4,909	202,620	(117,317)	(216,222)
Internal Cash	249,184	53,233	1,080,906	373,276	344,468
Cash Outflows for Construction	(334,523)	(315,150)	(204,942)	(392,906)	(117,775)
CWIP	34,338	75,958	25,560	219,126	25,329
Total Plant	11,061,819	10,778,067	10,678,951	10,716,542	10,439,743
Shares Outstanding	689	689	820	820	820
Number of Employees	15	16	17	17	19

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$1,654,407	\$2,955,460	\$2,501,854	\$850,382	\$2,285,040	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	2,064,042	2,027,715	1,544,141	2,303,195	2,030,496	2
Changes in Deferred Income Taxes	(399,161)	(209,857)	234,967	(26,872)	(89,696)	3
Changes in Working Capital	428,156	607,224	(554,451)	8,486,462	(2,764,757)	4
Capitalized AFDC - Equity						5
Other	3,066,064	(507,779)	(1,311,617)	651,901	(269,010)	6
Total Non-Cash Items	5,159,101	1,917,303	(86,960)	11,414,686	(1,092,967)	7
Net Cash Provided From Operating Activities	<u>6,813,508</u>	<u>4,872,763</u>	<u>2,414,894</u>	<u>12,265,068</u>	<u>1,192,073</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(1,289,962)	(1,354,015)	(730,510)	(1,014,113)	(1,110,888)	9
Purchase of Other Investments	(2,569,822)	(3,554,807)	(1,230,275)	(10,217,641)	1,585	10
Sale of Other Investments	7,348					11
Other						12
Net Cash Provided From Investing Activities	<u>(3,852,436)</u>	<u>(4,908,822)</u>	<u>(1,960,785)</u>	<u>(11,231,754)</u>	<u>(1,109,303)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(2,958,083)	41,184	(457,895)	149,921	(76,478)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid				(1,171,000)		18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(2,958,083)</u>	<u>41,184</u>	<u>(457,895)</u>	<u>(1,021,079)</u>	<u>(76,478)</u>	20
Net Increase (Decrease) in Cash & Equivalents	2,989	5,125	(3,786)	12,235	6,292	21
Cash & Equivalents at Beginning of Year	12,335	7,210	10,996	(1,239)	(7,530)	22
Cash & Equivalents at End of Year	\$15,325	\$12,335	\$7,210	\$10,996	(\$1,239)	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$9,167,205	\$10,003,962	\$10,403,523	\$9,193,619	\$11,058,983
2 Access Lines	16,310	18,293	19,571	21,414	22,380
DOLLAR AMOUNTS					
3 Wages and Benefits	\$970,481	\$1,007,809	\$986,283	\$968,899	\$1,060,513
4 Depreciation and Amortization	2,064,042	2,027,715	2,076,531	2,425,828	2,683,046
5 Other Operations Expense	2,156,158	2,286,128	2,696,764	3,439,432	2,914,600
6 Total Operation Expenses	5,190,682	5,321,652	5,759,578	6,834,160	6,658,159
7 Income Taxes - Operating Taxes	838,254	1,507,943	1,320,154	505,558	1,244,337
8 Other Taxes - Operating Taxes	688,689	868,196	621,676	619,480	574,834
9 Capital Costs	2,449,580	2,306,172	2,702,115	1,234,422	2,581,653
10 Total	\$9,167,205	\$10,003,962	\$10,403,523	\$9,193,619	\$11,058,983
PERCENT OF REVENUES					
11 Wages and Benefits	10.6	10.1	9.5	10.5	9.6
12 Depreciation and Amortization	22.5	20.3	20.0	26.4	24.3
13 Other Operations Expense	23.5	22.9	25.9	37.4	26.4
14 Income Taxes - Operating Taxes	9.1	15.1	12.7	5.5	11.3
15 Other Taxes - Operating Taxes	7.5	8.7	6.0	6.7	5.2
16 Capital Costs	26.7	23.1	26.0	13.4	23.3
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	59.50	55.09	50.40	45.25	47.39
19 Depreciation and Amortization	126.55	110.85	106.10	113.28	119.89
20 Other Operations Expense	132.20	124.97	137.79	160.62	130.23
21 Income Taxes - Operating Taxes	51.40	82.43	67.45	23.61	55.60
22 Other Taxes - Operating Taxes	42.22	47.46	31.77	28.93	25.69
23 Capital Costs	150.19	126.07	138.07	57.65	115.36
24 Total	562.06	546.87	531.58	429.33	494.15

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,222,397	\$3,139,418	\$3,261,591	\$3,393,565	\$3,230,923	1
Central Office Assets	19,204,732	18,980,738	18,337,819	18,266,503	17,831,602	2
Information Origination/Termination	134,008	134,008	134,008	134,008	134,008	3
Cable And Wire Facilities	21,596,891	20,867,249	20,383,698	19,619,850	18,691,100	4
Amortizable Assets						5
Total Plant In Service	44,158,028	43,121,413	42,117,116	41,413,926	39,887,633	6
Property Held For Future Use						7
Plant Under Construction	662,500	463,507	572,363	411,034	923,215	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant		210,874				11
Goodwill						12
Total Telecommunications Plant	44,820,527	43,795,794	42,689,479	41,824,960	40,810,848	13
Less Acc. Prov. For Depreciation & Amort.	29,907,502	28,101,341	26,321,321	24,616,602	22,313,407	14
Net Total Utility Plant	\$14,913,025	\$15,694,453	\$16,368,158	\$17,208,358	\$18,497,441	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.78	0.96	1.24	0.64	1.23	16
Total Capitalization	\$30,650,442	\$29,524,521	\$27,066,624	\$25,032,926	\$25,792,070	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	7.8%	10.0%	12.9%	15.9%	17.7%	18
Preferred Stock						19
Common Stock & Retained Earnings	90.3%	88.2%	85.3%	82.2%	81.0%	20
Short-Term Debt	1.8%	1.8%	1.8%	1.9%	1.3%	21
Pretax Coverage of Interest Expense	11.18	19.67	15.23	4.03	11.98	22
Com. Stock Dividends as a % of Earnings				137.7%		23
Return on Common Equity	6.2%	12.0%	11.5%	4.1%	11.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	581.7%	359.9%	330.6%	1209.4%	107.3%	25
CWIP as a % of Plant	1.5%	1.1%	427.1%	1.0%	2.3%	26

Current Assets	1,818,185	2,081,424	2,832,245	2,259,541	46,555,799
Current Liabilities	2,323,817	2,173,628	2,275,132	3,534,879	37,986,455
Total Capitalization	30,650,442	29,524,521	27,066,624	25,032,926	25,792,070
Long-Term Debt	2,398,108	2,958,083	3,486,569	3,984,132	4,562,318
Preferred Stock	-				
Common Stock and Retained Earnings (Excl. Preferred Stock)	27,692,359	26,037,952	23,082,492	20,580,639	20,901,258
Short-Term Debt	559,975	528,487	497,562	468,155	328,494
Pretax Income	2,737,546	4,702,524	4,090,537	1,804,166	3,850,829
Interest Expense	244,885	239,121	268,528	448,226	321,452
Common Dividends Paid	-			1,171,000	
Net Income (Excl. Preferred Stock Dividends)	1,654,407	2,955,460	2,501,854	850,382	2,285,040
Internal Cash	7,504,165	4,872,763	2,414,893	12,265,068	1,192,073
Cash Outflows for Construction	(1,289,962)	(1,354,013)	(730,510)	(1,014,113)	(1,110,888)
CWIP	662,500	463,507	572,363	411,034	923,215
Total Plant	44,820,528	43,795,794	134,009	41,824,960	40,810,848
Shares Outstanding	131,026	131,026	131,026	131,026	131,026
Number of Employees	22	16	16	14	14

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$47,451	(\$285,240)	\$344,307	\$336,626	(\$55,658)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	854,507	881,426	865,864	1,117,899	1,103,812	2
Changes in Deferred Income Taxes	31,488	(160,601)	(113,130)	(110,498)	(12,046)	3
Changes in Working Capital	(6,888)	(564,474)	212,530	292,680	76,013	4
Capitalized AFDC - Equity						5
Other	(185,907)	97,639	(79,195)	(85,941)	(5,475)	6
Total Non-Cash Items	693,200	253,990	886,069	1,214,140	1,162,304	7
Net Cash Provided From Operating Activities	<u>740,651</u>	<u>(31,250)</u>	<u>1,230,376</u>	<u>1,550,766</u>	<u>1,106,646</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(547,158)	(768,629)	(735,023)	(241,366)	(324,277)	9
Purchase of Other Investments	(771,423)	(722,798)	(728,974)	(717,243)	344,556	10
Sale of Other Investments	421,124	745,119	424,809	218,250	175,821	11
Other						12
Net Cash Provided From Investing Activities	<u>(897,457)</u>	<u>(746,308)</u>	<u>(1,039,188)</u>	<u>(740,359)</u>	<u>196,100</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(123,155)	(200,529)	(531,785)	(528,520)	(501,483)	14
Common Stock						15
Preferred Stock			(500)		(100)	16
Short-Term Debt			117,578		(30,000)	17
Dividends Paid	(3,888)	(3,888)	(3,903)	(3,918)	(3,918)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(127,043)</u>	<u>(204,417)</u>	<u>(418,610)</u>	<u>(532,438)</u>	<u>(535,501)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(283,849)	(981,975)	(227,422)	277,969	767,245	21
Cash & Equivalents at Beginning of Year	2,781,812	3,763,788	3,991,210	3,713,241	2,945,996	22
Cash & Equivalents at End of Year	\$2,497,963	\$2,781,812	\$3,763,788	\$3,991,210	\$3,713,241	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$3,002,841	\$3,270,731	\$4,102,467	\$4,193,719	\$4,197,054
2 Access Lines	3,289	3,543	3,733	3,848	3,906
DOLLAR AMOUNTS					
3 Wages and Benefits	1,070,661	1,509,393	1,537,753	\$1,531,662	\$1,663,098
4 Depreciation and Amortization	848,036	881,470	865,467	1,118,052	1,103,414
5 Other Operations Expense	963,887	1,082,757	1,008,259	900,805	981,325
6 Total Operation Expenses	2,882,584	3,473,620	3,411,479	3,550,519	3,747,837
7 Income Taxes - Operating Taxes	(96,712)	(197,305)	57,321	919	(60,524)
8 Other Taxes - Operating Taxes	226,760	238,947	248,531	206,638	255,166
9 Capital Costs	(\$9,791)	(\$244,531)	\$385,136	435,643	254,575
10 Total	\$3,002,841	\$3,270,731	\$4,102,467	\$4,193,719	\$4,197,054
PERCENT OF REVENUES					
11 Wages and Benefits	35.7	46.1	37.5	36.5	39.6
12 Depreciation and Amortization	28.2	27.0	21.1	26.7	26.3
13 Other Operations Expense	32.1	33.1	24.6	21.5	23.4
14 Income Taxes - Operating Taxes	(3.2)	(6.0)	1.4	0.0	(1.4)
15 Other Taxes - Operating Taxes	7.6	7.3	6.1	4.9	6.1
16 Capital Costs	(0.3)	(7.5)	9.4	10.4	6.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	325.53	426.02	411.93	398.04	425.78
19 Depreciation and Amortization	257.84	248.79	231.84	290.55	282.49
20 Other Operations Expense	293.06	305.60	270.09	234.10	251.24
21 Income Taxes - Operating Taxes	(29.40)	(55.69)	15.36	0.24	(15.50)
22 Other Taxes - Operating Taxes	68.94	67.44	66.58	53.70	65.33
23 Capital Costs	(2.98)	(69.02)	103.17	113.21	65.18
24 Total	913.00	923.15	1,098.97	1,089.84	1,074.51

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$3,933,448	\$3,956,233	3,959,205	\$3,584,458	\$3,553,373	1
Central Office Assets	5,858,395	5,403,487	4,760,784	4,718,021	4,647,475	2
Information Origination/Termination	15,997	16,780	91,970	124,152	135,136	3
Cable And Wire Facilities	5,387,198	5,359,247	5,311,469	5,234,517	5,152,624	4
Amortizable Assets	43,125	43,125	43,125	41,125	41,125	5
Total Plant In Service	15,238,163	14,778,872	14,166,553	13,702,273	13,529,733	6
Property Held For Future Use						7
Plant Under Construction	36,814	5,978	97,728	56,988	26,679	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	15,274,977	14,784,850	14,264,281	13,759,261	13,556,412	13
Less Acc. Prov. For Depreciation & Amort.	9,133,130	8,351,912	7,687,292	7,042,478	5,982,526	14
Net Total Utility Plant	\$6,141,847	\$6,432,938	\$6,576,989	\$6,716,783	\$7,573,886	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	28.74	25.44	12.04	25.34	145.39	16
Total Capitalization	\$15,981,141	\$16,151,234	\$16,513,273	\$16,633,286	\$16,792,110	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	32.6%	33.0%	33.5%	35.7%	38.6%	18
Preferred Stock	0.2%	0.2%	0.2%	0.2%	0.2%	19
Common Stock & Retained Earnings	67.2%	66.8%	66.3%	64.0%	61.2%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%	21
Pretax Coverage of Interest Expense	1.03	-0.55	2.37	2.02	0.58	22
Com. Stock Dividends as a % of Earnings	4.0%	-0.6%	0.5%	0.5%	-3.1%	23
Return on Common Equity	0.4%	-2.6%	3.2%	3.2%	-0.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	135.4%	-4.1%	167.4%	642.5%	341.3%	25
CWIP as a % of Plant	0.2%	0.0%	0.7%	0.4%	0.2%	26

Current Assets	3,538,118	3,868,368	4,488,550	4,731,212	4,595,330
Current Liabilities	123,121	152,030	372,661	186,674	31,608
Total Capitalization	15,981,141	16,151,234	16,513,273	16,633,286	16,792,110
Long-Term Debt	5,207,588	5,330,743	5,531,271	5,945,478	6,473,998
Preferred Stock	34,850	34,850	34,850	35,350	35,350
Common Stock and Retained Earnings (Excl. Preferred Stock)	10,738,703	10,785,641	10,947,152	10,652,458	10,282,762
Short-Term Debt					
Pretax Income	284,711	(136,712)	801,554	723,054	232,709
Interest Expense	275,112	246,806	338,886	358,771	403,855
Common Dividends Paid	1,797	1,797	1,797	1,797	1,797
Net Income (Excl. Preferred Stock Dividends)	45,360	(285,240)	342,201	334,505	(57,779)
Internal Cash	740,652	(31,250)	1,230,376	1,550,766	1,106,646
Cash Outflows for Construction	(547,158)	(768,629)	(735,023)	(241,366)	(324,277)
CWIP	36,814	5,978	97,728	56,988	26,679
Total Plant	15,274,977	14,784,850	14,264,281	13,759,261	13,556,412
Shares Outstanding	1,702	1,702	1,702	1,702	1,702
Number of Employees	17	19	22	22	24

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$315,013	\$246,703	\$302,986	\$308,582	(\$1,271,029)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	510,884	546,813	535,878	539,659	528,463	2
Changes in Deferred Income Taxes	25,600	(224,164)	(25,443)	96,937	(9,538)	3
Changes in Working Capital	(244,579)	(117,202)	581,288	213,408	244,087	4
Capitalized AFDC - Equity						5
Other	(193,543)	72,869	(31,209)	80,446	1,471,850	6
Total Non-Cash Items	98,362	278,316	1,060,514	930,450	2,234,862	7
Net Cash Provided From Operating Activities	<u>413,375</u>	<u>525,019</u>	<u>1,363,500</u>	<u>1,239,032</u>	<u>963,833</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	145,255	(1,897,949)	(750,672)	(517,316)	(1,873,419)	9
Purchase of Other Investments	(620,548)	(1,154,111)	(732,598)	(632,587)		10
Sale of Other Investments	712,453	1,651,580	743,642	493,581	(132,161)	11
Other					68,767	12
Net Cash Provided From Investing Activities	<u>237,160</u>	<u>(1,400,480)</u>	<u>(739,628)</u>	<u>(656,322)</u>	<u>(1,936,813)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(233,471)	385,715		(85,483)	657,791	14
Common Stock			(70,982)			15
Preferred Stock						16
Short-Term Debt	(13,134)	21,772	11,004	26,208	53,408	17
Dividends Paid	(70,828)	(71,118)		(70,611)	(70,467)	18
Other Financing	(148,837)	(118,662)	(87,446)	(119,692)	(97,772)	19
		(104,116)	43,970	54,146	59,668	
Net Cash Provided From Financing Activities	<u>(466,270)</u>	<u>113,591</u>	<u>(103,454)</u>	<u>(195,432)</u>	<u>602,628</u>	20
Net Increase (Decrease) in Cash & Equivalents	184,265	(761,870)	520,418	387,278	(370,352)	21
Cash & Equivalents at Beginning of Year	506,487	1,268,357	747,939	360,661	731,013	22
Cash & Equivalents at End of Year	\$690,752	\$506,487	\$1,268,357	\$747,939	\$360,661	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$3,330,312	\$3,461,813	\$3,561,523	\$3,624,424	\$3,572,479
2 Access Lines	3,944	4,512	4,751	4,885	5,111
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,016,615	\$1,031,368	\$1,250,387	\$1,144,824	\$1,198,766
4 Depreciation and Amortization	510,884	545,613	534,678	538,459	526,513
5 Other Operations Expense	1,347,010	1,398,297	1,338,379	1,248,129	1,351,152
6 Total Operation Expenses	2,874,509	2,975,278	3,123,444	2,931,412	3,076,431
7 Income Taxes - Operating Taxes	24,980	(62,973)	(57,976)	90,312	116,474
8 Other Taxes - Operating Taxes	253,169	254,400	243,763	216,490	193,950
9 Capital Costs	177,654	295,108	\$252,292	386,210	185,624
10 Total	\$3,330,312	\$3,461,813	\$3,561,523	\$3,624,424	\$3,572,479
PERCENT OF REVENUES					
11 Wages and Benefits	30.5	29.8	35.1	31.6	33.6
12 Depreciation and Amortization	15.3	15.8	15.0	14.9	14.7
13 Other Operations Expense	40.4	40.4	37.6	34.4	37.8
14 Income Taxes - Operating Taxes	0.8	(1.8)	(1.6)	2.5	3.3
15 Other Taxes - Operating Taxes	7.6	7.3	6.8	6.0	5.4
16 Capital Costs	5.3	8.5	7.1	10.7	5.2
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	257.76	228.58	263.18	234.35	234.55
19 Depreciation and Amortization	129.53	120.92	112.54	110.23	103.02
20 Other Operations Expense	341.53	309.91	281.70	255.50	264.36
21 Income Taxes - Operating Taxes	6.33	(13.96)	(12.20)	18.49	22.79
22 Other Taxes - Operating Taxes	64.19	56.38	51.31	44.32	37.95
23 Capital Costs	45.04	65.41	53.10	79.06	36.32
24 Total	844.40	767.25	749.64	741.95	698.98

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,174,248	\$2,155,509	\$1,980,374	\$1,984,518	\$2,020,782	1
Central Office Assets	3,501,152	5,791,187	5,926,671	5,863,406	5,962,920	2
Information Origination/Termination	95,343	79,947	77,850	74,324	63,774	3
Cable And Wire Facilities	6,234,076	6,019,505	5,846,522	5,605,579	5,150,371	4
Amortizable Assets						5
Total Plant In Service	12,004,819	14,046,148	13,831,416	13,527,827	13,197,848	6
Property Held For Future Use						7
Plant Under Construction	101,804	987,108	339,120	336	512,671	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	12,106,623	15,033,256	14,170,536	13,528,163	13,710,519	13
Less Acc. Prov. For Depreciation & Amort.	3,475,124	5,765,631	6,181,372	5,707,170	5,956,803	14
Net Total Utility Plant	\$8,631,499	\$9,267,625	\$7,989,164	\$7,820,993	\$7,753,715	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.73	1.46	1.78	2.22	1.68	16
Total Capitalization	\$10,768,664	\$10,939,984	\$10,302,474	\$10,054,039	\$9,767,042	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	13.4%	15.3%	12.5%	14.9%	15.4%	18
Preferred Stock						19
Common Stock & Retained Earnings	82.4%	80.4%	83.2%	82.9%	81.8%	20
Short-Term Debt	4.2%	4.3%	4.3%	2.2%	2.9%	21
Pretax Coverage of Interest Expense	3.57	1.18	4.32	6.26	-15.08	22
Com. Stock Dividends as a % of Earnings	22.5%	28.8%	23.4%	22.9%	-5.5%	23
Return on Common Equity	3.6%	2.8%	3.6%	3.8%	-16.1%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-271.2%	27.7%	181.6%	239.5%	51.4%	25
CWIP as a % of Plant	0.8%	6.6%	2.4%	0.0%	3.7%	26

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$96,084	\$93,634	\$64,476	\$85,834	\$37,297	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	54,162	55,309	56,532	70,887	75,684	2
Changes in Deferred Income Taxes	(6,319)	1,813	9,686	(2,523)	1,902	3
Changes in Working Capital	15,153	4,096	(3,954)	9,284	3,030	4
Capitalized AFDC - Equity	0					5
Other	850	(2,057)	(1,253)	8,069	(5,862)	6
Total Non-Cash Items	63,846	59,161	61,011	85,717	74,754	7
Net Cash Provided From Operating Activities	<u>159,930</u>	<u>152,795</u>	<u>125,487</u>	<u>171,551</u>	<u>112,051</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(23,284)	(27,056)	(13,271)	(54,699)	(77,574)	9
Purchase of Other Investments						10
Sale of Other Investments	2,870	(1,231)	(1,483)	(9,445)		11
Other					295	12
Net Cash Provided From Investing Activities	<u>(20,414)</u>	<u>(28,287)</u>	<u>(14,754)</u>	<u>(64,144)</u>	<u>(77,279)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt			(283,181)	(6,208)	(5,906)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing	1,320					19
Net Cash Provided From Financing Activities	<u>1,320</u>	<u>0</u>	<u>(283,181)</u>	<u>(6,208)</u>	<u>(5,906)</u>	20
Net Increase (Decrease) in Cash & Equivalents	140,836	124,508	(172,448)	101,199	28,866	21
Cash & Equivalents at Beginning of Year	1,384,573	1,260,065	1,432,513	1,331,314	1,302,448	22
Cash & Equivalents at End of Year	\$1,525,410	\$1,384,573	\$1,260,065	\$1,432,513	\$1,331,314	23

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

	2007	2006	2,005	2004	2003
1 Revenues	\$439,660	\$447,005	\$450,387	\$492,711	\$478,488
2 Access Lines	606	658	663	704	713
DOLLAR AMOUNTS					
3 Wages and Benefits					
4 Depreciation and Amortization	\$54,163	\$55,309	\$56,532	\$70,888	\$75,684
5 Other Operations Expense	274,118	274,528	294,442	258,147	241,876
6 Total Operation Expenses	328,281	329,837	350,974	329,035	317,560
7 Income Taxes - Operating Taxes	30,687	31,269	23,527	44,758	84,197
8 Other Taxes - Operating Taxes	30,697	34,904	32,869	33,072	32,949
9 Capital Costs	49,995	50,995	43,017	85,846	43,782
10 Total	\$439,660	\$447,005	\$450,387	\$492,711	\$478,488
PERCENT OF REVENUES					
11 Wages and Benefits	0.0	0.0	0.0	0.0	0.0
12 Depreciation and Amortization	12.3	12.4	12.6	14.4	15.8
13 Other Operations Expense	62.3	61.4	65.4	52.4	50.6
14 Income Taxes - Operating Taxes	7.0	7.0	5.2	9.1	17.6
15 Other Taxes - Operating Taxes	7.0	7.8	7.3	6.7	6.9
16 Capital Costs	11.4	11.4	9.6	17.4	9.2
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	0.00	0.00	0.00	0.00	0.00
19 Depreciation and Amortization	89.38	84.06	85.27	100.69	106.15
20 Other Operations Expense	452.34	417.22	444.11	366.69	339.24
21 Income Taxes - Operating Taxes	50.64	47.52	35.49	63.58	118.09
22 Other Taxes - Operating Taxes	50.65	53.05	49.58	46.98	46.21
23 Capital Costs	82.50	77.50	64.88	121.94	61.41
24 Total	725.51	679.34	679.32	699.87	671.09

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$169,858	\$167,763	167,939	\$199,337	\$212,228	1
Central Office Assets	420,675	414,511	412,857	412,856	385,346	2
Information Origination/Termination	294	607	907	1,294	981	3
Cable And Wire Facilities	927,003	929,147	915,758	906,408	900,333	4
Amortizable Assets	10,330	17,860	14,016	16,437	18,383	5
Total Plant In Service	1,528,160	1,529,888	1,511,477	1,536,332	1,517,271	6
Property Held For Future Use						7
Plant Under Construction	10,308	99		116	479	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	1,538,468	1,529,987	1,511,477	1,536,448	1,517,750	13
Less Acc. Prov. For Depreciation & Amort.	991,859	949,631	904,095	887,288	861,847	14
Net Total Utility Plant	\$546,609	\$580,356	\$607,382	\$649,160	\$655,903	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	26.07	26.93	18.53	17.80	21.80	16
Total Capitalization	\$1,980,024	\$1,882,620	\$1,763,416	\$1,982,121	\$1,902,495	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	0.0%	0.0%	0.0%	13.9%	14.9%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	85.7%	84.8%	20
Short-Term Debt	0.0%	0.0%	0.0%	0.4%	0.3%	21
Pretax Coverage of Interest Expense	#DIV/0!	#DIV/0!	14.04	10.40	9.47	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	5.0%	5.1%	3.7%	5.2%	2.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	686.9%	564.8%	945.6%	313.6%	144.4%	25
CWIP as a % of Plant	0.7%	0.0%	0.0%	0.0%	0.0%	26

Current Assets	1,603,669	1,472,588	1,371,443	1,540,065	1,443,167
Current Liabilities	61,512	54,689	74,007	86,541	66,189
Total Capitalization	1,980,024	1,882,620	1,763,416	1,982,121	1,902,495
Long-Term Debt				276,181	282,769
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,980,024	1,882,620	1,763,416	1,698,940	1,613,106
Short-Term Debt				7,000	6,620
Pretax Income	151,588	147,862	106,031	150,936	140,863
Interest Expense			7,550	14,516	14,870
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	96,084	93,634	64,476	85,834	37,297
Internal Cash	159,931	152,795	125,487	171,551	112,051
Cash Outflows for Construction	(23,284)	(27,052)	(13,271)	(54,699)	(77,574)
CWIP	10,308	99	0	116	479
Total Plant	1,538,468	1,529,987	1,511,477	1,536,448	1,517,750
Shares Outstanding	149	149	149	149	149
Number of Employees	0	0	0	0	0

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$32,797)	\$92,088	\$131,058	\$95,226	\$126,670	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	262,124	260,759	279,292	295,413	260,542	2
Changes in Deferred Income Taxes	(50,368)	58,599	44,326	24,333	50,706	3
Changes in Working Capital	95,564	(148,683)	72,787	(494,956)	526,010	4
Capitalized AFDC - Equity						5
Other	3,786	(7,237)	(16,472)	(5,535)	1,660	6
Total Non-Cash Items	311,106	163,438	379,933	(180,745)	838,918	7
Net Cash Provided From Operating Activities	<u>278,309</u>	<u>255,526</u>	<u>510,991</u>	<u>(85,519)</u>	<u>965,588</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(164,203)	(162,185)	(57,619)	(63,393)	(745,500)	9
Purchase of Other Investments						10
Sale of Other Investments						11
Other	(4,437)	(3,466)	(16,976)	(2,965)	(3,057)	12
Net Cash Provided From Investing Activities	<u>(168,640)</u>	<u>(165,651)</u>	<u>(74,595)</u>	<u>(66,358)</u>	<u>(748,557)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt		(55,376)	(20,097)	(19,534)	(18,993)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(126,000)	(336,000)	(42,000)	(42,000)	(8,400)	18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(126,000)</u>	<u>(391,376)</u>	<u>(62,097)</u>	<u>(61,534)</u>	<u>(27,393)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(16,331)	(301,501)	374,299	(213,411)	189,638	21
Cash & Equivalents at Beginning of Year	553,007	854,508	480,208	693,619	503,981	22
Cash & Equivalents at End of Year	\$536,676	\$553,007	\$854,508	\$480,208	\$693,619	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$1,542,785	\$1,726,332	\$1,885,982	\$1,831,738	\$1,771,123
2 Access Lines	1,153	1,270	1,306	1,336	1,387
DOLLAR AMOUNTS					
3 Wages and Benefits	\$937,379	\$980,333	\$993,841	\$1,005,572	\$956,681
4 Depreciation and Amortization	262,124	260,759	279,292	295,413	260,542
5 Other Operations Expense	347,440	346,295	355,661	345,727	287,263
6 Total Operation Expenses	1,546,944	1,587,387	1,628,795	1,646,712	1,504,486
7 Income Taxes - Operating Taxes	(34,154)	8,430	51,085	6,779	63,157
8 Other Taxes - Operating Taxes	84,141	88,048	90,081	88,631	82,068
9 Capital Costs	(54,146)	42,467	116,021	89,616	121,411
10 Total	\$1,542,785	\$1,726,332	\$1,885,982	\$1,831,738	\$1,771,123
PERCENT OF REVENUES					
11 Wages and Benefits	60.8	56.8	52.7	54.9	54.0
12 Depreciation and Amortization	17.0	15.1	14.8	16.1	14.7
13 Other Operations Expense	22.5	20.1	18.9	18.9	16.2
14 Income Taxes - Operating Taxes	(2.2)	0.5	2.7	0.4	3.6
15 Other Taxes - Operating Taxes	5.5	5.1	4.8	4.8	4.6
16 Capital Costs	(3.5)	2.5	6.2	4.9	6.9
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	812.99	771.92	760.98	752.67	689.75
19 Depreciation and Amortization	227.34	205.32	213.85	221.12	187.85
20 Other Operations Expense	301.34	272.67	272.33	258.78	207.11
21 Income Taxes - Operating Taxes	(29.62)	6.64	39.12	5.07	45.54
22 Other Taxes - Operating Taxes	72.98	69.33	68.97	66.34	59.17
23 Capital Costs	(46.96)	33.44	88.84	67.08	87.53
24 Total	1,338.06	1,359.32	1,444.09	1,371.06	1,276.95

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,023,541	\$1,006,748	\$998,459	\$1,022,416	\$971,589	1
Central Office Assets	1,881,770	1,876,138	1,855,334	1,837,219	1,756,276	2
Information Origination/Termination	974	974	974	1,015	1,053	3
Cable And Wire Facilities	1,755,608	1,679,003	1,656,095	1,592,081	1,578,523	4
Amortizable Assets						5
Total Plant In Service	4,661,893	4,562,863	4,510,862	4,452,730	4,307,440	6
Property Held For Future Use						7
Plant Under Construction	62,246	50,826	16,902	70,255	173,178	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	4,724,139	4,613,690	4,527,764	4,522,985	4,480,618	13
Less Acc. Prov. For Depreciation & Amort.	3,512,881	3,308,947	3,132,138	2,922,711	2,653,464	14
Net Total Utility Plant	\$1,211,258	\$1,304,743	\$1,395,626	\$1,600,274	\$1,827,154	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	9.34	7.38	9.09	7.66	1.82	16
Total Capitalization	\$1,532,867	\$1,691,663	\$2,011,048	\$1,941,525	\$1,907,294	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt			2.8%	3.9%	5.0%	18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	96.2%	95.1%	94.0%	20
Short-Term Debt			1.0%	1.0%	1.0%	21
Pretax Coverage of Interest Expense	-32.83	58.17	46.79	23.44	38.52	22
Com. Stock Dividends as a % of Earnings	-384.2%	364.9%	32.0%	44.1%	6.6%	23
Return on Common Equity	-2.0%	5.1%	6.9%	5.2%	7.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	169.5%	157.6%	886.8%	-134.9%	129.5%	25
CWIP as a % of Plant	1.3%	1.1%	0.4%	1.6%	3.9%	26

Current Assets	786,973	855,485	1,064,050	789,161	959,575
Current Liabilities	84,266	115,873	117,065	103,041	526,173
Total Capitalization	1,532,867	1,691,663	2,011,048	1,941,525	1,907,294
Long-Term Debt			55,376	75,473	95,007
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,532,867	1,691,663	1,935,576	1,846,518	1,793,294
Short-Term Debt			20,096	19,534	18,993
Pretax Income	(61,720)	118,626	185,308	105,547	193,803
Interest Expense	1,880	2,039	3,960	4,502	5,031
Common Dividends Paid	126,000	336,000	42,000	42,000	8,400
Net Income (Excl. Preferred Stock Dividends)	(32,797)	92,088	131,058	95,226	126,670
Internal Cash	278,310	255,526	510,991	(85,519)	965,588
Cash Outflows for Construction	(164,203)	(162,185)	(57,619)	(63,393)	(745,500)
CWIP	62,246	50,826	16,902	70,255	173,178
Total Plant	4,724,139	4,613,690	4,527,764	4,522,985	4,480,618
Shares Outstanding	1,920	1,920	1,920	1,920	1,920
Number of Employees	9	10	11	11	12

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$76,119)	\$53,563	\$227,529	\$219,560	\$629,756	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	681,495	698,907	666,082	625,361	593,974	2
Changes in Deferred Income Taxes	(64,433)	(89,322)	(45,863)	48,312	52,580	3
Changes in Working Capital	175,385	62,639	(113,264)	212,190	(232,496)	4
Capitalized AFDC - Equity	0					5
Other	(57,426)	183,996	89,742	(72,473)	34,116	6
Total Non-Cash Items	735,021	856,220	596,697	813,390	448,174	7
Net Cash Provided From Operating Activities	<u>658,902</u>	<u>909,783</u>	<u>824,226</u>	<u>1,032,950</u>	<u>1,077,930</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(191,094)	(238,721)	(618,366)	(288,912)	(507,869)	9
Purchase of Other Investments						10
Sale of Other Investments	38,807	80,356	34,146	4,349	97,500	11
Other		3			(16,224)	12
Net Cash Provided From Investing Activities	<u>(152,287)</u>	<u>(158,362)</u>	<u>(584,220)</u>	<u>(284,563)</u>	<u>(426,593)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(35,208)	(35,209)	(2,243,213)	(339,813)	(389,568)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid			(7,369,000)			18
Other Financing	15,035	(13,156)	22,665	(9,873)		19
Net Cash Provided From Financing Activities	<u>(20,173)</u>	<u>(48,365)</u>	<u>(9,589,548)</u>	<u>(349,686)</u>	<u>(389,568)</u>	20
Net Increase (Decrease) in Cash & Equivalents	486,442	703,056	(9,349,542)	398,701	261,769	21
Cash & Equivalents at Beginning of Year	923,692	220,636	9,570,178	9,171,477	8,909,708	22
Cash & Equivalents at End of Year	\$1,410,134	\$923,692	\$220,636	\$9,570,178	\$9,171,477	23

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

	2007	2006	2,005	2004	2003
1 Revenues	\$2,659,645	\$2,691,582	\$2,856,840	\$2,887,857	\$2,821,615
2 Access Lines	3,092	3,221	3,385	3,680	3,742
DOLLAR AMOUNTS					
3 Wages and Benefits	\$366,182	\$375,630	\$478,463	\$406,433	\$430,844
4 Depreciation and Amortization	681,495	698,907	666,082	625,361	593,974
5 Other Operations Expense	1,594,563	1,507,106	1,395,754	1,341,531	1,477,084
6 Total Operation Expenses	2,642,240	2,581,643	2,540,299	2,373,325	2,501,902
7 Income Taxes - Operating Taxes	(61,411)	(28,011)	42,841	102,289	(1,613,681)
8 Other Taxes - Operating Taxes	174,860	165,479	190,540	186,183	182,248
9 Capital Costs	(96,044)	(27,529)	83,160	226,060	1,751,146
10 Total	\$2,659,645	\$2,691,582	\$2,856,840	\$2,887,857	\$2,821,615
PERCENT OF REVENUES					
11 Wages and Benefits	13.8	14.0	16.7	14.1	15.3
12 Depreciation and Amortization	25.6	26.0	23.3	21.7	21.1
13 Other Operations Expense	60.0	56.0	48.9	46.5	52.3
14 Income Taxes - Operating Taxes	(2.3)	(1.0)	1.5	3.5	(57.2)
15 Other Taxes - Operating Taxes	6.6	6.1	6.7	6.4	6.5
16 Capital Costs	(3.6)	(1.0)	2.9	7.8	62.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	118.43	116.62	141.35	110.44	115.14
19 Depreciation and Amortization	220.41	216.98	196.77	169.94	158.73
20 Other Operations Expense	515.71	467.90	412.34	364.55	394.73
21 Income Taxes - Operating Taxes	(19.86)	(8.70)	12.66	27.80	(431.23)
22 Other Taxes - Operating Taxes	56.55	51.38	56.29	50.59	48.70
23 Capital Costs	(31.06)	(8.55)	24.57	61.43	467.97
24 Total	860.17	835.64	843.97	784.74	754.04

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$891,901	\$934,481	\$1,051,736	\$1,094,269	\$1,087,168	1
Central Office Assets	3,857,895	3,745,746	3,684,832	3,377,536	3,373,402	2
Information Origination/Termination	7,527	10,192	11,381	11,358	14,230	3
Cable And Wire Facilities	5,713,494	5,672,395	5,601,126	5,539,303	5,450,630	4
Amortizable Assets	191,837	200,544	197,202	147,355	129,248	5
Total Plant In Service	10,662,654	10,563,358	10,546,277	10,169,821	10,054,678	6
Property Held For Future Use						7
Plant Under Construction	6,898	35,520	19,192	16,727	53,061	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	10,669,552	10,598,878	10,565,469	10,186,548	10,107,739	13
Less Acc. Prov. For Depreciation & Amort.	6,424,571	5,848,162	5,362,226	4,936,651	4,554,283	14
Net Total Utility Plant	\$4,244,981	\$4,750,716	\$5,203,243	\$5,249,897	\$5,553,456	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	3.86	3.57	1.83	13.31	13.34	16
Total Capitalization	\$4,994,209	\$5,090,501	\$5,098,462	\$14,460,481	\$14,590,607	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	2.5%	3.2%	4.2%	14.6%	17.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	96.3%	95.8%	95.1%	82.9%	80.7%	20
Short-Term Debt	1.2%	1.0%	0.7%	2.5%	2.4%	21
Pretax Coverage of Interest Expense	-7.15	54.50	6.34	3.68	2.16	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	3238.7%	0.0%	0.0%	23
Return on Common Equity	-1.6%	1.1%	2.7%	1.8%	5.5%	24
Internal Cash Generated as a % of Cash Outflows for Construction	344.8%	381.1%	133.3%	357.5%	212.2%	25
CWIP as a % of Plant	0.1%	0.3%	0.2%	0.2%	0.5%	26

Current Assets	1,968,155	1,567,752	1,002,396	10,244,896	10,056,430
Current Liabilities	509,499	438,923	547,753	769,824	753,712
Total Capitalization	4,994,209	5,090,501	5,098,462	14,460,481	14,590,607
Long-Term Debt	127,218	161,117	213,626	2,110,032	2,476,120
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	4,807,339	4,876,876	4,849,628	11,991,099	11,771,539
Short-Term Debt	59,652	52,508	35,208	359,350	342,948
Pretax Income	(104,451)	70,851	382,665	470,498	308,918
Interest Expense	14,612	1,300	60,343	127,754	142,962
Common Dividends Paid			7,369,000		
Net Income (Excl. Preferred Stock Dividends)	(76,119)	53,563	227,529	219,560	629,756
Internal Cash	658,902	909,783	824,226	1,032,950	1,077,930
Cash Outflows for Construction	(191,094)	(238,721)	(618,366)	(288,912)	(507,869)
CWIP	6,898	35,520	19,192	16,727	53,061
Total Plant	10,669,552	10,598,878	10,565,469	10,186,548	10,107,739
Shares Outstanding	1,330	1,330	1,330	1,330	1,330
Number of Employees	5	6	6	7	7

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$58,182,475	\$46,668,206	\$39,856,581	\$33,768,552	\$28,195,318	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	68,662,256	32,732,915	71,962,380	71,962,380	70,120,884	2
Changes in Deferred Income Taxes	(17,497,728)	20,945,822	18,754,712	8,620,493	(35,793,876)	3
Changes in Working Capital	39,616,181	(2,081,705)	(55,602,804)	(363,712,750)	(60,546,797)	4
Capitalized AFDC - Equity			119,469	119,469	2,112,257	5
Other	4,790,150	5,381,266	6,977,339	(6,547,562)	(30,759,320)	6
Total Non-Cash Items	95,570,859	56,978,298	42,211,096	(289,557,970)	(54,866,852)	7
Net Cash Provided From Operating Activities	<u>153,753,334</u>	<u>103,646,504</u>	<u>82,067,677</u>	<u>(255,789,418)</u>	<u>(26,671,534)</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(37,780,577)	396,651	(42,603,562)	(42,603,562)	(96,952,904)	9
Purchase of Other Investments	(40,082,828)	(103,704,138)	(41,972,212)	296,770,411	(739,306,919)	10
Sale of Other Investments	389,987		2,569,893	(111,377)	854,866,916	11
Other			(200)			12
Net Cash Provided From Investing Activities	<u>(77,473,418)</u>	<u>(103,307,487)</u>	<u>(82,006,081)</u>	<u>254,055,472</u>	<u>18,607,093</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid	(80,000,000)					18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(80,000,000)</u>					20
Net Increase (Decrease) in Cash & Equivalents	(3,720,084)	339,017	61,596	(1,733,946)	(8,064,441)	21
Cash & Equivalents at Beginning of Year	851,328	512,311	450,715	2,184,661	10,249,102	22
Cash & Equivalents at End of Year	(\$2,868,757)	\$851,328	\$512,311	\$450,715	\$2,184,661	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$321,185,560	\$323,806,026	\$335,884,333	\$342,188,028	\$340,204,135
2 Access Lines	309,187	415,139	456,030	501,422	530,480
DOLLAR AMOUNTS					
3 Wages and Benefits	\$68,188,871	\$68,343,244	\$78,515,542	\$77,720,089	\$83,151,647
4 Depreciation and Amortization	68,662,256	69,411,916	72,655,379	71,698,324	31,983,144
5 Other Operations Expense	86,676,029	97,588,609	98,900,096	127,927,688	111,162,525
6 Total Operation Expenses	223,527,156	235,343,770	250,071,017	277,346,101	226,297,315
7 Income Taxes - Operating Taxes	29,301,532	21,823,725	20,828,095	19,932,910	16,022,644
8 Other Taxes - Operating Taxes	20,195,685	21,440,996	21,448,332	20,472,341	22,166,766
9 Capital Costs	48,161,186	45,197,536	43,536,888	24,436,677	75,717,410
10 Total	\$321,185,560	\$323,806,026	\$335,884,333	\$342,188,028	\$340,204,135
PERCENT OF REVENUES					
11 Wages and Benefits	21.2	21.1	23.4	22.7	24.4
12 Depreciation and Amortization	21.4	21.4	21.6	21.0	9.4
13 Other Operations Expense	27.0	30.1	29.4	37.4	32.7
14 Income Taxes - Operating Taxes	9.1	6.7	6.2	5.8	4.7
15 Other Taxes - Operating Taxes	6.3	6.6	6.4	6.0	6.5
16 Capital Costs	15.0	14.0	13.0	7.1	22.3
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	220.54	164.63	172.17	155.00	156.75
19 Depreciation and Amortization	222.07	167.20	159.32	142.99	60.29
20 Other Operations Expense	280.34	235.07	216.87	255.13	209.55
21 Income Taxes - Operating Taxes	94.77	52.57	45.67	39.75	30.20
22 Other Taxes - Operating Taxes	65.32	51.65	47.03	40.83	41.79
23 Capital Costs	155.77	108.87	95.47	48.73	142.73
24 Total	1,038.81	779.99	736.54	682.44	641.31

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$136,846,452	\$134,322,206	\$135,648,672	\$139,485,633	\$138,000,231	1
Central Office Assets	583,833,229	573,969,306	563,387,672	562,409,091	544,617,233	2
Information Origination/Termination	17,917,954	17,910,383	20,779,412	15,803,599	15,349,372	3
Cable And Wire Facilities	676,534,760	665,562,668	654,767,599	644,629,205	631,103,358	4
Amortizable Assets	11,937,767	12,012,348	12,130,926	12,638,909	12,187,367	5
Total Plant In Service	1,427,070,162	1,403,776,911	1,386,714,281	1,374,966,437	1,341,257,561	6
Property Held For Future Use						7
Plant Under Construction	20,759,589	16,771,092	13,638,941	12,850,397	14,243,663	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant					2,065,321	11
Goodwill						12
Total Telecommunications Plant	1,447,829,751	1,420,548,003	1,400,353,222	1,387,816,834	1,357,566,545	13
Less Acc. Prov. For Depreciation & Amort.	950,712,655	892,159,241	839,629,993	795,857,132	737,051,640	14
Net Total Utility Plant	\$497,117,096	\$528,388,762	\$560,723,229	\$591,959,702	\$620,514,904	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.05	1.97	1.83	0.89	0.18	16
Total Capitalization	\$689,078,648	\$710,896,174	\$664,227,967	\$624,371,387	\$590,602,836	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	14.03	12.31	12.13	8.79	1.83	22
Com. Stock Dividends as a % of Earnings	137.5%					23
Return on Common Equity	8.3%	6.8%	6.2%	5.6%	4.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	501.4%	-26130.3%	192.6%	-600.4%	-27.5%	25
CWIP as a % of Plant	1.4%	1.2%	1.0%	0.9%	1.0%	26

Current Assets	88,732,690	95,731,712	98,866,336	96,845,697	119,080,098
Current Liabilities	84,614,450	48,661,833	53,955,883	109,006,542	650,409,169
Total Capitalization	689,078,648	710,896,174	664,227,967	624,371,387	590,602,836
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	689,078,648	710,896,174	664,227,967	624,371,387	590,602,836
Short-Term Debt					
Pretax Income	94,197,545	74,549,505	66,135,424	60,602,754	97,668,217
Interest Expense	6,713,539	6,057,574	5,450,748	6,897,943	53,450,211
Common Dividends Paid	80,000,000				
Net Income (Excl. Preferred Stock Dividends)	58,182,474	46,668,206	39,856,581	33,768,552	28,195,318
Internal Cash	189,430,541	103,646,504	82,067,677	(255,789,418)	(26,671,534)
Cash Outflows for Construction	(37,780,577)	396,653	(42,603,562)	(42,603,562)	(96,952,904)
CWIP	20,759,589	16,771,092	13,638,941	12,850,397	14,243,663
Total Plant	1,447,829,751	1,420,548,003	1,400,353,222	1,387,816,834	1,357,566,544
Shares Outstanding					
Number of Employees	723	904	943	1,124	1,181

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$366,434	\$701,128	\$580,184	\$799,583	\$780,935	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,021,071	962,393	1,028,726	970,352	918,383	2
Changes in Deferred Income Taxes	(166,419)	(64,172)	(114,086)	26,224	153,580	3
Changes in Working Capital	(260,831)	(52,447)	71,087	(6,288)	(212,280)	4
Capitalized AFDC - Equity						5
Other						6
Total Non-Cash Items	593,821	845,774	985,727	990,288	859,683	7
Net Cash Provided From Operating Activities	<u>960,255</u>	<u>1,546,902</u>	<u>1,565,911</u>	<u>1,789,871</u>	<u>1,640,618</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(767,809)	(797,012)	(1,033,387)	(1,033,019)	(1,020,156)	9
Purchase of Other Investments						10
Sale of Other Investments	6,500		11,495	10,523	13,995	11
Other		(4,413)	(2,423)	(1,002)	(26,684)	12
Net Cash Provided From Investing Activities	<u>(761,309)</u>	<u>(801,425)</u>	<u>(1,024,315)</u>	<u>(1,023,498)</u>	<u>(1,032,845)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock	(384,000)	(448,000)	(776,000)	(780,000)	(840,000)	15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid						18
Other Financing	129,829	(34,346)	(140,801)	(58,496)	(49,336)	19
Net Cash Provided From Financing Activities	<u>(254,171)</u>	<u>(482,346)</u>	<u>(916,801)</u>	<u>(838,496)</u>	<u>(889,336)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(55,225)	263,131	(375,205)	(72,123)	(281,563)	21
Cash & Equivalents at Beginning of Year	259,519	(3,612)	371,593	443,716	725,279	22
Cash & Equivalents at End of Year	\$204,294	\$259,519	(\$3,612)	\$371,593	\$443,716	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$4,604,023	\$5,024,413	\$5,220,752	\$5,417,852	\$5,308,792
2 Access Lines	7,457	7,874	8,503	8,777	8,915
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,748,794	\$1,882,512	\$2,113,360	\$2,022,669	\$1,978,388
4 Depreciation and Amortization	1,021,071	962,393	1,028,726	970,352	918,383
5 Other Operations Expense	1,222,218	1,173,783	1,222,274	1,264,546	1,129,865
6 Total Operation Expenses	3,992,083	4,018,688	4,364,360	4,257,567	4,026,636
7 Income Taxes - Operating Taxes	65,323	206,237	170,653	229,681	373,867
8 Other Taxes - Operating Taxes	170,535	246,202	271,555	273,203	244,971
9 Capital Costs	376,082	553,286	414,184	657,401	663,318
10 Total	\$4,604,023	\$5,024,413	\$5,220,752	\$5,417,852	\$5,308,792
PERCENT OF REVENUES					
11 Wages and Benefits	38.0	37.5	40.5	37.3	37.3
12 Depreciation and Amortization	22.2	19.2	19.7	17.9	17.3
13 Other Operations Expense	26.5	23.4	23.4	23.3	21.3
14 Income Taxes - Operating Taxes	1.4	4.1	3.3	4.2	7.0
15 Other Taxes - Operating Taxes	3.7	4.9	5.2	5.0	4.6
16 Capital Costs	8.2	11.0	7.9	12.1	12.5
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	234.52	239.08	248.54	230.45	221.92
19 Depreciation and Amortization	136.93	122.22	120.98	110.56	103.02
20 Other Operations Expense	163.90	149.07	143.75	144.07	126.74
21 Income Taxes - Operating Taxes	8.76	26.19	20.07	26.17	41.94
22 Other Taxes - Operating Taxes	22.87	31.27	31.94	31.13	27.48
23 Capital Costs	50.43	70.27	48.71	74.90	74.40
24 Total	617.41	638.10	613.99	617.28	595.49

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,075,991	\$2,059,658	\$1,996,805	\$1,922,332	\$1,948,467	1
Central Office Assets	6,555,628	6,299,225	6,059,878	5,706,186	5,378,372	2
Information Origination/Termination	333,945	333,945	333,945	333,945	333,945	3
Cable And Wire Facilities	8,738,879	8,271,806	7,804,070	7,310,501	6,797,681	4
Amortizable Assets						5
Total Plant In Service	17,704,443	16,964,634	16,194,698	15,272,964	14,458,465	6
Property Held For Future Use						7
Plant Under Construction						8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	969,450	969,450	946,913	909,965	871,054	11
Goodwill						12
Total Telecommunications Plant	18,673,893	17,934,084	17,141,611	16,182,929	15,329,519	13
Less Acc. Prov. For Depreciation & Amort.	14,367,805	13,368,234	12,414,793	11,451,700	10,651,436	14
Net Total Utility Plant	\$4,306,088	\$4,565,850	\$4,726,818	\$4,731,229	\$4,678,083	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	13.95	4.62	3.73	6.99	12.79	16
Total Capitalization	\$4,554,539	\$4,849,774	\$4,596,646	\$4,792,462	\$4,772,879	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt						18
Preferred Stock						19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	100.0%	100.0%	20
Short-Term Debt						21
Pretax Coverage of Interest Expense	7196.95	1418.76	418.13	572.81	642.56	22
Com. Stock Dividends as a % of Earnings	104.8%	63.9%	133.8%	97.6%	107.6%	23
Return on Common Equity	7.8%	14.8%	12.4%	16.7%	16.3%	24
Internal Cash Generated as a % of Cash Outflows for Construction	125.1%	194.1%	151.5%	173.3%	160.8%	25
CWIP as a % of Plant						26

Current Assets	1,070,475	1,195,039	913,204	1,310,325	1,286,611
Current Liabilities	76,748	258,760	244,661	187,351	100,595
Total Capitalization	4,554,539	4,849,774	4,596,646	4,792,462	4,772,879
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	4,554,539	4,849,774	4,596,646	4,792,462	4,772,879
Short-Term Debt					
Pretax Income	431,817	908,005	752,637	1,031,064	1,156,602
Interest Expense	60	640	1,800	1,800	1,800
Common Dividends Paid	384,000	448,000	776,000	780,000	840,000
Net Income (Excl. Preferred Stock Dividends)	366,434	701,128	580,184	799,583	780,935
Internal Cash	960,255	1,546,902	1,565,911	1,789,871	1,640,618
Cash Outflows for Construction	(767,809)	(797,012)	(1,033,387)	(1,033,019)	(1,020,156)
CWIP	-				
Total Plant	18,673,893	17,934,084	17,141,611	16,182,929	15,329,519
Shares Outstanding	8,000	8,000	8,000	8,000	8,000
Number of Employees	25	25	26	26	26

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$5,182,383	\$9,622,378	\$9,512,287	\$10,135,439	\$9,834,194	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,823,488	3,962,525	4,072,228	3,933,380	3,062,621	2
Changes in Deferred Income Taxes	811,281	(439,480)	(330,534)	(289,744)	(170,716)	3
Changes in Working Capital	3,635,075	2,630	(863,902)	(2,525,762)	1,415,668	4
Capitalized AFDC - Equity	0			(15,400)	(82,125)	5
Other	1,222,065	(1,097,505)	(403,655)	(1,056,080)	(463,853)	6
Total Non-Cash Items	7,491,910	2,428,170	2,474,137	46,394	3,761,595	7
Net Cash Provided From Operating Activities	<u>12,674,293</u>	<u>12,050,547</u>	<u>11,986,424</u>	<u>10,181,833</u>	<u>13,595,789</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(311,256)	(2,411,514)	(1,716,643)	(801,684)	(916,916)	9
Purchase of Other Investments						10
Sale of Other Investments						11
Other	1,312,055	(868,024)	(547,906)	1,526,441	1,185,853	12
Net Cash Provided From Investing Activities	<u>1,000,799</u>	<u>(3,279,538)</u>	<u>(2,264,549)</u>	<u>724,757</u>	<u>268,937</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt				(342,873)	(422,659)	14
Common Stock					(13,159,000)	15
Preferred Stock						16
Short-Term Debt			(4,556,640)			17
Dividends Paid	(13,908,755)	(8,715,000)	(5,405,000)	(10,897,314)		18
Other Financing						19
Net Cash Provided From Financing Activities	<u>(13,908,755)</u>	<u>(8,715,000)</u>	<u>(9,961,640)</u>	<u>(11,240,187)</u>	<u>(13,581,659)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(233,664)	56,010	(239,765)	(333,597)	283,067	21
Cash & Equivalents at Beginning of Year	234,664	178,654	418,419	752,017	468,949	22
Cash & Equivalents at End of Year	\$1,000	\$234,664	\$178,654	\$418,419	\$752,017	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$18,239,042	\$19,751,231	\$20,355,459	\$20,438,292	\$20,669,654
2 Access Lines	26,277	25,547	26,524	28,601	28,836
DOLLAR AMOUNTS					
3 Wages and Benefits	\$3,998,105	\$4,250,902	\$4,337,443	\$4,605,631	\$4,548,338
4 Depreciation and Amortization	2,666,490	4,169,811	4,072,228	4,104,610	4,050,578
5 Other Operations Expense	8,381,760	7,796,177	7,664,310	5,885,932	5,697,994
6 Total Operation Expenses	15,046,355	16,216,890	16,073,981	14,596,173	14,296,910
7 Income Taxes - Operating Taxes	1,638,229	1,513,451	1,135,841	1,532,555	1,698,216
8 Other Taxes - Operating Taxes	830,974	844,518	882,004	967,102	935,768
9 Capital Costs	723,484	1,176,372	\$2,263,632	3,342,462	3,738,759
10 Total	\$18,239,042	\$19,751,231	\$20,355,459	\$20,438,292	\$20,669,654
PERCENT OF REVENUES					
11 Wages and Benefits	21.9	21.5	21.3	22.5	22.0
12 Depreciation and Amortization	14.6	21.1	20.0	20.1	19.6
13 Other Operations Expense	46.0	39.5	37.7	28.8	27.6
14 Income Taxes - Operating Taxes	9.0	7.7	5.6	7.5	8.2
15 Other Taxes - Operating Taxes	4.6	4.3	4.3	4.7	4.5
16 Capital Costs	4.0	6.0	11.1	16.4	18.1
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	152.15	166.40	163.53	161.03	157.73
19 Depreciation and Amortization	101.48	163.22	153.53	143.51	140.47
20 Other Operations Expense	318.98	305.17	288.96	205.79	197.60
21 Income Taxes - Operating Taxes	62.34	59.24	42.82	53.58	58.89
22 Other Taxes - Operating Taxes	31.62	33.06	33.25	33.81	32.45
23 Capital Costs	27.53	46.05	85.34	116.87	129.66
24 Total	694.11	773.13	767.44	714.60	716.80

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$8,498,938	\$8,307,203	\$7,998,543	\$7,728,965	\$8,337,016	1
Central Office Assets	27,838,776	27,854,149	26,636,461	26,506,243	25,433,697	2
Information Origination/Termination	1,465	1,465	1,465	1,465	1,465	3
Cable And Wire Facilities	32,025,164	30,987,500	30,508,196	30,028,620	29,352,685	4
Amortizable Assets						5
Total Plant In Service	68,364,343	67,150,317	65,144,664	64,265,293	63,124,863	6
Property Held For Future Use	11,175	11,175	11,175	66,365	24,714	7
Plant Under Construction	576,385	1,479,155	1,073,296	525,744	890,742	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	351,026	351,026	351,026	351,026	351,026	11
Goodwill						12
Total Telecommunications Plant	69,302,929	68,991,673	66,580,161	65,208,428	64,391,345	13
Less Acc. Prov. For Depreciation & Amort.	49,554,744	47,731,255	43,768,731	40,041,412	36,110,244	14
Net Total Utility Plant	\$19,748,185	\$21,260,417	\$22,811,429	\$25,167,016	\$28,281,101	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.19	1.94	4.22	1.67	1.26	16
Total Capitalization	\$20,630,994	\$29,357,367	\$28,462,488	\$28,899,346	\$30,004,094	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	0.0%	0.0%	0.0%	14.0%	14.8%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	100.0%	100.0%	100.0%	84.2%	83.7%	20
Short-Term Debt	0.0%	0.0%	0.0%	1.8%	1.6%	21
Pretax Coverage of Interest Expense	92.62	136.81	71.08	35.07	30.04	22
Com. Stock Dividends as a % of Earnings	268.4%	90.6%	56.7%	107.5%	133.8%	23
Return on Common Equity	20.7%	33.3%	36.1%	41.0%	36.7%	24
Internal Cash Generated as a % of Cash Outflows for Construction	4070.7%	499.6%	699.0%	1270.1%	1482.8%	25
CWIP as a % of Plant	0.1%	2.1%	1.6%	0.8%	1.4%	26

Current Assets	4,628,293	9,514,319	6,041,879	9,543,897	8,666,779
Current Liabilities	3,874,807	4,909,089	1,431,120	5,703,982	6,892,071
Total Capitalization	20,630,994	29,357,367	28,462,488	28,899,346	30,004,094
Long-Term Debt				4,048,266	4,433,658
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	20,630,994	29,357,367	28,462,488	24,342,703	25,104,578
Short-Term Debt				508,377	465,858
Pretax Income	8,588,416	14,132,716	14,476,751	15,630,874	15,084,589
Interest Expense	92,723	103,298	203,659	445,717	502,102
Common Dividends Paid	13,908,755	8,715,000	5,405,000	10,897,314	13,159,000
Net Income (Excl. Preferred Stock Dividends)	5,182,471	9,622,378	9,524,786	10,135,439	9,834,194
Internal Cash	12,670,384	12,049,047	11,998,923	10,181,833	13,595,789
Cash Outflows for Construction	(311,256)	(2,411,513)	(1,716,643)	(801,684)	(916,916)
CWIP	576,385	1,479,155	1,073,296	525,744	890,742
Total Plant	693,029,828	68,991,673	66,580,161	65,208,428	64,391,345
Shares Outstanding	60,219	60,219	60,219	60,219	60,219
Number of Employees	68	76	74	76	79

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$274,419)	\$528,118	\$239,371	\$137,885	\$248,320	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,212,965	1,007,695	767,897	690,901	607,086	2
Changes in Deferred Income Taxes	51,215	(442,719)	28,317	534,391	139,092	3
Changes in Working Capital	86,359	350,355	(160,412)	(375,961)	(26,913)	4
Capitalized AFDC - Equity						5
Other	(80,925)	1,197,950	(73,425)	(257,173)	204,289	6
Total Non-Cash Items	1,269,614	2,113,281	562,377	592,158	923,554	7
Net Cash Provided From Operating Activities	<u>995,195</u>	<u>2,641,399</u>	<u>801,748</u>	<u>730,043</u>	<u>1,171,874</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(611,115)	(826,828)	(858,448)	(884,811)	(1,149,296)	9
Purchase of Other Investments						10
Sale of Other Investments	(131,639)	35,384	(56,942)	(182,622)	4,499	11
Other						12
Net Cash Provided From Investing Activities	<u>(742,754)</u>	<u>(791,444)</u>	<u>(915,390)</u>	<u>(1,067,433)</u>	<u>(1,144,797)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt			(3,275,703)	(211,543)	(201,820)	14
Common Stock						15
Preferred Stock						16
Short-Term Debt						17
Dividends Paid			(1,000)			18
Other Financing	(3,053)	(1,724)	3,581,910	33,164		19
Net Cash Provided From Financing Activities	<u>(3,053)</u>	<u>(1,724)</u>	<u>305,207</u>	<u>(178,379)</u>	<u>(201,820)</u>	20
Net Increase (Decrease) in Cash & Equivalents	249,388	1,848,231	191,565	(515,769)	(174,743)	21
Cash & Equivalents at Beginning of Year	2,090,104	241,873	50,308	566,077	740,820	22
Cash & Equivalents at End of Year	\$2,339,492	\$2,090,104	\$241,873	\$50,308	\$566,077	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$3,776,815	\$3,840,479	\$4,218,044	\$3,738,738	\$3,973,304
2 Access Lines	4,734	5,353	5,586	5,868	5,984
DOLLAR AMOUNTS					
3 Wages and Benefits	\$606,140	\$543,825	\$649,054	\$590,026	\$632,203
4 Depreciation and Amortization	1,227,592	1,007,695	767,537	690,541	607,086
5 Other Operations Expense	2,189,397	2,167,923	2,137,071	1,885,011	1,991,886
6 Total Operation Expenses	4,023,129	3,719,443	3,553,662	3,165,578	3,231,175
7 Income Taxes - Operating Taxes	(188,999)	(38,098)	96,525	67,053	91,038
8 Other Taxes - Operating Taxes	206,135	217,399	237,022	199,717	199,756
9 Capital Costs	(263,450)	(58,265)	330,835	306,390	451,335
10 Total	\$3,776,815	\$3,840,479	\$4,218,044	\$3,738,738	\$3,973,304
PERCENT OF REVENUES					
11 Wages and Benefits	16.0	14.2	15.4	15.8	15.9
12 Depreciation and Amortization	32.5	26.2	18.2	18.5	15.3
13 Other Operations Expense	58.0	56.4	50.7	50.4	50.1
14 Income Taxes - Operating Taxes	(5.0)	(1.0)	2.3	1.8	2.3
15 Other Taxes - Operating Taxes	5.5	5.7	5.6	5.3	5.0
16 Capital Costs	(7.0)	(1.5)	7.8	8.2	11.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	128.04	101.59	116.19	100.55	105.65
19 Depreciation and Amortization	259.31	188.25	137.40	117.68	101.45
20 Other Operations Expense	462.48	404.99	382.58	321.24	332.87
21 Income Taxes - Operating Taxes	(39.92)	(7.12)	17.28	11.43	15.21
22 Other Taxes - Operating Taxes	43.54	40.61	42.43	34.03	33.38
23 Capital Costs	(55.65)	(10.88)	59.23	52.21	75.42
24 Total	797.81	717.44	755.11	637.14	663.99

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$1,399,083	\$1,341,898	\$1,404,877	\$1,445,883	\$1,396,993	1
Central Office Assets	7,579,813	7,145,550	6,942,166	6,724,077	6,256,210	2
Information Origination/Termination	24,162	27,338	27,647	27,041	31,633	3
Cable And Wire Facilities	9,409,671	9,243,172	8,870,356	8,615,244	8,237,960	4
Amortizable Assets	153,593	220,972	259,944	309,794	295,462	5
Total Plant In Service	18,566,322	17,978,930	17,504,990	17,122,039	16,218,258	6
Property Held For Future Use						7
Plant Under Construction	82,751	281,582	208,360	56,196	285,175	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant	5,449	5,449	5,449	5,449	5,449	11
Goodwill						12
Total Telecommunications Plant	18,654,522	18,265,961	17,718,799	17,183,684	16,508,882	13
Less Acc. Prov. For Depreciation & Amort.	9,490,141	8,631,366	8,038,403	7,659,131	7,360,861	14
Net Total Utility Plant	\$9,164,381	\$9,634,595	\$9,680,396	\$9,524,553	\$9,148,021	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	5.36	6.18	2.40	1.46	1.56	16
Total Capitalization	\$8,425,375	\$8,702,847	\$8,253,483	\$7,708,905	\$7,749,399	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	0.2%	0.2%	0.2%	40.0%	42.3%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	99.7%	99.6%	99.8%	57.1%	55.0%	20
Short-Term Debt	0.2%	0.3%	0.0%	2.9%	2.7%	21
Pretax Coverage of Interest Expense	-3.86	64.69	4.21	2.10	2.61	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.4%	0.0%	0.0%	23
Return on Common Equity	-3.2%	6.2%	3.8%	3.2%	6.0%	24
Internal Cash Generated as a % of Cash Outflows for Construction	162.8%	319.5%	93.4%	82.5%	102.0%	25
CWIP as a % of Plant	0.4%	1.5%	1.2%	0.3%	1.7%	26

Current Assets	3,239,578	2,959,969	1,700,545	1,363,965	1,322,723
Current Liabilities	604,342	478,761	708,506	935,354	845,257
Total Capitalization	8,425,375	8,702,847	8,253,483	7,708,905	7,749,399
Long-Term Debt	14,140	13,350	15,074	3,086,024	3,274,746
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	8,398,255	8,667,141	8,238,409	4,400,038	4,262,153
Short-Term Debt	12,980	22,356	0	222,843	212,500
Pretax Income	(340,732)	825,718	464,323	406,230	563,527
Interest Expense	88,373	12,765	110,195	193,552	216,273
Common Dividends Paid	0		1,000		
Net Income (Excl. Preferred Stock Dividends)	(274,419)	528,118	239,371	137,885	248,320
Internal Cash	995,195	2,641,399	801,748	730,043	1,171,874
Cash Outflows for Construction	(611,115)	(826,828)	(858,448)	(884,811)	(1,149,296)
CWIP	82,751	281,582	208,360	56,196	285,175
Total Plant	18,654,522	18,265,961	17,718,799	17,183,684	16,508,882
Shares Outstanding	100	100	100	100	100
Number of Employees	10	11	11	12	12

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$111,430	\$260,951	\$280,700	\$278,546	(\$1,169,627)	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	1,271,563	1,105,255	1,168,124	1,125,064	1,052,491	2
Changes in Deferred Income Taxes	(154,958)	(39,609)	(205,450)	200,294	26,803	3
Changes in Working Capital	1,183,659	350,207	647,768	(66,035)	779,942	4
Capitalized AFDC - Equity						5
Other	(765,238)	(339,067)	(79,416)	52,033	1,634,440	6
Total Non-Cash Items	1,535,026	1,076,786	1,531,026	1,311,356	3,493,676	7
Net Cash Provided From Operating Activities	<u>1,646,456</u>	<u>1,337,737</u>	<u>1,811,726</u>	<u>1,589,902</u>	<u>2,324,049</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(894,143)	(2,036,776)	(1,339,432)	(861,252)	(2,248,785)	9
Purchase of Other Investments	(3,702,143)	(3,422,123)	(1,879,562)	(1,526,201)		10
Sale of Other Investments	3,363,481	2,248,788	1,873,633	1,851,315	(12,179)	11
Other	(1,309,318)					12
Net Cash Provided From Investing Activities	<u>(2,542,123)</u>	<u>(3,210,111)</u>	<u>(1,345,361)</u>	<u>(536,138)</u>	<u>(2,260,964)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(451,021)	1,142,857		(128,542)	485,684	14
Common Stock						15
Preferred Stock						16
Short-Term Debt	(10,833)	30,758	17,130	1,817	56,315	17
Dividends Paid	(69,223)	(69,463)	(69,286)	(69,029)	(68,841)	18
Other Financing	(239,570)	(174,784)	(130,067)	(173,959)	(136,073)	19
		722,779	195,824	96,649	399,124	
Net Cash Provided From Financing Activities	<u>(770,647)</u>	<u>1,652,147</u>	<u>13,601</u>	<u>(273,064)</u>	<u>736,209</u>	20
Net Increase (Decrease) in Cash & Equivalents	(1,666,314)	(220,227)	479,966	780,700	799,294	21
Cash & Equivalents at Beginning of Year	3,367,356	3,587,583	3,107,618	2,326,917	1,527,623	22
Cash & Equivalents at End of Year	\$1,701,042	\$3,367,356	\$3,587,583	\$3,107,618	\$2,326,917	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$5,538,251	\$5,328,024	\$5,614,342	\$5,577,151	\$5,500,518
2 Access Lines	5,680	6,166	6,804	7,065	7,243
DOLLAR AMOUNTS					
3 Wages and Benefits	\$1,549,697	\$1,306,470	\$1,898,875	\$1,725,264	\$1,778,830
4 Depreciation and Amortization	1,269,163	1,102,855	1,165,724	1,122,664	1,049,508
5 Other Operations Expense	2,299,170	2,204,386	2,090,239	1,896,928	1,930,948
6 Total Operation Expenses	5,118,030	4,613,711	5,154,839	4,744,857	4,759,286
7 Income Taxes - Operating Taxes	(128,850)	(26,654)	(66,516)	89,807	85,919
8 Other Taxes - Operating Taxes	397,785	401,583	392,151	378,045	337,677
9 Capital Costs	151,286	339,384	133,870	364,442	317,636
10 Total	\$5,538,251	\$5,328,024	\$5,614,342	\$5,577,151	\$5,500,518
PERCENT OF REVENUES					
11 Wages and Benefits	28.0	24.5	33.8	30.9	32.3
12 Depreciation and Amortization	22.9	20.7	20.8	20.1	19.1
13 Other Operations Expense	41.5	41.4	37.2	34.0	35.1
14 Income Taxes - Operating Taxes	(2.3)	(0.5)	(1.2)	1.6	1.6
15 Other Taxes - Operating Taxes	7.2	7.5	7.0	6.8	6.1
16 Capital Costs	2.7	6.4	2.4	6.5	5.8
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	272.83	211.88	279.08	244.20	245.59
19 Depreciation and Amortization	223.44	178.86	171.33	158.91	144.90
20 Other Operations Expense	404.78	357.51	307.21	268.50	266.60
21 Income Taxes - Operating Taxes	(22.68)	(4.32)	(9.78)	12.71	11.86
22 Other Taxes - Operating Taxes	70.03	65.13	57.64	53.51	46.62
23 Capital Costs	26.63	55.04	19.68	51.58	43.85
24 Total	975.04	864.10	825.15	789.41	759.43

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

	2007	2006		2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$2,318,118	\$2,244,544	\$2,050,613	\$2,019,302	\$1,882,286	1
Central Office Assets	8,824,262	8,421,135	8,301,308	8,197,647	7,998,307	2
Information Origination/Termination	132,922	133,352	130,752	135,408	136,838	3
Cable And Wire Facilities	12,894,200	12,506,789	11,965,530	11,187,722	9,894,076	4
Amortizable Assets						5
Total Plant In Service	24,169,501	23,305,820	22,448,203	21,540,079	19,911,507	6
Property Held For Future Use						7
Plant Under Construction	730,694	884,072	251,713	162,866	1,091,178	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	24,900,195	24,189,892	22,699,916	21,702,945	21,002,685	13
Less Acc. Prov. For Depreciation & Amort.	13,315,881	12,326,395	11,402,782	10,502,531	9,717,699	14
Net Total Utility Plant	\$11,584,314	\$11,863,497	\$11,297,134	\$11,200,414	\$11,284,986	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.01	1.99	2.02	2.68	1.43	16
Total Capitalization	\$16,114,257	\$16,951,500	\$15,403,590	\$15,143,368	\$14,797,045	17
Percent Of Capitalization (Incl. S-T- Debt)						
Long-Term Debt	17.3%	19.4%	13.9%	16.5%	16.9%	18
Preferred Stock						19
Common Stock & Retained Earnings	77.6%	76.0%	81.2%	81.0%	79.7%	20
Short-Term Debt	5.1%	4.7%	4.9%	2.5%	3.4%	21
Pretax Coverage of Interest Expense	2.05	2.82	3.37	4.45	-8.67	22
Com. Stock Dividends as a % of Earnings	62.1%	26.6%	24.7%	24.8%	-5.9%	23
Return on Common Equity	0.9%	2.1%	2.3%	2.3%	-10.2%	24
Internal Cash Generated as a % of Cash Outflows for Construction	184.1%	65.7%	135.3%	184.6%	103.3%	25
CWIP as a % of Plant	2.9%	3.7%	1.1%	0.8%	5.2%	26

Current Assets	3,486,400	4,920,137	4,878,140	4,362,548	3,045,147
Current Liabilities	3,468,062	2,466,799	2,419,811	1,625,209	2,122,162
Total Capitalization	16,114,257	16,951,500	15,403,590	15,143,368	14,797,045
Long-Term Debt	2,792,856	3,285,714	2,142,857	2,500,000	2,500,000
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	12,501,639	12,877,028	12,502,733	12,259,640	11,786,592
Short-Term Debt	819,762	788,758	758,000	383,728	510,453
Pretax Income	530,006	624,183	477,389	571,426	(973,914)
Interest Expense	258,543	221,013	141,699	128,294	112,269
Common Dividends Paid	69,224	69,464	69,286	69,029	68,841
Net Income (Excl. Preferred Stock Dividends)	111,430	260,951	280,700	278,546	(1,169,627)
Internal Cash	1,646,456	1,337,737	1,811,726	1,589,902	2,324,049
Cash Outflows for Construction	(894,143)	(2,036,776)	(1,339,432)	(861,252)	(2,248,785)
CWIP	730,694	884,072	251,713	162,866	1,091,178
Total Plant	24,900,195	24,189,892	22,699,916	21,702,945	21,002,685
Shares Outstanding	480,000	480,000	480,000	480,000	480,000
Number of Employees	22	20	18	19	20

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	(\$101,212)	\$34,019	(\$8,672)	\$64,410	\$96,370	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	532,657	530,156	525,353	500,160	506,454	2
Changes in Deferred Income Taxes	(1,615)	(8,180)	14,748	137,306	66,989	3
Changes in Working Capital	183,529	(93,411)	124,630	(17,436)	(127,130)	4
Capitalized AFDC - Equity	0					5
Other	(28,965)	95,900	(10,489)	50,657	32,137	6
Total Non-Cash Items	685,606	524,465	654,242	670,687	478,450	7
Net Cash Provided From Operating Activities	<u>584,394</u>	<u>558,484</u>	<u>645,570</u>	<u>735,097</u>	<u>574,820</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(206,377)	(260,072)	(335,781)	(521,967)	(325,865)	9
Purchase of Other Investments	0					10
Sale of Other Investments	13,311	(363)	(36,083)	(39,375)		11
Other	0			9,551	20,729	12
Net Cash Provided From Investing Activities	<u>(193,066)</u>	<u>(260,435)</u>	<u>(371,864)</u>	<u>(551,791)</u>	<u>(305,136)</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt						14
Common Stock						15
Preferred Stock						16
Short-Term Debt			(2,123,062)	(750,000)		17
Dividends Paid						18
Other Financing	4,778	(10,194)	1,725,805	18,689		19
Net Cash Provided From Financing Activities	<u>4,778</u>	<u>(10,194)</u>	<u>(397,257)</u>	<u>(731,311)</u>	<u>0</u>	20
Net Increase (Decrease) in Cash & Equivalents	396,106	287,855	(123,551)	(548,005)	269,684	21
Cash & Equivalents at Beginning of Year	377,003	89,148	212,699	760,704	491,020	22
Cash & Equivalents at End of Year	\$773,109	\$377,003	\$89,148	\$212,699	\$760,704	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$2,018,520	\$2,257,563	\$2,285,159	\$2,355,609	\$2,372,687
2 Access Lines	2,484	2,621	2,688	2,929	2,864
DOLLAR AMOUNTS					
3 Wages and Benefits	\$511,094	\$557,772	\$510,271	\$455,405	\$500,832
4 Depreciation and Amortization	538,834	529,655	525,353	500,159	506,455
5 Other Operations Expense	1,077,029	1,070,867	1,091,284	1,079,911	966,329
6 Total Operation Expenses	2,126,957	2,158,294	2,126,908	2,035,475	1,973,616
7 Income Taxes - Operating Taxes	(81,936)	(36,631)	(24,254)	31,100	48,965
8 Other Taxes - Operating Taxes	111,606	132,097	138,543	121,867	127,964
9 Capital Costs	(138,107)	3,803	43,962	167,167	222,142
10 Total	\$2,018,520	\$2,257,563	\$2,285,159	\$2,355,609	\$2,372,687
PERCENT OF REVENUES					
11 Wages and Benefits	25.3	24.7	22.3	19.3	21.1
12 Depreciation and Amortization	26.7	23.5	23.0	21.2	21.3
13 Other Operations Expense	53.4	47.4	47.8	45.8	40.7
14 Income Taxes - Operating Taxes	(4.1)	(1.6)	(1.1)	1.3	2.1
15 Other Taxes - Operating Taxes	5.5	5.9	6.1	5.2	5.4
16 Capital Costs	(6.8)	0.2	1.9	7.1	9.4
17 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
18 Wages and Benefits	205.75	212.81	189.83	155.48	174.87
19 Depreciation and Amortization	216.92	202.08	195.44	170.76	176.83
20 Other Operations Expense	433.59	408.57	405.98	368.70	337.41
21 Income Taxes - Operating Taxes	(32.99)	(13.98)	(9.02)	10.62	17.10
22 Other Taxes - Operating Taxes	44.93	50.40	51.54	41.61	44.68
23 Capital Costs	(55.60)	1.45	16.35	57.07	77.56
24 Total	812.61	861.34	850.13	804.24	828.45

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$973,563	\$938,099	\$919,818	\$977,676	\$998,401	1
Central Office Assets	3,028,720	2,880,118	2,702,074	2,548,540	2,463,496	2
Information Origination/Termination	7,106	7,933	11,122	11,180	15,099	3
Cable And Wire Facilities	4,218,460	4,174,989	4,150,954	4,082,484	3,898,812	4
Amortizable Assets	194,242	217,526	1,963,061	2,006,931	1,998,827	5
Total Plant In Service	8,422,091	8,218,665	9,747,029	9,626,811	9,374,635	6
Property Held For Future Use						7
Plant Under Construction	2,142	18,551	12,334	11,597	78,743	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill	1,709,839	1,709,839				12
Total Telecommunications Plant	10,134,072	9,947,055	9,759,363	9,638,408	9,453,378	13
Less Acc. Prov. For Depreciation & Amort.	4,863,914	4,337,306	3,899,045	3,624,601	3,491,201	14
Net Total Utility Plant	\$5,270,158	\$5,609,749	\$5,860,318	\$6,013,807	\$5,962,177	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	3.41	2.69	1.51	0.32	0.42	16
Total Capitalization	\$4,974,704	\$5,071,138	\$5,128,901	\$5,534,829	\$6,201,730	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	0.1%	0.0%	0.2%	0.3%	0.0%	18
Preferred Stock	0.0%	0.0%	0.0%	0.0%	0.0%	19
Common Stock & Retained Earnings	99.9%	99.8%	99.8%	61.3%	53.7%	20
Short-Term Debt	0.0%	0.2%	0.0%	38.4%	46.3%	21
Pretax Coverage of Interest Expense	-31.32	34.78	0.58	1.89	2.11	22
Com. Stock Dividends as a % of Earnings	0.0%	0.0%	0.0%	0.0%	0.0%	23
Return on Common Equity	-2.0%	0.7%	-0.2%	1.9%	2.9%	24
Internal Cash Generated as a % of Cash Outflows for Construction	283.2%	214.7%	192.3%	140.8%	176.4%	25
CWIP as a % of Plant	0.0%	0.2%	0.1%	0.1%	0.8%	26

Current Assets	1,120,091	881,566	572,588	775,215	1,334,060
Current Liabilities	328,390	327,434	379,337	2,459,371	3,178,283
Total Capitalization	4,974,704	5,071,138	5,128,901	5,534,829	6,201,730
Long-Term Debt	3,327		8,495	18,689	
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	4,969,028	5,062,643	5,120,406	3,393,078	3,328,668
Short-Term Debt	2,349	8,495		2,123,062	2,873,062
Pretax Income	(158,719)	14,293	38,771	212,411	283,737
Interest Expense	5,067	411	66,312	112,146	134,615
Common Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(101,212)	34,019	(8,672)	64,410	96,370
Internal Cash	584,394	558,484	645,570	735,097	574,820
Cash Outflows for Construction	(206,377)	(260,072)	(335,781)	(521,967)	(325,865)
CWIP	2,142	18,551	12,334	11,597	78,743
Total Plant	10,134,072	9,947,055	9,759,363	9,638,408	9,453,378
Shares Outstanding	100	100	100	100	100
Number of Employees	7	7	8	8	8

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

	2007	2006	2005	2004	2003	
Cash Flows from Operating Activities						
Net Income	\$5,491,901	\$3,997,479	\$5,169,814	\$8,512,279	\$7,879,101	1
Non-Cash Items Included in Net Income						
Depreciation, Depletion & Amortization	3,811,361	3,601,255	3,757,256	3,788,162	3,743,825	2
Changes in Deferred Income Taxes	(404,678)	4,049,316	2,843,912	(577,869)	3,626,460	3
Changes in Working Capital	1,243,592	4,205,162	(3,994,699)	1,566,929	(2,266,184)	4
Capitalized AFDC - Equity	(69,380)	(16,772)	(11,645)	(6,887)	(41,707)	5
Other	(11,330,945)	(10,775,145)	(11,425,614)	(12,462,451)	(9,598,990)	6
Total Non-Cash Items	(6,750,050)	1,063,816	(8,830,790)	(7,692,116)	(4,536,596)	7
Net Cash Provided From Operating Activities	<u>(1,258,149)</u>	<u>5,061,295</u>	<u>(3,660,976)</u>	<u>820,163</u>	<u>3,342,505</u>	8
Cash Flows from Investing Activities						
Cash Flows from Construction	(3,207,296)	(3,899,699)	(1,922,110)	(4,012,077)	(4,278,983)	9
Purchase of Other Investments			(237,500)			10
Sale of Other Investments	(4,113,253)	610,910	888,976	(712,500)		11
Other	9,023,273	9,150,000	9,975,000	15,377,800	9,384,480	12
Net Cash Provided From Investing Activities	<u>1,702,724</u>	<u>5,861,211</u>	<u>8,704,366</u>	<u>10,653,223</u>	<u>5,105,497</u>	13
Cash Flows from Financing Activities						
Net Proceeds (Payments)						
Long-Term Debt	(1,518,633)			4,620,342	3,149,073	14
Common Stock			(1,149,500)	13,651	51,535	15
Preferred Stock					(25,000)	16
Short-Term Debt			(1,518,633)		(5,000,000)	17
Dividends Paid	(4,306,424)	(9,658,204)	(4,306,424)	(5,318,524)	(3,780,536)	18
Other Financing		(1,518,647)		(439,243)	(496,164)	19
Net Cash Provided From Financing Activities	<u>(5,825,057)</u>	<u>(11,176,851)</u>	<u>(6,974,557)</u>	<u>(1,123,774)</u>	<u>(6,101,092)</u>	20
Net Increase (Decrease) in Cash & Equivalents	(5,380,482)	(254,345)	(1,931,167)	10,349,612	2,346,910	21
Cash & Equivalents at Beginning of Year	11,021,099	11,275,444	13,206,612	2,857,000	510,090	22
Cash & Equivalents at End of Year	\$5,640,617	\$11,021,099	\$11,275,444	\$13,206,612	\$2,857,000	23

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

	2007	2006	2005	2004	2003
1 Revenues	\$17,484,774	\$18,425,025	\$20,021,382	\$20,477,526	\$22,001,528
2 Access Lines	22,031	23,718	26,415	28,412	29,602
DOLLAR AMOUNTS					
3 Wages and Benefits	\$7,676,512	\$7,969,906	\$8,597,091	\$8,238,445	\$8,122,556
4 Depreciation and Amortization	3,798,761	3,590,189	3,744,436	3,775,562	3,727,957
5 Other Operations Expense	6,557,286	9,606,207	9,350,835	6,889,414	5,428,807
6 Total Operation Expenses	18,032,559	21,166,301	21,692,362	18,903,422	17,279,321
8 Income Taxes - Operating Taxes	2,636,907	(220,924)	(1,047,738)	53,851	1,077,639
9 Other Taxes - Operating Taxes	1,159,006	1,033,862	1,281,462	1,177,816	1,387,512
10 Capital Costs	(4,343,698)	(3,554,214)	(\$1,904,704)	342,438	2,257,056
11 Total	\$17,484,774	\$18,425,025	\$20,021,382	\$20,477,527	\$22,001,528
PERCENT OF REVENUES					
12 Wages and Benefits	43.9	43.3	42.9	40.2	36.9
13 Depreciation and Amortization	21.7	19.5	18.7	18.4	16.9
14 Other Operations Expense	37.5	52.1	46.7	33.6	24.7
16 Income Taxes - Operating Taxes	15.1	(1.2)	(5.2)	0.3	4.9
17 Other Taxes - Operating Taxes	6.6	5.6	6.4	5.8	6.3
18 Capital Costs	(24.8)	(19.3)	(9.5)	1.7	10.3
19 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER ACCESS LINE					
20 Wages and Benefits	348.44	336.03	325.46	289.96	274.39
21 Depreciation and Amortization	172.43	151.37	141.75	132.89	125.94
22 Other Operations Expense	297.64	405.02	354.00	242.48	183.39
24 Income Taxes - Operating Taxes	119.69	(9.31)	(39.66)	1.90	36.40
25 Other Taxes - Operating Taxes	52.61	43.59	48.51	41.45	46.87
26 Capital Costs	(197.16)	(149.85)	(72.11)	12.05	76.25
27 Total	793.64	776.84	757.96	720.74	743.24

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

	2007	2006	2005	2004	2003	
TELECOMMUNICATIONS PLANT						
Plant In Service						
General Support Assets	\$9,667,212	\$8,291,861	\$8,218,803	\$7,925,391	\$7,517,487	1
Central Office Assets	28,261,066	27,664,413	29,324,116	28,945,035	25,524,629	2
Information Origination/Termination	1,773,741	1,736,005	1,750,134	1,753,558	1,748,998	3
Cable And Wire Facilities	27,200,037	26,640,620	25,800,263	24,985,381	23,746,836	4
Amortizable Assets						5
Total Plant In Service	66,902,057	64,332,899	65,093,316	63,609,366	58,537,951	6
Property Held For Future Use						7
Plant Under Construction	834,026	56,296	56,296	193,789	1,261,750	8
Tel. Acquisition						9
Other Plant						10
Nonoperating Plant						11
Goodwill						12
Total Telecommunications Plant	67,736,082	64,389,195	65,149,612	63,803,154	59,799,701	13
Less Acc. Prov. For Depreciation & Amort.	34,977,723	31,685,617	32,196,983	29,039,845	25,279,795	14
Net Total Utility Plant	\$32,758,359	\$32,703,577	\$32,952,629	\$34,763,309	\$34,519,907	15
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.17	1.74	3.62	2.47	2.19	16
Total Capitalization	\$43,632,503	\$41,504,797	\$50,482,223	\$52,422,498	\$45,488,340	17
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>						
Long-Term Debt	13.1%	17.4%	17.3%	19.6%	15.7%	18
Preferred Stock	1.1%	1.2%	1.0%	1.0%	1.1%	19
Common Stock & Retained Earnings	82.3%	77.8%	78.7%	76.6%	83.2%	20
Short-Term Debt	3.5%	3.7%	3.0%	2.9%		21
Pretax Coverage of Interest Expense	13.61	8.51	13.53	36.33	27.67	22
Com. Stock Dividends as a % of Earnings	78.3%	242.5%	83.2%	62.4%	48.1%	23
Return on Common Equity	16.0%	11.0%	12.9%	21.8%	21.6%	24
Internal Cash Generated as a % of Cash Outflows for Construction	-39.2%	162.5%	-190.5%	20.4%	78.1%	25
CWIP as a % of Plant	1.2%	0.1%	0.1%	0.3%	2.1%	26

Current Assets	19,297,696	20,453,496	24,452,916	25,597,321	14,670,641
Current Liabilities	16,482,468	11,723,058	6,764,107	10,353,084	6,687,183
Total Capitalization	43,632,503	41,504,797	50,482,223	52,422,498	45,488,340
Long-Term Debt	5,694,870	7,213,503	8,732,149	10,250,782	7,149,073
Preferred Stock	500,000	500,000	500,000	500,000	500,000
Common Stock and Retained Earnings (Excl. Preferred Stock)	35,919,000	32,272,662	39,731,441	40,153,084	37,839,267
Short-Term Debt	1,518,633	1,518,633	1,518,633	1,518,632	
Pretax Income	8,722,292	6,762,540	8,469,890	13,258,998	12,256,855
Interest Expense	641,020	794,733	626,001	364,932	442,956
Common Dividends Paid	4,281,424	9,633,204	4,281,424	5,293,524	3,780,536
Net Income (Excl. Preferred Stock Dividends)	5,466,901	3,972,479	5,144,814	8,487,279	7,854,101
Internal Cash	(1,258,149)	6,335,832	(3,660,976)	820,163	3,342,505
Cash Outflows for Construction	(3,207,296)	(3,899,699)	(1,922,110)	(4,012,077)	(4,278,983)
CWIP	834,026	56,296	56,296	193,789	1,261,750
Total Plant	67,736,082	64,389,195	65,149,611	63,803,154	59,799,701
Shares Outstanding	5,985,463	5,985,463	5,985,463	5,985,463	5,984,883
Number of Employees	102	83	119	122	116