Cost of Capital Study

Telecommunications

2007 Assessment Year

Appendix C

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Equity							
Yield Capitalization							
CAPM Ex Post			11.80%				5
CAPM Ex Ante			11.05%				6
Dividend Growth Models							
Value Line, based on Dividends Growth			5.00%				8
Value Line, based on Earnings Growth			8.00%				9
Standard & Poor's based on earnings growth			11.50%				10
Yield Equity Component						**11.50%**	
Debt							
Debt Rate						**6.60%**	11
Industry Market Capital Structure							
Equity	70%	x	11.50%	=		8.05%	3
Debt	30%	x	6.60%	=	1.98%		3
Marginal Tax Rate	35%		(1-.035)	x	1.98%	1.29%	
Weighted Average Cost of Capital						**9.34%**	

Support for Guideline Companies

Telecommunications

2007 Assessment Year

Industry Overall									Book Value						
Company	**Ticker**	**Beta**	**Fin'l Strength**	**Price Stability**	**Growth Persist**	**Earnings Predict**	**P/E Ratio**	**Div'd Yield**	**Common Stock**	**%**	**Preferred Stock**	**%**	**Long Term Debt**	**%**	**Total Debt & Equity**
AT&T Inc	t	1.20	A+	70	10	75	16.4	4.10%	57,643,500,000	68.3%	-	0.0%	26,799,000,000	31.7%	84,442,500,000
CenturyTel Inc.	ctl	1.00	B++	80	35	80	17.7	0.60%	3,283,130,000	57.5%	7,500,000	0.1%	2,417,800,000	42.4%	5,708,430,000
Cincinnati Bell	cbb	1.80	C+	5	5	15	14.4	nil	nmf		155,300,000	7.0%	2,066,300,000	93.0%	2,221,600,000
Citizens Communication	czn	1.00	B	55	45	25	19.6	7.10%	1,013,970,923	20.4%	-	0.0%	3,947,700,000	79.6%	4,961,670,923
Comcast	cmcsk	1.40	B+	45	30	15	55.9	nil	41,622,931,900	61.2%	-	0.0%	26,400,000,000	38.8%	68,022,931,900
Commonwealth Tele Ent	ctco	nmf	B+	nmf	nmf	nmf	16.2	4.90%	90,528,988	23.2%	-	0.0%	300,000,000	76.8%	390,528,988
Dycom Industries inc	dy	1.20	B+	25	40	40	26.9	nil	389,696,133	67.8%	-	0.0%	185,300,000	32.2%	574,996,133
Embarq	eq	nmf	B	nmf	nmf	nmf	10.1	4.30%	nmf		-	0.0%	6,506,000,000	100.0%	6,506,000,000
IDT	idtc	0.85	B	60	40	25	nmf	nil	679,721,703	84.9%	-	0.0%	120,500,000	15.1%	800,221,703
Level 3 Communications	lvlt	1.35	C++	5	5	45	nmf	nil	nmf		-	0.0%	6,577,000,000	100.0%	6,577,000,000
Qwest Comm Intl	q	1.95	C+	5	10	25	45.4	nil	nmf		-	0.0%	13,228,000,000	100.0%	13,228,000,000
Sprint Nextel	s	1.25	B+	30	15	25	63.5	0.50%	53,410,972,693	73.1%	-	0.0%	19,643,000,000	26.9%	73,053,972,693
Verizon Communications	vz	1.05	A+	80	5	85	14.3	4.40%	38,537,601,868	56.1%	-	0.0%	30,154,000,000	43.9%	68,691,601,868
Windstream	win	nmf	B	nmf	nmf	nmf	nmf	7.20%	1,191,945,538	17.9%	-	0.0%	5,477,400,000	82.1%	6,669,345,538
Mean		**1.28**	**B**	**42**	**22**	**41**	**27.3**	**4.14%**	19,786,399,974	**53.0%**		**0.5%**	10,273,000,000	**61.6%**	
Weighted Mean									197,863,999,744	**57.9%**	162,800,000	**0.05%**	143,822,000,000	**42.1%**	341,848,799,744
Std Dev										**23.9%**		**1.9%**		**31.3%**	
Median										**59.4%**		**0.0%**		**60.4%**	
Max										**84.9%**		**7.0%**		**####**	
Min										**17.9%**		**0.0%**		**15.1%**	
										60%		**0.0%**		**40%**	

Source Value Line, 12/29/
Beta page 7

Support for Capital Structure

Market Value

Telecommunications

2007 Assessment Year

Industry Overall				Market Value						
Company	**Ticker**	**Stock Average**	**Common Shares**	**Common Stock**	**%**	**Preferred Stock**	**%**	*** Long Term Debt**	**%**	**Total Debt & Equity**
AT&T Inc	t	33.805	3,842,900,000	129,909,234,500	81.7%	-	0.0%	29,135,872,800	18.3%	159,045,107,300
CenturyTel Inc.	ctl	41.667	115,400,000	4,808,371,800	66.0%	7,500,000	0.1%	2,466,156,000	33.9%	7,282,027,800
Cincinnati Bell	cbb	4.640	247,209,440	1,147,051,802	33.8%	155,300,000	4.6%	2,091,095,600	61.6%	3,393,447,402
Citizens Communications	czn	14.307	321,895,531	4,605,359,362	51.5%	-	0.0%	4,333,390,290	48.5%	8,938,749,652
Comcast	cmcsk	39.963	2,081,146,595	83,168,861,376	75.8%		0.0%	26,561,040,000	24.2%	109,729,901,376
Commonwealth Tele Enter	ctco	41.632	21,053,253	876,489,029	74.5%	-	0.0%	300,000,000	25.5%	1,176,489,029
Dycom Industries inc	dy	21.988	40,635,676	893,497,244	82.8%	-	0.0%	185,300,000	17.2%	1,078,797,244
Embarq	eq	50.238	149,490,309	7,510,094,144	53.6%	-	0.0%	6,506,000,000	46.4%	14,016,094,144
IDT	idtc	13.240	81,599,244	1,080,373,991	90.0%	-	0.0%	120,500,000	10.0%	1,200,873,991
Level 3 Communications	lvlt	5.475	1,174,953,605	6,432,870,987	48.2%	-	0.0%	6,905,850,000	51.8%	13,338,720,987
Qwest Comm Intl	q	8.233	1,903,591,000	15,672,264,703	53.9%	-	0.0%	13,386,736,000	46.1%	29,059,000,703
Sprint Nextel	s	18.963	2,894,903,669	54,896,058,275	72.2%	-	0.0%	21,179,082,600	27.8%	76,075,140,875
Verizon Communications	vz	36.385	2,919,515,293	106,226,563,936	77.9%	-	0.0%	30,114,799,800	22.1%	136,341,363,736
Windstream	win	13.762	476,778,215	6,561,421,795	54.5%	-	0.0%	5,477,400,000	45.5%	12,038,821,795
Mean					**65%**		**0.3%**		**34%**	
Weighted Mean				423,788,512,943	**74%**	162,800,000	**0.03%**	148,763,223,090	**26%**	572,714,536,033
Trimmed Mean					**66%**				**34%**	
Std Dev					**16%**				**16%**	
Median					**69%**		**0.00%**		**31%**	
Max					**90%**				**62%**	
Min					**34%**				**10%**	
Source		Yahoo	Value Line		**70%**	Value Line	**0%**	Bond Analysis	**30%**	

*mkt val debt adjusted from s&p bond guide yr end 12-06 published 1-07

Support for Market Multiples

Telecommunications

2007 Assessment Year

Industry Overall														
Company	**Ticker**	**Stock Avg**	**Revenues**	**Multiple**	**Cash Flow**	**Multiple**	**Earnings**	**Multiple**	**Divds Decld**	**Multiple**	**Captl Spend**	**Multiple**	**Book Value**	**Multiple**
AT&T Inc	t	33.805	16.100	2.1	4.85	7.0	2.33	14.5	1.33	25.4	2.15	15.7	15.00	2.25
CenturyTel Inc.	ctl	41.667	21.050	2.0	6.40	6.5	2.45	17.0	0.25	166.7	3.25	12.8	28.45	1.46
Cincinnati Bell	cbb	4.640	4.900	0.9	0.90	5.2	0.31	15.0	-	nmf	0.60	7.7	(3.05)	nmf
Citizens Communicatic	czn	14.307	6.350	2.3	2.15	6.7	0.64	22.4	1.00	14.3	0.80	17.9	3.15	4.54
Comcast	cmcsk	39.963	12.450	3.2	3.40	11.8	0.95	42.1	-	nmf	1.75	22.8	20.00	2.00
Commonwealth Tele E	ctco	41.632	15.100	2.8	5.25	7.9	2.65	15.7	2.00	20.8	2.05	20.3	4.30	9.68
Dycom Industries inc	dy	21.988	25.210	0.9	1.99	11.0	0.78	28.2	-	nmf	1.41	15.6	9.59	2.29
Embarq	eq	50.238	43.350	1.2	12.05	4.2	5.00	10.0	1.00	50.2	6.55	7.7	(0.70)	nmf
IDT	idtc	13.240	23.100	0.6	(1.40)	nmf	(2.32)	nmf	-	nmf	0.56	23.6	8.33	1.59
Level 3 Communicatio	lvlt	5.475	4.420	1.2	(0.04)	nmf	(0.68)	nmf	-	nmf	0.37	14.8	(0.58)	nmf
Qwest Comm Intl	q	8.233	7.350	1.1	1.75	4.7	0.30	27.4	-	nmf	0.90	9.1	(1.50)	nmf
Sprint Nextel	s	18.963	14.750	1.3	4.00	4.7	0.50	37.9	0.10	189.6	2.50	7.6	18.45	1.03
Verizon Communicatic	vz	36.385	31.200	1.2	7.85	4.6	2.55	14.3	1.62	22.5	5.75	6.3	13.20	2.76
Windstream	win	13.762	6.250	2.2	1.95	7.1	1.02	13.5	-	nmf	0.70	19.7	2.50	5.50
			Mean	**1.6**		**6.8**		**21.5**		**69.9**		**14.4**		**3.3**
			Median	**1.3**		**6.6**		**16.4**		**25.4**		**15.2**		**2.3**
			Trimmed Mean	**1.6**		**6.5**		**20.6**		**57.1**		**14.3**		**2.8**
			Std Dev	**0.8**		**2.5**		**10.3**		**75.1**		**6.0**		**2.6**
			Say	**1.50**		**6.60**		**18.00**		**50.00**		**14.50**		**3.00**

Source Value Line

nmf

Support for Yield Capitalization Equity Component
Capital Asset Pricing Model

Telecommunications

2007 Assessment Year

Ex Post

Ke = Rf + B (Rm-Rf)

Ke = Cost of Equity			**11.8%**
			to page 1
Rf =	risk free rate	4.8%	
Rp =	risk premium	5.6%	
B =	Beta	1.25	page 7

Rp = Risk Premium		**5.6%**
		to above
Ibbotson SBBI, Market Report Dec 2006, Table 7 page 16		
Ibbotson, SBBI, Large Co.	10.4% Rm	

Rf = Risk Free Rate			**4.8%**
			to above
Ibbotson SBBI, Risk Premia Over Time Report 2006, Table C1 page 5			
Long Term (20 years) US Treasury Bond Yield		4.9%	
Value Line Investment Survey, Selected Yields January 5, 2007, page 4941			
US Treasury Securities year end data			
	5 year	4.64%	
	10 year	4.65%	
	30 year	4.78%	
	30 year Zero	4.74%	
Federal Reserve Statistical Release (http://www.federalreserve.gov/Releases/H15/Current/)			
Treasury Constant Maturities			
	5 year	4.56%	
	10 year	4.60%	
	20 year	4.82%	
	20 year TIPS	2.33%	
		2.49%	Inflation Indication

Support for Yield Capitalization Equity Component
Capital Asset Pricing Model

Telecommunications

2007 Assessment Year

Ex Ante

Ke = Rf + B (Rp)

Ke = Cost of Equity			**11.1%**
			to page 1
Rm =	rate of return	9.8%	
Rf =	risk free rate	4.8%	
Rp =	risk premium	5.0%	
B =	Beta	1.25	page 7

Rp = Risk Premium	**5.0%**
	to above

Roger J. Grabowski and David W. King
Equity Risk Premium: What Consultants Need to Know about Recent Research - 2005 Update

Dr. Aswath Damodoran
http://pages.stern.nyu.edu/~adamodar/

John Graham and Cambell Harvey
Expectations of Equity Risk Premium, Volatility and Asymmetry, 2003
(The Graham and Harvey is the US Corportate officer survey of 2.9-4.7%)

Rf = Risk Free Rate	**4.8%**
	to above

Ibbotson SBBI, Risk Premia Over Time Report 2006, Table C1 page 5

Long Term (20 years) US Treasury Bond Yield 4.9%

Value Line Investment Survey, Selected Yields January 5, 2007, page 4941

US Treasury Securities year end data

5 year	4.64%
10 year	4.65%
30 year	4.78%
30 year Zero	4.74%

Federal Reserve Statistical Release (http://www.federalreserve.gov/Releases/H15/Current/)

Treasury Constant Maturities

5 year	4.56%	
10 year	4.60%	
20 year	4.82%	
20 year TIPS	2.33%	
	2.49%	Inflation Indication

Beta Calculation for CAPM

Telecommunications

2007 Assessment Year

Company	Ticker	Value Line
AT&T Inc	t	1.20
CenturyTel Inc.	ctl	1.00
Cincinnati Bell	cbb	1.80
Citizens Communications	czn	1.00
Comcast	cmcsk	1.40
Commonwealth Tele Enter	ctco	nmf
Dycom Industries inc	dy	1.20
Embarq	eq	nmf
IDT	idtc	0.85
Level 3 Communications	lvlt	1.35
Qwest Comm Intl	q	1.95
Sprint Nextel	s	1.25
Verizon Communications	vz	1.05
Windstream	win	nmf
	Mean	**1.28**
	Median	**1.20**
	Trimmed Mean	**1.25**
	Std Dev	**0.34**
	Max	**1.95**
	Min	**0.85**
	Estimated	**1.25**

Support for Yield Capitalization Equity Component

Telecommunications

2007 Assessment Year

Dividend Growth Model

(based on Dividend Growth)

Ke = D1 / Po + G		
Ke =	Cost of Equity	
D1 =	Expected Dividends	
Po =	Current Price	
G =	Sustainable Growth	

Industry Overall

Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Dividend Growth (G)	Ke
AT&T Inc	t	33.805	1.42	4.20%	2.50%	6.70%
CenturyTel Inc.	ctl	41.667	0.26	0.62%	4.50%	5.12%
Cincinnati Bell	cbb	4.640				
Citizens Communications	czn	14.307	1.00	6.99%		6.99%
Comcast	cmcsk	39.963				
Commonwealth Tele Enter	ctco	41.632	2.00	4.80%		4.80%
Dycom Industries inc	dy	21.988				
Embarq	eq	50.238	2.20	4.38%		4.38%
IDT	idtc	13.240				
Level 3 Communications	lvlt	5.475				
Qwest Comm Intl	q	8.233				
Sprint Nextel	s	18.963	0.10	0.53%		0.53%
Verizon Communications	vz	36.385	1.62	4.45%	0.50%	4.95%
Windstream	win	13.762	1.00	7.27%		7.27%
			Median			**5.04%**
			Mean			**5.09%**
			Trimmed Mean			**5.49%**
			Std Dev			**2.15%**
			Estimated			**5.00%**

Source Value Line

Support for Yield Capitalization Equity Component

Telecommunications

2007 Assessment Year

Dividend Growth Model

(based on Earnings Growth)

Ke = D1 / Po + G

Ke = Cost of Equity
D1 = Expected Dividends
Po = Current Price
G = Sustainable Growth

Industry Overall

Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Earnings Growth (G)	Ke
AT&T Inc	t	33.805	1.42	4.20%	11.50%	15.70%
CenturyTel Inc.	ctl	41.667	0.26	0.62%	2.00%	2.62%
Cincinnati Bell	cbb	4.640			7.00%	7.00%
Citizens Communications	czn	14.307	1.00	6.99%	11.00%	17.99%
Comcast	cmcsk	39.963				
Commonwealth Tele Enter	ctco	41.632	2.00	4.80%	2.00%	6.80%
Dycom Industries inc	dy	21.988			13.50%	13.50%
Embarq	eq	50.238	2.20	4.38%	0.00%	4.38%
IDT	idtc	13.240				
Level 3 Communications	lvlt	5.475				
Qwest Comm Intl	q	8.233				
Sprint Nextel	s	18.963	0.10	0.53%		0.53%
Verizon Communications	vz	36.385	1.62	4.45%	2.00%	6.45%
Windstream	win	13.762	1.00	7.27%		7.27%
			Median			**6.90%**
			Mean			**8.22%**
			Trimmed Mean			**7.97%**
			Std Dev			**5.70%**
			Estimated			**8.00%**

Source Value Line

Support for Yield Capitalization Equity Component

Telecommunications

2007 Assessment Year

Dividend Growth Model

(based on Earnings Growth)

Ke = D1 / Po + G

Ke = Cost of Equity
D1 = Expected Dividends
Po = Current Price
G = Sustainable Growth

Industry Overall

Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	# of Estimates S & P	S & P Earnings Growth (G)	Ke
AT&T Inc	t	33.805	1.42	4.20%	27	10.00%	14.20%
CenturyTel Inc.	ctl	41.667	0.26	0.62%	19	4.00%	4.62%
Cincinnati Bell	cbb	4.640			12	10.00%	10.00%
Citizens Communications	czn	14.307	1.00	6.99%	18	4.00%	10.99%
Comcast	cmcsk	39.963			26	24.00%	24.00%
Commonwealth Tele Ent	ctco	41.632	2.00	4.80%	8	5.00%	9.80%
Dycom Industries inc	dy	21.988			3	14.00%	14.00%
Embarq	eq	50.238	2.20	4.38%			
IDT	idtc	13.240					
Level 3 Communications	lvlt	5.475			10	23.00%	23.00%
Qwest Comm Intl	q	8.233			26	7.00%	7.00%
Sprint Nextel	s	18.963	0.10	0.53%	28	10.00%	10.53%
Verizon Communications	vz	36.385	1.62	4.45%	33	4.00%	8.45%
Windstream	win	13.762	1.00	7.27%			
			Median				**10.53%**
			Mean				**12.42%**
			Trimmed Mean				**12.00%**
			Std Dev				**6.13%**
			Estimated				**11.5%**

Source Value Line
S&P

Support for Debt Rating and Debt Yield Rate

Telecommunications

2007 Assessment Year

Industry Overall			
Company	**Ticker**	**Mergent's Ratings**	**S&P Ratings**
AT&T Inc	t	A2	A
CenturyTel Inc.	ctl	Baa2	BBB
Cincinnati Bell	cbb	Ba2	B+
Citizens Communications	czn	Ba2	BB+
Comcast	cmcsk		BBB+
Commonwealth Tele Enter	ctco		
Dycom Industries inc	dy		BB
Embarq	eq	Baa3	BBB-
IDT	idtc		
Level 3 Communications	lvlt	Caa2	CCC+
Qwest Comm Intl	q	Ba3	BB
Sprint Nextel	s	Baa3	BBB+
Verizon Communications	vz	A3	A
Windstream	win	Ba3	BB+
Overall Average Debt Rating		**Ba1**	**BBB-**

S&P Bond Guide (20 year bond yield) January 2007, Page 3				
US Industrials	**AAA**	**AA**	**A**	**BBB**
Year End	**5.30%**	**5.50%**	**5.70%**	**6.50%**

Mergent's Bond Record January 2007, page 188				
Corporate	**Aaa**	**Aa**	**A**	**Baa**
October	5.51%	5.74%	5.94%	6.42%
November	5.33%	5.57%	5.76%	6.20%
December	5.29%	5.58%	5.78%	6.22%
Average	**5.38%**	**5.63%**	**5.83%**	**6.28%**
Public Utilities	**Aaa**	**Aa**	**A**	**Baa**
October		5.80%	5.98%	6.24%
November		5.61%	5.80%	6.04%
December		5.62%	5.81%	6.05%
Average		**5.68%**	**5.86%**	**6.11%**
Industrials	**Aaa**	**Aa**	**A**	**Baa**
October	5.51%	5.68%	5.90%	6.60%
November	5.33%	5.52%	5.72%	6.36%
December	5.29%	5.53%	5.75%	6.38%
Average	**5.38%**	**5.58%**	**5.79%**	**6.45%**

Debt Yield Rate	**6.60%**

to page 1

Implied Premiums for US Market

These implied premiums are calculated using the S&P 500.

Year	Earnings Yield	ividend Yiel	S&P 500	Earnings	Dividends	nge in Earn	nge in Divide	T.Bill Rate	T.Bond Rate	Bond-Bill	oothed Grov	d Premium (t Growth Es	l Premium (FCFE)
1960	5.34%	3.41%	58.11	3.1	1.98			0.0266	2.76%	0.10%	2.45%		
1961	4.71%	2.85%	71.55	3.37	2.04	8.60%	2.91%	2.13%	2.35%	0.22%	2.41%	2.92%	2.92%
1962	5.81%	3.40%	63.1	3.67	2.15	8.79%	5.21%	2.73%	3.85%	1.12%	4.05%	3.56%	3.56%
1963	5.51%	3.13%	75.02	4.13	2.35	12.75%	9.45%	3.12%	4.14%	1.02%	4.96%	3.38%	3.38%
1964	5.62%	3.05%	84.75	4.76	2.58	15.23%	10.08%	3.54%	4.21%	0.67%	5.13%	3.31%	3.31%
1965	5.73%	3.06%	92.43	5.3	2.83	11.20%	9.42%	3.93%	4.65%	0.72%	5.46%	3.32%	3.32%
1966	6.74%	3.59%	80.33	5.41	2.88	2.23%	1.96%	4.76%	4.64%	-0.12%	4.19%	3.68%	3.68%
1967	5.66%	3.09%	96.47	5.46	2.98	0.85%	3.37%	4.21%	5.70%	1.49%	5.25%	3.20%	3.20%
1968	5.51%	2.93%	103.86	5.72	3.04	4.81%	2.09%	5.21%	6.16%	0.95%	5.32%	3.00%	3.00%
1969	6.63%	3.52%	92.06	6.1	3.24	6.66%	6.49%	6.58%	7.88%	1.30%	7.55%	3.74%	3.74%
1970	5.98%	3.46%	92.15	5.51	3.19	-9.72%	-1.61%	6.53%	6.50%	-0.03%	4.78%	3.41%	3.41%
1971	5.46%	3.10%	102.09	5.57	3.16	1.15%	-0.74%	4.39%	5.89%	1.50%	4.57%	3.09%	3.09%
1972	5.23%	2.70%	118.05	6.17	3.19	10.76%	0.71%	3.84%	6.41%	2.57%	5.21%	2.72%	2.72%
1973	8.16%	3.70%	97.55	7.96	3.61	28.93%	13.24%	6.93%	6.90%	-0.03%	8.30%	4.30%	4.30%
1974	13.64%	5.43%	68.56	9.35	3.72	17.48%	3.14%	8.00%	7.40%	-0.60%	6.42%	5.59%	5.59%
1975	8.55%	4.14%	90.19	7.71	3.73	-17.54%	0.30%	5.80%	7.76%	1.96%	5.99%	4.13%	4.13%
1976	9.07%	3.93%	107.46	9.75	4.22	26.39%	13.10%	5.08%	6.81%	1.73%	8.19%	4.55%	4.55%
1977	11.43%	5.11%	95.1	10.87	4.86	11.53%	15.07%	5.12%	7.78%	2.66%	9.52%	5.92%	5.92%
1978	12.11%	5.39%	96.11	11.64	5.18	7.07%	6.60%	7.18%	9.15%	1.97%	8.48%	5.72%	5.72%
1979	13.48%	5.53%	107.94	14.55	5.97	25.01%	15.23%	10.38%	10.33%	-0.05%	11.70%	6.45%	6.45%
1980	11.04%	4.74%	135.76	14.99	6.44	3.01%	7.81%	11.24%	12.43%	1.19%	11.01%	5.03%	5.03%
1981	12.39%	5.57%	122.55	15.18	6.83	1.31%	6.08%	14.71%	13.98%	-0.73%	11.42%	5.73%	5.73%
1982	9.83%	4.93%	140.64	13.82	6.93	-8.95%	1.58%	10.54%	10.47%	-0.07%	7.96%	4.90%	4.90%
1983	8.06%	4.32%	164.93	13.29	7.12	-3.84%	2.76%	8.80%	11.80%	3.00%	9.09%	4.31%	4.31%
1984	10.07%	4.68%	167.24	16.84	7.83	26.69%	9.85%	9.85%	11.51%	1.66%	11.02%	5.11%	5.11%
1985	7.42%	3.88%	211.28	15.68	8.2	-6.91%	4.74%	7.72%	8.99%	1.27%	7.89%	4.03%	6.75%	3.84%
1986	5.96%	3.38%	242.17	14.43	8.19	-7.93%	-0.15%	6.16%	7.22%	1.06%	5.54%	3.36%	6.96%	3.58%
1987	6.49%	3.71%	247.08	16.04	9.17	11.10%	11.99%	5.47%	8.86%	3.39%	9.66%	4.18%	8.58%	3.99%
1988	8.20%	3.68%	277.72	22.77	10.22	42.02%	11.49%	6.35%	9.14%	2.79%	9.76%	4.12%	7.67%	3.77%
1989	6.80%	3.32%	353.4	24.03	11.73	5.52%	14.80%	8.37%	7.93%	-0.44%	9.58%	3.85%	7.46%	3.51%
1990	6.58%	3.74%	330.22	21.73	12.35	-9.58%	5.26%	7.81%	8.07%	0.26%	7.39%	3.92%	7.19%	3.89%
1991	4.58%	3.11%	417.09	19.1	12.97	-12.08%	5.03%	7.00%	6.70%	-0.30%	6.34%	3.27%	7.81%	3.48%
1992	4.16%	2.90%	435.71	18.13	12.64	-5.12%	-2.59%	5.30%	6.68%	1.38%	4.67%	2.83%	9.83%	3.55%
1993	4.25%	2.72%	466.45	19.82	12.69	9.37%	0.41%	3.50%	5.79%	2.29%	4.73%	2.74%	8.00%	3.17%
1994	5.89%	2.91%	459.27	27.05	13.36	36.45%	5.34%	5.00%	7.82%	2.82%	7.23%	3.06%	7.17%	3.55%
1995	5.74%	2.30%	615.93	35.35	14.17	30.70%	6.00%	3.50%	5.57%	2.07%	5.65%	2.44%	6.50%	3.29%
1996	4.83%	2.01%	740.74	35.78	14.89	1.20%	5.10%	5.00%	6.41%	1.41%	6.13%	2.11%	7.92%	3.20%
1997	4.08%	1.60%	970.43	39.56	15.52	10.57%	4.25%	5.35%	5.74%	0.39%	5.45%	1.67%	8.00%	2.73%
1998	3.11%	1.32%	1229.23	38.23	16.2	-3.35%	4.37%	4.33%	4.65%	0.32%	4.60%	1.38%	7.20%	2.26%
1999	3.07%	1.14%	1469.25	45.17	16.71	18.13%	3.16%	5.37%	6.44%	1.07%	5.75%	1.20%	12.50%	2.05%
2000	3.94%	1.23%	1320.28	52	16.27	15.13%	-2.65%	5.73%	5.11%	-0.62%	3.71%	1.65%	12.00%	2.87%
2001	3.85%	1.37%	1148.09	44.23	15.74	-14.94%	-3.24%	1.80%	5.05%	3.25%	3.56%	1.73%	10.30%	3.62%
2002	5.37%	1.83%	879.82	47.24	16.08	6.81%	2.15%	1.20%	3.81%	2.61%	3.57%	2.29%	8.00%	4.10%
2003	4.87%	1.61%	1111.91	54.15	17.88	14.63%	11.19%	1.00%	4.25%	3.25%	5.35%	2.12%	11.00%	3.69%
2004	5.53%	1.60%	1211.92	67.01	19.407	23.75%	8.54%	2.18%	4.22%	2.04%	4.90%	2.02%	8.50%	3.65%
2005	5.47%	1.79%	1248.29	68.32	22.38	1.95%	15.32%	4.31%	4.39%	0.08%	6.16%	2.20%	8.00%	4.08%
2006	5.78%	1.77%	1418.3	81.96	25.05	19.96%	11.93%	4.88%	4.70%	-0.18%	5.93%	1.97%	12.50%	4.16%

2007 Assessment Year

Telecommunications

Instructions: Data entered on this page will flow to the applicable worksheets.

Guideline Companies		Stock Price	Revenues	Cash Flow	Earnings	Dividends	Cap'l Spending	Bk Value	Common	Calculated Debt	Wtd Avg YTM
Name	**Ticker**	**(4th 1/4 avg)**	**Per Share**	**Per Share**	**Per Share**	**Per Share**	**per share**	**Stock**	**Shares**	**mk to bk**	
AT&T Inc	t	33.805	16.10	4.85	2.33	1.33	2.15	15.00	3,842,900,000	108.72%	5.664%
CenturyTel Inc.	ctl	41.667	21.05	6.40	2.45	0.25	3.25	28.45	115,400,000	102.00%	6.007%
Cincinnati Bell	cbb	4.640	4.90	0.90	0.31	-	0.60	(3.05)	247,209,440	101.20%	7.574%
Citizens Communications	czn	14.307	6.35	2.15	0.64	1.00	0.80	3.15	321,895,531	109.77%	6.753%
Comcast	cmcsk	39.963	12.45	3.40	0.95	-	1.75	20.00	2,081,146,595	100.61%	6.002%
Commonwealth Tele Enter	ctco	41.632	15.10	5.25	2.65	2.00	2.05	4.30	21,053,253	100.00%	
Dycom Industries inc	dy	21.988	25.21	1.99	0.78	-	1.41	9.59	40,635,676	100.00%	
Embarq	eq	50.238	43.35	12.05	5.00	1.00	6.55	(0.70)	149,490,309	100.00%	
IDT	idtc	13.240	23.10	(1.40)	(2.32)	-	0.56	8.33	81,599,244	100.00%	
Level 3 Communications	lvlt	5.475	4.42	(0.04)	(0.68)	-	0.37	(0.58)	1,174,953,605	105.00%	9.904%
Qwest Comm Intl	q	8.233	7.35	1.75	0.30	-	0.90	(1.50)	1,903,591,000	101.20%	7.042%
Sprint Nextel	s	18.963	14.75	4.00	0.50	0.10	2.50	18.45	2,894,903,669	107.82%	6.373%
Verizon Communications	vz	36.385	31.20	7.85	2.55	1.62	5.75	13.20	2,919,515,293	99.87%	5.722%
Windstream	win	13.762	6.25	1.95	1.02	-	0.70	2.50	476,778,215	100.00%	
		Yahoo	Value Line	Value Line	Value Line	Value Line		Value Line	Value Line	Bond analysis	Bond analysis

Support for Equity Component of Direct Capitalization Rates

Telecommunications

2007 Assessment Year

Industry Overall			2006		2007		2006		2007	
Company	**Ticker**	**Stock Average**	**Actual Earnings Ratio**		**Projected Earnings Ratio**		**Cash Flow Ratio**		**Projected Cash Flow Ratio**	
AT&T Inc	t	$ 33.81	2.330	6.9%	$ 2.55	7.54%	4.850	14.3%	$ 5.05	14.94%
CenturyTel Inc.	ctl	$ 41.67	2.450	5.9%	2.60	6.2%	6.400	15.4%	$ 6.95	16.68%
Cincinnati Bell	cbb	$ 4.64	0.310	6.7%	0.30	6.5%	0.900	19.4%	$ 0.90	19.40%
Citizens Communication	czn	$ 14.31	0.640	4.5%	0.70	4.9%	2.150	15.0%	$ 2.20	15.38%
Comcast	cmcsk	$ 39.96	0.950	2.4%	1.25	3.1%	3.400	8.5%	$ 3.95	9.88%
Commonwealth Tele En	ctco	$ 41.63	2.650	6.4%	2.65	6.4%	5.250	12.6%	$ 5.25	12.61%
Dycom Industries inc	dy	$ 21.99	0.780	3.5%	0.90	4.1%	1.990	9.1%	$ 2.15	9.78%
Embarq	eq	$ 50.24	5.000	10.0%	5.00	10.0%	12.050	24.0%	$12.15	24.18%
IDT	idtc	$ 13.24	(2.320)	nmf	(0.70)	nmf	(1.400)	nmf	$ 0.25	1.89%
Level 3 Communications	lvlt	$ 5.48	(0.680)	nmf	(0.47)	nmf	(0.040)	nmf	$ -	nmf
Qwest Comm Intl	q	$ 8.23	0.300	3.6%	0.40	4.9%	1.750	21.3%	$ 1.80	21.86%
Sprint Nextel	s	$ 18.96	0.500	2.6%	1.25	6.6%	4.000	21.1%	$ 5.25	27.69%
Verizon Communications	vz	$ 36.39	2.550	7.0%	2.55	7.0%	7.850	21.6%	$ 8.10	22.26%
Windstream	win	$ 13.76	1.020	7.4%	1.05	7.6%	1.950	14.2%	$ 2.00	14.53%
			Mean	**5.57%**		**6.23%**		**16.36%**		**16.24%**
			Median	**6.12%**		**6.42%**		**15.19%**		**15.38%**
			Trimmed Mean	**5.45%**		**6.17%**		**16.39%**		**16.50%**
			std dev	**2.26%**		**1.81%**		**5.06%**		**6.95%**
				6.00%		**6.25%**		**16.00%**		**16.00%**

source Actual earnings: Value Line / Q4 average stock price
source Estimated Earnings: Value Line / Q4 average stock price
source Actual Cash Flow: Value Line / Q4 average stock price

Fourth Quarter Average Stock Prices

01/18/2007

ATT

Date	Open	High	Low	Close	Volume	Adj. Close*	Q4 Average
01-Dec-06	33.95	36.21	33.74	35.75	25337890	35.38	
01-Nov-06	34.49	34.56	31.75	33.91	26842961	33.56	
02-Oct-06	32.56	35	31.57	34.25	26130990	33.89	**33.805**

CenturyTel

Date	Open	High	Low	Close	Volume	Adj. Close*	
01-Dec-06	42.65	44.11	41.99	43.66	772290	43.66	
01-Nov-06	40.42	42.7	40.35	42.55	870495	42.55	
02-Oct-06	39.72	41.51	39.34	40.24	719318	40.18	**41.667**

Cincinnati Bell

Date	Open	High	Low	Close	Volume	Adj. Close*	
01-Dec-06	4.52	4.92	4.5	4.57	1562365	4.57	
01-Nov-06	4.76	4.77	4.16	4.52	1485861	4.52	
02-Oct-06	4.8	5	4.49	4.69	1548027	4.69	**4.640**

Citizens

Date	Open	High	Low	Close	Volume	Adj. Close*	
01-Dec-06	14.16	14.49	13.95	14.37	1609775	14.37	
01-Nov-06	14.65	14.8	13.68	14.17	2398438	13.92	
02-Oct-06	14.06	14.95	13.97	14.66	2075140	14.4	**14.307**

Comcast

Date	Open	High	Low	Close	Volume	Adj. Close*	
01-Dec-06	40.35	43.03	40.09	41.88	4348855	41.88	
01-Nov-06	40.69	41.01	38.83	40.28	5217471	40.28	
02-Oct-06	36.78	40.61	36.21	40.48	5395281	40.48	**39.963**

Commonwealth

Date	Open	High	Low	Close	Volume	Adj. Close*	
01-Dec-06	41.51	42.35	40.84	41.86	118100	41.86	
01-Nov-06	42	42.24	41.15	41.67	147657	41.17	
02-Oct-06	41.31	42.21	41	41.86	249550	41.36	**41.632**

Dycom

Date	Open	High	Low	Close	Volume	Adj. Close*	
01-Dec-06	20.3	21.71	19.85	21.12	406135	21.12	
01-Nov-06	23.44	24.99	19.87	20.32	536123	20.32	
02-Oct-06	21.55	24.25	21.26	23.31	305590	23.31	**21.988**

Embarq

Date	Open	High	Low	Close	Volume	Adj. Close*	
01-Dec-06	51.58	53.32	49.9	52.56	780530	52.56	
01-Nov-06	48.15	51.89	47.28	51.45	1061252	50.95	
02-Oct-06	48.75	52.49	46.55	48.35	1075968	47.88	**50.238**

IDT

Date	Open	High	Low	Close	Volume	Adj. Close*	
01-Dec-06	13.46	13.85	12.96	13.53	49660	13.53	
01-Nov-06	12.98	13.51	12.29	13.5	39338	13.5	
02-Oct-06	14.18	14.33	12.5	12.9	25740	12.9	**13.240**

Level 3

Date	Open	High	Low	Close	Volume	Adj. Close*
01-Dec-06	5.4	6.07	5.3	5.6	31674710	5.6

01-Nov-06	5.3	5.72	4.92	5.34	29005280	5.34	
02-Oct-06	5.37	6.09	4.75	5.29	43218472	5.29	**5.475**

Qwest

Date	Open	High	Low	Close	Volume	Adj. Close*	
01-Dec-06	7.7	8.47	7.5	8.37	17409840	8.37	
01-Nov-06	8.73	8.92	7.41	7.69	24857047	7.69	
02-Oct-06	8.73	9.03	8.07	8.63	24799781	8.63	**8.233**

Sprint Nextel

Date	Open	High	Low	Close	Volume	Adj. Close*	
01-Dec-06	19.5	19.92	18.61	18.89	18832690	18.89	
01-Nov-06	18.68	20.63	18.57	19.51	19522085	19.48	
02-Oct-06	17.2	19.3	16.75	18.69	26944386	18.67	**18.963**

TDS

Date	Open	High	Low	Close	Volume	Adj. Close*	
01-Dec-06	51.8	55.22	51.06	54.33	249755	54.33	
01-Nov-06	49.1	53.72	49.05	51.66	343609	51.57	
02-Oct-06	42.35	49.35	41.9	48.85	293568	48.77	**50.050**

Verizon

Date	Open	High	Low	Close	Volume	Adj. Close*	
01-Dec-06	35.13	37.64	34.43	37.24	11059575	36.84	
01-Nov-06	37.25	37.29	34	34.94	12317947	34.56	
02-Oct-06	37.2	38.95	36	37	14908868	35.27	**36.385**

Vonage

Date	Open	High	Low	Close	Volume	Adj. Close*	
01-Dec-06	6.5	7.3	6.5	6.94	743415	6.94	
01-Nov-06	6.93	7.21	6.4	6.5	547271	6.5	
02-Oct-06	7.13	7.89	6.81	6.88	601440	6.88	**7.018**

Windstream

Date	Open	High	Low	Close	Volume	Adj. Close*	
01-Dec-06	13.95	14.43	13.54	14.22	2394715	14.22	
01-Nov-06	13.8	14.07	13.35	13.94	2665871	13.69	
02-Oct-06	13.27	14.02	13.16	13.72	2431145	13.47	**13.762**

XO Holdings XOHO.OB

Date	Open	High	Low	Close	Volume	Adj. Close*	
01-Dec-06	4.14	4.45	4	4.3	771600	4.3	
01-Nov-06	3.93	4.54	3.92	4.12	881380	4.12	
02-Oct-06	4.85	4.95	3.45	3.9	425500	3.9	**4.218**

XO HOLDINGS INC (US:XOHO) from MSN

Weekly prices

DATE	OPEN	HIGH	LOW	CLOSE	VOLUME	
12/01/2006	4.13	4.2	4	4.12	904900	
11/03/2006	3.97	4.07	3.9	4.06	953500	
10/06/2006	4.85	4.95	4.72	4.93	974300	**4.307**

Source finance.yahoo.com
Historical Stock Quotes