

Cost of Capital Study
Telecommunications
2008 Assessment Year
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Yield Equity Component		11.00%	
Debt			
Debt Rate		6.50%	12
Industry Market Capital Structure			
Equity	70%	x 11.00% =	7.70%
Debt	30%	x 6.50% = 1.95%	3
Marginal Tax Rate	38%	= (1-.038) x 1.95%	<u>1.21%</u>
Weighted Average Cost of Capital			8.91%

Support for Guideline Companies
Telecommunications
2008 Assessment Year

Company	Ticker	Beta	Fin'l Strength	Price Stability	Growth Persist	Earnings Predict	P/E Ratio	Div'd Yield	Book Value						
									Common Stock	%	Preferred Stock	%	Long Term Debt	%	Total Debt & Equity
AT&T Inc	t	1.00	A+	85	5	70	13.4	4.40%	115,221,513,000	66.8%	-	0.0%	57,255,000,000	33.2%	172,476,513,000
Alaska Communication S	alsk	0.85	C++	40	35	15	15.8	7.00%	72,821,892	14.4%	-	0.0%	432,200,000	85.6%	505,021,892
BCE Inc	bce	0.80	B+	90	20	70	15.2	3.80%	17,233,420,000	56.3%	2,770,000,000	9.0%	10,621,000,000	34.7%	30,624,420,000
CenturyTel Inc.	ctl	0.85	B++	90	35	80	10.9	80.00%	3,409,070,000	55.4%	7,000,000	0.1%	2,734,400,000	44.5%	6,150,470,000
Cincinnati Bell	cbb	1.35	C+	35	5	25	12.5	nil	nmf		155,300,000	7.2%	2,001,900,000	92.8%	2,157,200,000
Citizens Communications	czn	0.90	B	80	35	25	19.1	9.20%	996,356,960	17.4%	-	0.0%	4,736,900,000	82.6%	5,733,256,960
Comcast	cmcsa	1.00	B+	75	20	30	25.6	1.30%	41,341,510,317	58.1%	-	0.0%	29,800,000,000	41.9%	71,141,510,317
Embarq	eq	nmf	B	nmf	nmf	nmf	9.1	6.80%	264,690,000	4.4%	-	0.0%	5,779,000,000	95.6%	6,043,690,000
Fairpoint Communication	frp	0.95	B	50	nmf	nmf	17.1	11.80%	162,023,247	20.6%	-	0.0%	624,200,000	79.4%	786,223,247
IDT Corp	idtc	0.90	C+	55	25	30	nmf	nil	587,377,724	86.0%	-	0.0%	95,600,000	14.0%	682,977,724
Iowa Telecom Services	iwa	0.85	B	85	nmf	nmf	19.3	9.10%	243,032,862	33.7%	-	0.0%	477,800,000	66.3%	720,832,862
Level 3 Communications	lvl	1.15	B	10	5	55	nmf	nil	1,076,503,880	13.6%	-	0.0%	6,832,000,000	86.4%	7,908,503,880
Qwest Comm Intl	q	1.25	C+	35	15	25	8.6	6.80%	547,832,000	3.9%	-	0.0%	13,650,000,000	96.1%	14,197,832,000
Sprint Nextel	s	1.30	B	50	nmf	25	nmf	nil	22,022,339,965	51.8%	-	0.0%	20,469,000,000	48.2%	42,491,339,965
Telephone & Data System	tds	1.00	B	80	35	40	26.2	1.00%	3,926,770,493	70.6%	900,000	0.02%	1,632,200,000	29.4%	5,559,870,493
Telus Corp	tu	0.80	B+	75	40	5	14.1	4.10%	6,934,200,000	60.2%	-	0.00%	4,578,100,000	39.8%	11,512,300,000
Verizon Communications	vz	0.95	A+	90	5	90	14.9	4.90%	50,241,714,985	64.0%	-	0.0%	28,203,000,000	36.0%	78,444,714,985
Windstream	win	nmf	B	nmf	nmf	nmf	12.7	8.00%	699,160,000	11.5%	-	0.0%	5,355,500,000	88.5%	6,054,660,000
Mean									15,587,078,666	40.5%		0.9%	10,848,766,667	60.8%	
Weighted Mean									264,980,337,324	57.2%	2,933,200,000	0.63%	195,277,800,000	42.2%	463,191,337,324
Median										51.8%		0.0%		57.2%	
Trimmed Mean										39.9%		0.0%		61.5%	
Max										86.0%		9.0%		96.1%	
Min										3.9%		0.0%		14.0%	
Say										58%		0.0%		42%	100%

**Support for Capital Structure
Market Value
Telecommunications
2008 Assessment Year**

Company	Ticker	Stock Average	Common Shares	Market Value						
				Common Stock	%	Preferred Stock	%	* Long Term Debt	%	Total Debt & Equity
AT&T Inc	t	40.278	6,035,700,000	243,107,936,500	79.6%	-	0.0%	62,465,465,466	20.4%	305,573,401,966
Alaska Communication Sys	alsk	15.210	42,836,407	651,541,750	60.1%	-	0.0%	432,200,000	39.9%	1,083,741,750
BCE Inc	bce	40.647	805,300,000	32,732,760,667	71.0%	2,770,000,000	6.0%	10,621,000,000	23.0%	46,123,760,667
CenturyTel Inc.	ctl	43.322	108,500,000	4,700,400,833	62.6%	7,000,000	0.1%	2,799,374,316	37.3%	7,506,775,149
Cincinnati Bell	cbb	5.030	248,375,399	1,249,328,257	37.4%	155,300,000	4.7%	1,935,012,618	57.9%	3,339,640,875
Citizens Communications	czn	13.010	327,749,000	4,264,014,490	46.2%	-	0.0%	4,967,193,102	53.8%	9,231,207,592
Comcast	cmcsa	20.708	3,011,034,983	62,353,516,106	67.4%	-	0.0%	30,192,683,073	32.6%	92,546,199,179
Embarq	eq	52.097	153,000,000	7,970,790,000	58.0%	-	0.0%	5,779,000,000	42.0%	13,749,790,000
Fairpoint Communications	frp	16.552	35,222,445	582,990,169	48.3%	-	0.0%	624,200,000	51.7%	1,207,190,169
IDT Corp	idtc	7.732	75,401,505	582,979,303	85.9%	-	0.0%	95,600,000	14.1%	678,579,303
Iowa Telecom Services	iwa	18.105	31,440,215	569,225,093	54.4%	-	0.0%	477,800,000	45.6%	1,047,025,093
Level 3 Communications	lvl3	3.452	1,537,862,685	5,308,189,368	42.7%	-	0.0%	7,112,396,667	57.3%	12,420,586,034
Qwest Comm Intl	q	7.312	1,767,200,000	12,921,177,333	49.3%	-	0.0%	13,294,200,274	50.7%	26,215,377,607
Sprint Nextel	s	16.167	2,848,944,368	46,057,933,949	68.5%	-	0.0%	21,140,770,451	31.5%	67,198,704,401
Telephone & Data Systems	tds	65.925	117,638,421	7,755,312,904	82.6%	900,000	0.0%	1,632,200,000	17.4%	9,388,412,904
Telus Corp	tu	50.498	330,200,000	16,674,549,667	78.5%	-	0.0%	4,578,100,000	21.5%	21,252,649,667
Verizon Communications	vz	44.148	2,870,955,142	126,747,884,594	81.5%	-	0.0%	28,728,839,541	18.5%	155,476,724,135
Windstream	win	13.475	454,000,000	6,117,650,000	53.3%	-	0.0%	5,355,500,000	46.7%	11,473,150,000
Mean					63%		0.6%		37%	
Weighted Mean				580,348,180,984	74%	#####	0.37%	202,231,535,508	26%	785,512,916,492
Median					61%		0.00%		39%	
Trimmed Mean					63%		0.0%		37%	
Max					86%		6%		58%	
Min					37%		0%		14%	
Say					70%		0%		30%	100%

Source: Value Line

Stock Price: Yahoo

Bond Analysis, *mkt val debt adjusted from s&p bond guide yr end 12-07 published 1-08 2008 by Cost of Capital-Telecoms FINAL for email

Support for Market Multiples

Telecommunications

2008 Assessment Year

Company	Ticker	Stock Avg	Revenues	Multiple	Cash Flow	Multiple	Earnings	Multiple	Divds Decld	Multiple	Captl Spend	Multiple	Book Value	Multiple
AT&T Inc	t	40.278	19.830	2.0	5.36	7.5	2.76	14.6	1.42	28.4	2.93	13.7	19.09	2.11
Alaska Communication S	alsk	15.210	8.950	1.7	2.40	6.3	0.74	20.6	0.86	17.7	1.45	10.5	1.70	8.95
BCE Inc	bce	40.647	22.190	1.8	6.49	6.3	2.35	17.3	1.30	31.3	3.91	10.4	21.40	1.90
CenturyTel Inc.	ctl	43.322	24.020	1.8	8.21	5.3	3.13	13.8	0.26	166.6	3.01	14.4	31.42	1.38
Cincinnati Bell	cbb	5.030	5.430	0.9	0.99	5.1	0.33	15.2	nil	nmf	0.94	5.4	(2.69)	nmf
Citizens Communications	czn	13.010	6.860	1.9	2.24	5.8	0.57	22.8	1.00	13.0	0.96	13.6	3.04	4.28
Comcast	cmcsa	20.708	10.260	2.0	2.82	7.3	0.75	27.6	nil	nmf	2.05	10.1	13.73	1.51
Embarq	eq	52.097	41.600	1.3	11.37	4.6	4.44	11.7	2.38	21.9	5.35	9.7	1.73	30.11
Fairpoint Communication	frp	16.552	8.050	2.1	2.02	8.2	0.58	28.5	1.59	10.4	1.68	9.9	4.60	3.60
IDT Corp	idtc	7.732	24.890	0.3	(1.29)	nmf	(2.24)	nmf	0.50	15.5	0.45	17.2	7.79	0.99
Iowa Telecom Services	iwa	18.105	8.000	2.3	2.49	7.3	0.91	19.9	1.62	11.2	0.85	21.3	7.73	2.34
Level 3 Communications	lvl	3.452	2.780	1.2	0.17	20.3	(0.45)	nmf	nil	nmf	0.41	8.4	0.70	4.93
Qwest Comm Intl	q	7.312	7.530	1.0	1.93	3.8	0.55	13.3	nil	nmf	0.91	8.0	0.31	23.59
Sprint Nextel	s	16.167	14.110	1.1	3.21	5.0	0.04	404.2	0.10	161.7	2.22	7.3	7.73	2.09
Telephone & Data System	tds	65.925	41.050	1.6	9.70	6.8	2.86	23.1	0.39	169.0	5.95	11.1	33.38	1.97
Telus Corp	tu	50.498	27.500	1.8	8.70	5.8	3.76	13.4	1.58	32.0	5.35	9.4	21.00	2.40
Verizon Communications	vz	44.148	32.350	1.4	7.35	6.0	2.37	18.6	1.62	27.3	6.05	7.3	17.50	2.52
Windstream	win	13.475	7.180	1.9	2.14	6.3	0.98	13.8	1.00	13.5	0.80	16.8	1.54	8.75
		Mean		1.6		6.9		42.4		51.4		11.4		6.1
		Median		1.8		6.3		18.0		24.6		10.2		2.4
		Trimmed Mean		1.6		6.2		18.8		45.0		11.1		4.8
		Max		2.3		20.3		404.2		169.0		21.3		30.1
		Min		0.3		3.8		11.7		10.4		5.4		0.99
		Std Dev		0.5		3.6		96.6		62.4		4.1		8.2
		Say		1.60		6.20		19.00		nmf		11.00		2.40

Support for Yield Capitalization Equity Component Capital Asset Pricing Model

Telecommunications

2008 Assessment Year

Ex Post

$$\text{Ke} = \text{Rf} + \text{B} (\text{Rm}-\text{Rf})$$

Ke = Cost of Equity			9.7%
			to page 1
Rf =	risk free rate	4.5%	
Rp =	risk premium	5.2%	
B =	Beta	1.00	page 7

Rp = Risk Premium			5.2%
			to above
Ibbotson SBBI, Market Report Dec 2007, Table 7 page 18			
Ibbotson, SBBI, Large Co.		10.4% Geometric Rm	
	less	5.2% Average Historical Rf Return	

Rf = Risk Free Rate			4.5%
			to above
Ibbotson SBBI, Risk Premia Over Time Report 2008, Table C1 page 5			
Long Term (20 years) US Treasury Bond Yield		4.5%	
Value Line Investment Survey, Selected Yields January 4, 2008, page 4353			
US Treasury Securities year end data			
	5 year	3.70%	
	10 year	4.28%	
	30 year	4.67%	
	30 year Zero	4.70%	
Federal Reserve Statistical Release (http://www.federalreserve.gov/Releases/H15/Current/)			
January 7, 2008 as of 12-31-07			
Treasury Constant Maturities			
	5 year	3.45%	
	10 year	4.04%	
	20 year	4.50%	
	20 year TIPS	2.00%	
		2.50%	Inflation Indication

Support for Yield Capitalization Equity Component Capital Asset Pricing Model

Telecommunications

2008 Assessment Year

Ex Ante

$$K_e = R_f + B (R_p)$$

Ke = Cost of Equity			9.5%
			to page 1
Rm =	rate of return	9.5%	
Rf =	risk free rate	4.5%	
Rp =	risk premium	5.0%	
B =	Beta	1.00	page 7

Rp = Risk Premium			5.0%
			to above
Shannon Pratt and Roger Grabowski		3.5 - 6%	
Cost of Capital, Applications and Examples, Third Edition, 2008, Page 113		(est. 5%)	
Dr. Aswath Damodaran		4.37%	
http://pages.stern.nyu.edu/~adamodar/ 2007 Implied Premium			
John Graham and Campbell Harvey		3.21%	November 2006
The Equity Risk Premium in January 2007:		3.47%	10 year average
Evidence from the Global CEO Outlook Survey		2.39 - 4.65%	10 year average range

Rf = Risk Free Rate			4.5%
			to above
Ibbotson SBBI, Risk Premia Over Time Report 2008, Table C1 page 5			
Long Term (20 years) US Treasury Bond Yield		4.5%	
Value Line Investment Survey, Selected Yields January 4, 2008, page 4353			
US Treasury Securities year end data			
5 year		3.70%	
10 year		4.28%	
30 year		4.67%	
30 year Zero		4.70%	
Federal Reserve Statistical Release (http://www.federalreserve.gov/Releases/H15/Current/) January 7, 2008 for 12-31-07			
Treasury Constant Maturities			
5 year		3.45%	
10 year		4.04%	
20 year		4.50%	
20 year TIPS		<u>2.00%</u>	
		2.50%	Inflation Indication

Beta Calculation for CAPM
Telecommunications
2008 Assessment Year

Company	Ticker	Value Line
AT&T Inc	t	1.00
Alaska Communication Sys	alsk	0.85
BCE Inc	bce	0.80
CenturyTel Inc.	ctl	0.85
Cincinnati Bell	cbb	1.35
Citizens Communications	czn	0.90
Comcast	cmcsa	1.00
Embarq	eq	nmf
Fairpoint Communications	frp	0.95
IDT Corp	idtc	0.90
Iowa Telecom Services	iwa	0.85
Level 3 Communications	lvl3	1.15
Qwest Comm Intl	q	1.25
Sprint Nextel	s	1.30
Telephone & Data Systems I	tds	1.00
Telus Corp	tu	0.80
Verizon Communications	vz	0.95
Windstream	win	nmf
	Mean	0.99
	Median	0.95
	Trimmed Mean	0.98
	Max	1.35
	Min	0.80
	Say	1.00

Support for Yield Capitalization Equity Component

Telecommunications

2008 Assessment Year

Dividend Growth Model

(based on Dividend Growth)

$$K_e = (D_1 / P_o) + G$$

Ke = Cost of Equity

D1 = Expected Dividends

Po = Current Price

G = Sustainable Growth

Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Dividend Growth (G)	Ke
AT&T Inc	t	40.278	1.60	3.97%	11.50%	15.47%
Alaska Communication Sys	alsk	15.210	0.86	5.65%	10.00%	15.65%
BCE Inc	bce	40.647	1.25	3.08%	3.00%	6.08%
CenturyTel Inc.	ctl	43.322	0.27	0.62%	6.00%	6.62%
Cincinnati Bell	cbb	5.030				
Citizens Communications	czn	13.010	1.00	7.69%	0.00%	7.69%
Comcast	cmcsa	20.708	0.19	0.92%	0.00%	0.92%
Embarq	eq	52.097	2.75	5.28%	22.00%	27.28%
Fairpoint Communications	frp	16.552	1.17	7.07%	-0.50%	6.57%
IDT Corp	idtc	7.732				
Iowa Telecom Services	iwa	18.105	1.62	8.95%	0.00%	8.95%
Level 3 Communications	lvl3	3.452				
Qwest Comm Intl	q	7.312	0.32	4.38%	0.00%	4.38%
Sprint Nextel	s	16.167				
Telephone & Data Systems Inc	tds	65.925	0.39	0.59%	2.50%	3.09%
Telus Corp	tu	50.498	1.58	3.13%	13.00%	16.13%
Verizon Communications	vz	44.148	1.72	3.90%	1.50%	5.40%
Windstream	win	13.475	1.00	7.42%	31.00%	38.42%
Mean						11.62%
Median						7.15%
Trimmed Mean						10.27%
Max						38.42%
Min						0.92%
Say						11.00%

Support for Yield Capitalization Equity Component**Telecommunications****2008 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

Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Earnings Growth (G)	Ke
AT&T Inc	t	40.278	1.60	3.97%	13.00%	16.97%
Alaska Communication Sys	alsk	15.210	0.86	5.65%	nmf	nmf
BCE Inc	bce	40.647	1.25	3.08%	6.00%	9.08%
CenturyTel Inc.	ctl	43.322	0.27	0.62%	-0.50%	0.12%
Cincinnati Bell	cbb	5.030				
Citizens Communications	czn	13.010	1.00	7.69%	6.00%	13.69%
Comcast	cmcsa	20.708	0.19	0.92%	25.50%	26.42%
Embarq	eq	52.097	2.75	5.28%	0.50%	5.78%
Fairpoint Communications	frp	16.552	1.17	7.07%	4.00%	11.07%
IDT Corp	idtc	7.732				
Iowa Telecom Services	iwa	18.105	1.62	8.95%	-6.50%	2.45%
Level 3 Communications	lvl3	3.452				
Qwest Comm Intl	q	7.312	0.32	4.38%	21.00%	25.38%
Sprint Nextel	s	16.167				
Telephone & Data Systems Int	tds	65.925	0.39	0.59%	17.00%	17.59%
Telus Corp	tu	50.498	1.58	3.13%	12.50%	15.63%
Verizon Communications	vz	44.148	1.72	3.90%	3.50%	7.40%
Windstream	win	13.475	1.00	7.42%	6.00%	13.42%
					Mean	12.69%
					Median	13.42%
					Trimmed Mean	12.59%
					Max	26.42%
					Min	0.12%
					Say	13.00%

Support for Yield Capitalization Equity Component**Telecommunications****2008 Assessment Year****Dividend Growth Model**

(based on Return on Equity)

$Ke = (D1 / Po) + G$

Ke = Cost of Equity
D1 = Expected Dividends
Po = Current Price
G = Sustainable Growth
b = Retained Earnings (plowback)
ROE = Return on Equity

Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	b (1-payout ratio)	ROE	Growth (b*ROE)	Ke
AT&T Inc	t	40.278	1.60	3.97%	49.0%	14.80%	7.25%	11.22%
Alaska Communication Sys	alsk	15.210	0.86	5.65%	-12.0%	44.50%	-5.34%	0.31%
BCE Inc	bce	40.647	1.25	3.08%	48.0%	9.00%	4.32%	7.40%
CenturyTel Inc.	ctl	43.322	0.27	0.62%	92.0%	10.40%	9.57%	10.19%
Cincinnati Bell	cbb	5.030						
Citizens Communications	czn	13.010	1.00	7.69%	nmf	18.90%	nmf	nmf
Comcast	cmcsa	20.708	0.19	0.92%	100.0%	5.50%	5.50%	6.42%
Embarq	eq	52.097	2.75	5.28%	46.0%	nmf	nmf	nmf
Fairpoint Communications	frp	16.552	1.17	7.07%	nmf	12.50%	nmf	nmf
IDT Corp	idtc	7.732						
Iowa Telecom Services	iwa	18.105	1.62	8.95%	nmf	12.10%	nmf	nmf
Level 3 Communications	lvl	3.452						
Qwest Comm Intl	q	7.312	0.32	4.38%	100.0%	nmf	nmf	nmf
Sprint Nextel	s	16.167						
Telephone & Data Systems	tds	65.925	0.39	0.59%	86.0%	7.00%	6.02%	6.61%
Telus Corp	tu	50.498	1.58	3.13%	59.0%	18.10%	10.68%	13.81%
Verizon Communications	vz	44.148	1.72	3.90%	31.0%	16.00%	4.96%	8.86%
Windstream	win	13.475	1.00	7.42%	-2.0%	nmf	nmf	nmf
Mean								8.10%
Median								8.13%
Trimmed Mean								8.45%
Max								13.81%
Min								0.31%
Say								8.50%

Support for Yield Capitalization Equity Component

Telecommunications

2008 Assessment Year

Dividend Growth Model

(based on Earnings Growth)

$$K_e = (D_1 / P_o) + G$$

- K_e** = Cost of Equity
D₁ = Expected Dividends
P_o = Current Price
G = Sustainable Growth

Company	Ticker	Stock Price (P _o)	Expected Dividend (D ₁)	Dividend Yield (D ₁ /P _o)	# of Estimates S & P	S & P Earnings Growth (G)	K _e
AT&T Inc	t	40.278	1.60	3.97%	28	9.00%	12.97%
Alaska Communication Sys	alsk	15.210	0.86	5.65%	8	9.00%	14.65%
BCE Inc	bce	40.647	1.25	3.08%	4	3.00%	6.08%
CenturyTel Inc.	ctl	43.322	0.27	0.62%	16	4.00%	4.62%
Cincinnati Bell	cbb	5.030			12	8.00%	nmf
Citizens Communications	czn	13.010	1.00	7.69%	15	4.00%	11.69%
Comcast	cmcsa	20.708	0.19	0.92%	24	19.00%	19.92%
Embarq	eq	52.097	2.75	5.28%	0	0.00%	nmf
Fairpoint Communications	frp	16.552	1.17	7.07%	0	0.00%	nmf
IDT Corp	idtc	7.732			1	0.00%	nmf
Iowa Telecom Services	iwa	18.105	1.62	8.95%	0	0.00%	nmf
Level 3 Communications	lvl3	3.452			20	0.00%	nmf
Qwest Comm Intl	q	7.312	0.32	4.38%	23	7.00%	11.38%
Sprint Nextel	s	16.167			28	11.00%	nmf
Telephone & Data Systems	tds	65.925	0.39	0.59%	4	21.00%	21.59%
Telus Corp	tu	50.498	1.58	3.13%	NR	0.00%	nmf
Verizon Communications	vz	44.148	1.72	3.90%	30	7.00%	10.90%
Windstream	win	13.475	1.00	7.42%	0	0.00%	nmf
						Mean	12.64%
						Median	11.69%
						Trimmed Mean	12.51%
						Max	21.59%
						Min	4.62%
						Say	12.50%

Source: Value Line

S&P

2008 ay Cost of Capital-Telecoms FINAL for email

04/07/2009

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Support for Debt Rating and Debt Yield Rate
Telecommunications
2008 Assessment Year

Company	Ticker	Mergent's Ratings	S&P Ratings	WAYTM
AT&T Inc	t	A2	A	5.33%
Alaska Communication Sys	alsk		B+	
BCE Inc	bce		BB-	
CenturyTel Inc.	ctl	Baa2	BBB	5.88%
Cincinnati Bell	cbb		B+	
Citizens Communications	czn	Ba2	BB+	
Comcast	cmcsa	Baa2	BBB+	5.90%
Embarq	eq		BBB-	
Fairpoint Communications	frp		BB-	
IDT Corp	idtc			
Iowa Telecom Services	iwa		BB-	
Level 3 Communications	lvl	Caa1	B-	
Qwest Comm Intl	q	Ba1	BB	6.83%
Sprint Nextel	s	Baa3	BBB	6.84%
Telephone & Data Systems Inc	tds		BB+	
Telus Corp	tu	Baa1	BBB+	
Verizon Communications	vz	A3	A	5.11%
Windstream	win		BB+	
Overall Average Debt Rating		Baa3	BBB-	5.98%

bond analysis, A-BBB bc

Mergent's Bond Record January 2008, page 210				
Corporate	Aaa	Aa	A	Baa
October	5.66%	5.94%	6.13%	6.48%
November	5.44%	5.78%	5.97%	6.40%
December	5.49%	5.91%	6.19%	6.65%
Average	5.53%	5.88%	6.10%	6.51%
Public Utilities	Aaa	Aa	A	Baa
October		6.04%	6.11%	6.36%
November		5.87%	5.97%	6.27%
December		6.03%	6.16%	6.51%
Average		5.98%	6.08%	6.38%
Industrials	Aaa	Aa	A	Baa
October	5.66%	5.84%	6.14%	6.60%
November	5.44%	5.67%	5.97%	6.51%
December	5.49%	5.78%	6.22%	6.78%
Average	5.53%	5.76%	6.11%	6.63%

Debt Yield Rate	6.50%
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see bond analysis 20-30 years to page 1

12/31/2007

Telecom Bond Analysis

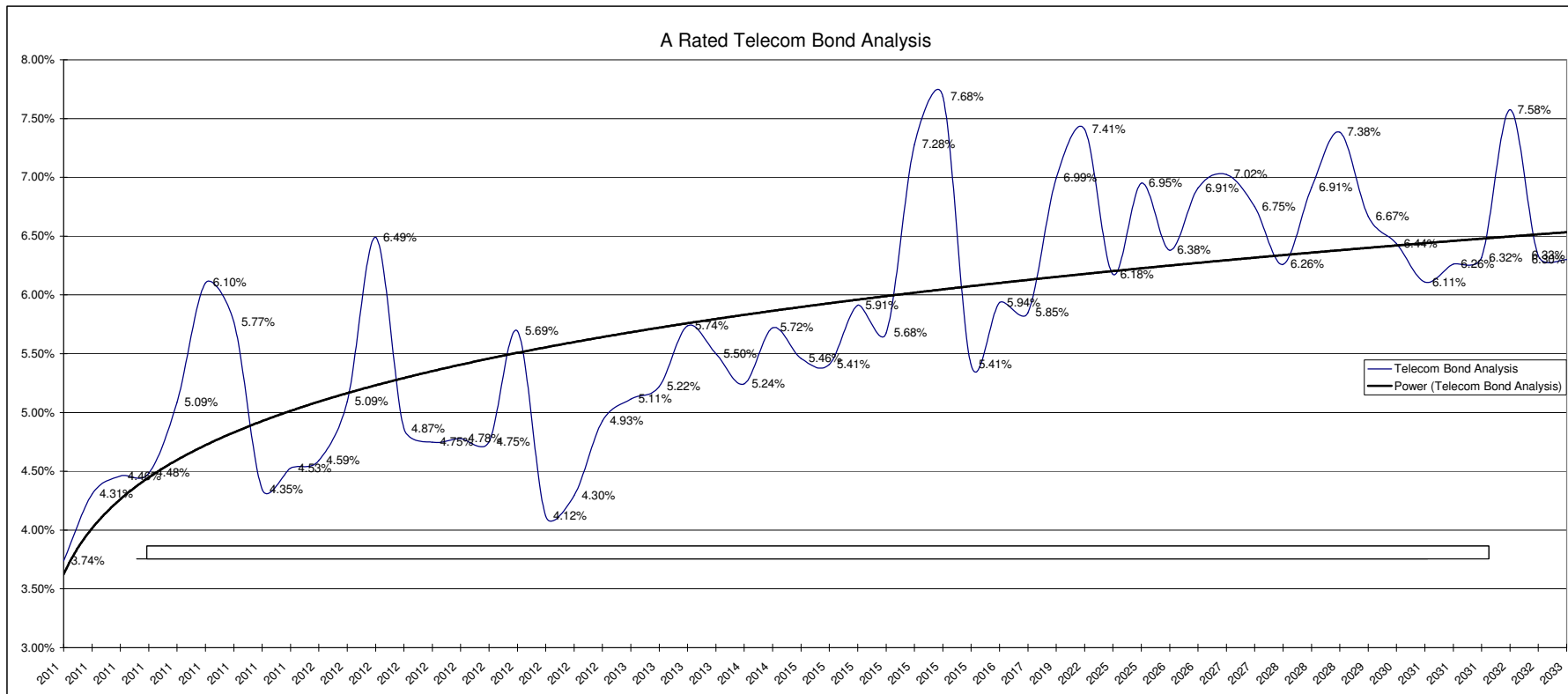
Company	type	Call	coupon	maturity	Price 12/07	Issued / Book	current yield	yield to maturity	Weighted Average	Rating	Mkt Val	Mkt : Book	Embedded	Debt Service	WAYTM	WAYTM	S&P YTM
AT&T Corp	sr notes	100	7.300	2011	108.35	\$ 2,750,000,000	6.737%	3.74%	0.15%	A	\$ 2,979,625,000	108.35%		200,750,000	0.00149325	0.003715779	4.95
AT&T Corp	Notes	z100	6.500	2013	105.45	\$ 147,000,000	6.164%	5.11%	0.01%	A	\$ 155,011,500	105.45%		9,555,000	0.000109154	0.000271618	5.23
AT&T Corp	Notes	z100	6.500	2029	98.16	\$ 255,000,000	6.622%	6.67%	0.02%	A	\$ 250,308,000	98.16%		16,575,000	0.000246876	0.000614322	6.67
AT&T Corp	sr notes	100	8.000	2031	122.8	\$ 2,750,000,000	6.515%	6.11%	0.24%	A	\$ 3,377,000,000	122.80%		220,000,000	0.002439533	0.006070492	6.16
AT&T Wireless	sr notes	z100	7.875	2011	108.29	\$ 3,000,000,000	7.272%	4.31%	0.19%	A	\$ 3,248,700,000	108.29%		236,250,000	0.001876018	0.004688252	4.84
AT&T Wireless	sr notes	z100	8.125	2012	111.19	\$ 2,000,000,000	7.307%	4.59%	0.13%	A	\$ 2,223,800,000	111.19%		162,500,000	0.001333429	0.003318082	4.97
AT&T Wireless	sr notes	z100	8.750	2031	129.59	\$ 2,500,000,000	6.752%	6.26%	0.23%	A	\$ 2,339,750,000	129.59%		218,750,000	0.002273535	0.005657427	6.28
Bell South Capital Funding	note	NC	6.040	2026	96.48	\$ 300,000,000	6.26%	6.38%	0.03%	A	\$ 289,440,000	96.48%		18,120,000	0.000277916	0.00069156	6.37
Bell South Capital Funding	note	100	7.875	2030	116.49	\$ 1,000,000,000	6.76%	6.44%	0.09%	A	\$ 1,164,900,000	116.49%		78,750,000	0.000934796	0.002326131	6.45
Bell South Capital Funding	note	Z100	7.120	2097	104.5	\$ 500,000,000	6.81%	6.81%	0.05%	A	\$ 522,500,000	104.50%		35,600,000	0.000494623	0.00123081	6.82
Bell South Corp	note	Z100	6.000	2011	103.57	\$ 1,000,000,000	5.79%	4.46%	0.06%	A	\$ 1,006,647,500	103.57%		60,000,000	0.00064754	0.001611326	4.99
Bell South Corp	note	Z100	4.750	2012	98.93	\$ 800,000,000	4.80%	5.09%	0.06%	A	\$ 791,440,000	98.93%		38,000,000	0.000591463	0.001471786	4.99
Bell South Corp	note	Z100	5.200	2014	99.8	\$ 1,500,000,000	5.21%	5.24%	0.11%	A	\$ 1,497,000,000	99.80%		78,000,000	0.001141956	0.002841624	5.23
Bell South Corp	note	Z100	6.875	2031	106.61	\$ 750,000,000	6.45%	6.32%	0.07%	A	\$ 799,575,000	106.61%		51,562,500	0.000687941	0.001711861	6.33
Bell South Corp	note	Z100	6.550	2034	103.43	\$ 700,000,000	6.33%	6.28%	0.06%	A	\$ 724,010,000	103.43%		45,850,000	0.000638023	0.001587645	6.27
Bell South Corp	note	Z100	6.000	2034	97.23	\$ 700,000,000	6.17%	6.22%	0.06%	A	\$ 680,610,000	97.23%		42,000,000	0.000632179	0.001573102	6.21
SBC Communications	Global Note	Z100	7.000	2012	101.55	\$ 60,000,000	6.89%	6.49%	0.01%	A	\$ 60,930,000	101.55%		4,200,000	0.000056551	0.000140721	6.62
SBC Communications	Global Note	Z100	6.250	2011	104.09	\$ 1,250,000,000	6.00%	4.48%	0.08%	A	\$ 1,301,125,000	104.09%		78,125,000	0.000813937	0.002025388	4.75
SBC Communications	Global Note	Z100	5.875	2012	103.18	\$ 1,000,000,000	5.69%	4.87%	0.07%	A	\$ 1,031,800,000	103.18%		58,750,000	0.000706445	0.001757907	4.97
SBC Communications	Global Note	Z100	5.875	2012	103.6	\$ 1,000,000,000	5.67%	4.75%	0.07%	A	\$ 1,035,600,000	103.6%		58,750,000	0.000689327	0.001715309	5.05
SBC Communications	Global Note	Z100	5.875	2034	99.83	\$ 1,000,000,000	5.89%	5.89%	0.09%	A	\$ 998,300,000	99.83%		58,750,000	0.000855200	0.002127567	5.86
Southwest'n Bell Tel	deb	NC	7.000	2015	108.25	\$ 250,000,000	6.47%	5.46%	0.02%	A	\$ 270,625,000	108.25%		17,500,000	0.000198151	0.000493075	5.69
Southwest'n Bell Tel	deb	102.83	7.200	2026	102.57	\$ 300,000,000	7.00%	6.91%	0.03%	A	\$ 308,730,000	102.91%		21,600,000	0.000300948	0.000748874	6.92
Southwest'n Bell Tel	deb	103.46	7.375	2027	103.58	\$ 150,000,000	7.12%	7.02%	0.02%	A	\$ 155,370,000	103.58%		11,062,500	0.000152980	0.000390672	7.04
Southwest'n Bell Tel	deb	102.58	7.000	2027	102.58	\$ 100,000,000	6.82%	6.75%	0.01%	A	\$ 102,580,000	102.58%		7,000,000	0.000098040	0.000243962	6.76
Bell South Telecommunicat	deb	NC	6.300	2015	104.78	\$ 313,000,000	6.01%	5.41%	0.02%	A	\$ 327,961,400	104.78%		19,719,000	0.00024581	0.000611669	5.54
Bell South Telecommunicat	deb	NC	7.000	2025	108.38	\$ 300,000,000	6.46%	6.18%	0.03%	A	\$ 325,140,000	108.38%		21,000,000	0.000269038	0.00066947	6.21
Bell South Telecommunicat	deb	Z100	6.375	2028	101.28	\$ 500,000,000	6.29%	6.26%	0.05%	A	\$ 506,400,000	101.28%		31,875,000	0.000454472	0.001130901	6.26
Bell South Telecommunicat	deb	NC	5.850	2045	89.44	\$ 300,000,000	6.54%	6.62%	0.03%	A	\$ 268,320,000	89.44%		17,500,000	0.000288559	0.000718045	6.62
Bell South Telecommunicat	deb	NC	7.000	2095	104.26	\$ 500,000,000	6.71%	6.71%	0.05%	A	\$ 521,300,000	104.26%		35,000,000	0.000487395	0.0001212825	6.72
	30 Book Val	3000		sum	3148.54	\$ 27,675,000,000	Percent of book	104.95%	2.14%		\$ 30,193,550,900	109.10%	7.06%	\$ 1,953,144,000		5.334%	
CenturyTel Inc	sr notes	z100	7.875	2012	109.77	\$ 500,000,000	7.17%	4.78%	0.03%	BBB+	\$ 548,850,000	109.77%		39,375,000	0.000346881	0.017373336	6.97
CenturyTel Inc	sr notes	z100	5.000	2015	95.19	\$ 350,000,000	5.25%	5.91%	0.03%	BBB	\$ 333,165,000	95.19%		17,500,000	0.000300503	0.015050501	6.92
CenturyTel Entr	sr notes	z100	7.200	2025	102.4	\$ 100,000,000	7.03%	6.95%	0.01%	BBB	\$ 102,400,000	102.40%		7,200,000	0.000100936	0.005055292	5.58
CenturyTel Entr	Deb g	z100	6.875	2028	99.59	\$ 425,000,000	6.90%	6.91%	0.04%	BBB	\$ 423,257,500	99.59%		29,218,750	0.000426686	0.021370278	5.86
	4	400		sum	406.95	\$ 1,375,000,000	Percent of book	101.74%	0.12%		\$ 1,407,672,500	102.38%	6.79%	\$ 93,293,750		5.885%	
Cincinnati Bell Tel	Gtd Deb	z100	6.300	2028	86.75	\$ 150,000,000	7.26%	6.30%	0.01%	BB	\$ 130,125,000,000	86.75%		9,450,000	0.00013722301	0.005943396	7.58
Cincinnati Bell Tel	sr notes	103.625	7.250	2013	100.25	\$ 500,000,000	7.23%	7.25%	0.05%	B-	\$ 501,250,000,000	100.25%		36,250,000	0.00052638457	0.022798742	7.19
Cincinnati Bell Tel	sr notes	104.188	8.375	2014	97.5	\$ 640,000,000	8.59%	8.38%	0.08%	B-	\$ 624,000,000,000	97.50%		53,600,000	0.00077832312	0.033710692	8.93
Cincinnati Bell Tel	sr notes	z100	7.000	2015	94.5	\$ 250,000,000	7.41%	7.00%	0.03%	B-	\$ 236,250,000,000	94.50%		17,500,000	0.00025411669	0.011006289	8.06
Cincinnati Bell Inc	Sec Notes	z100	7.250	2023	90.5	\$ 50,000,000	8.01%	7.25%	0.01%	BB-	\$ 45,250,000,000	90.50%		3,625,000	0.00005263846	0.002279874	8.38
	5	500		sum	469.5	\$ 1,590,000,000	Percent of book	93.90%	0.17%		\$ 1,536,875,000	96.66%	7.25%	\$ 120,425,000		7.574%	
Citizens Communications	note	z100	9.250	2011	108.25	\$ 1,050,000,000	8.55%	5.62%	0.09%	BB+	\$ 1,136,625,000	108.25%		97,125,000	0.000857027	0.033802985	6.16
Citizens Communications	sr note	z100	9.000	2031	99.75	\$ 696,000,000	9.02%	9.03%	0.09%	BB+	\$ 694,260,000	99.75%		62,640,000	0.000912254	0.03598126	9.02
	2	200		sum	208	\$ 1,746,000,000	Percent of book	104.00%	0.18%		\$ 1,830,885,000	104.86%	9.15%	\$ 159,765,000		6.978%	
Comcast Corp	notes	z100	5.500	2011	100.95	\$ 750,000,000	5.45%	5.09%	0.06%	BBB+	\$ 757,125,000	100.95%		41,250,000	0.000553876	0.00423484	5.15
Comcast Corp	Sr Sub Deb	NC	10.625	2012	118.54	\$ 257,000,000	8.96%	4.75%	0.02%	BBB	\$ 304,647,800	118.54%		27,306,250	0.000177291	0.001355534	6.20
Comcast Corp	notes	z100	5.300	2014	98.06	\$ 1,000,000,000	5.40%	5.72%	0.08%	BBB+	\$ 960,600,000	98.06%		53,000,000	0.000308705	0.006351775	5.69
Comcast Corp	notes	z100	6.500	2015	104.37	\$ 900,000,000	6.23%	5.68%	0.07%	BBB+	\$ 939,330,000	104.37%		58,500,000	0.000741962	0.005672916	5.72
Comcast Corp	notes	z100	4.950	2016	94.16	\$ 750,000,000	5.26%	5.94%	0.06%	BBB+	\$ 706,200,000	94.16%		37,125,000	0.000646625	0.004943983	5.88
Comcast Corp	notes	z100	5.900	2016	100.6	\$ 1,000,000,000	5.86%	5.80%	0.08%	NR	\$ 1,006,000,000	100.60%		59,000,000	0.000842082	0.006438418	5.80
Comcast Corp	notes	z100	6.500	2017	104.26	\$ 1,000,000,000	6.23%	5.85%	0.08%	BBB+	\$ 1,042,600,000	104.26%		65,000,000	0.000849434	0.006494625	5.88
Comcast Corp	notes	z100	7.050	2033	109.23	\$ 750,000,000	6.45%	6.30%	0.07%	BBB+	\$ 819,225,000	109.23%		52,875,000	0.000686198	0.005246553	6.30
Comcast Corp	notes	z100	5.650	2035	91.53	\$ 750,000,000	6.17%	6.32%	0.07%	BBB+	\$ 686,475,000	91.53%		42,375,000	0.000687911	0.005259653	6.32
Comcast Corp	notes	z100	6.450	2037	101.81	\$ 1,850,000,000	6.34%	6.31%	0.17%	BBB+	\$ 1,883,485,000	101.81%		119,325,000	0.001695525	0.012963695	6.32
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Verizon Global Funding	Notes	Z100	7.375	2012	110.41	\$	1,000,000,000	6.68%	4.12%	0.06%	A	\$	1,104,100,000	110.41%	73,750,000	0.000598312	0.004503102	4.97			
Verizon Global Funding	Notes	Z100	6.875	2012	108.22	\$	600,000,000	6.35%	4.30%	0.04%	A	\$	649,320,000	108.22%	41,250,000	0.000374246	0.0028167	4.58			
Verizon Global Funding	Notes	Z100	4.375	2013	96.68	\$	500,000,000	4.53%	5.22%	0.04%	A	\$	483,400,000	96.68%	21,875,000	0.000379132	0.002853479	5.15			
Verizon Global Funding	Notes	Z100	4.900	2015	97.28	\$	500,000,000	5.04%	5.41%	0.04%	A	\$	486,400,000	97.28%	24,500,000	0.000392603	0.002954866	5.33			
Verizon Global Funding	Notes	Z100	7.750	2032	117.09	\$	400,000,000	6.62%	6.33%	0.04%	A	\$	468,360,000	117.09%	31,000,000	0.000367843	0.002768514	6.35			
Verizon Global Funding	Notes	Z100	5.850	2035	97.81	\$	1,500,000,000	5.98%	6.02%	0.13%	A	\$	1,467,150,000	97.81%	87,750,000	0.001310666	0.009864517	6.01			
Verizon MD	deb	z100	5.125	2033	86.18	\$	350,000,000	5.95%	6.24%	0.03%	A	\$	301,630,000	86.18%	17,937,500	0.000317169	0.002387119	6.23			
Verizon NE	deb	Z100	6.500	2011	105	\$	1,000,000,000	6.19%	4.35%	0.06%	A	\$	1,050,000,000	105.00%	65,000,000	0.000631119	0.004750014	5.08			
Verizon NE	deb	Z101	4.750	2013	96.18	\$	300,000,000	4.94%	5.74%	0.02%	A	\$	288,540,000	96.18%	14,250,000	0.000249928	0.001881041	5.52			
Verizon NJ	deb	Z100	5.875	2012	102.98	\$	1,000,000,000	5.70%	4.93%	0.07%	A	\$	1,029,800,000	102.98%	58,750,000	0.000715489	0.005385014	5.04			
Verizon Penn	deb	Z100	5.650	2011	102.6	\$	1,000,000,000	5.51%	4.53%	0.07%	A	\$	1,026,000,000	102.60%	56,500,000	0.00065732	0.004947216	4.91			
Verizon VA	deb	Z100	4.625	2013	96.59	\$	1,000,000,000	4.79%	5.50%	0.08%	A	\$	965,900,000	96.59%	46,250,000	0.000798796	0.00601201	5.42			
12 Book Val			1200	sum	1217.02	\$	9,150,000,000	Percent of book	101.42%	0.68%		\$	9,320,600,000	101.86%	5.89%	\$	538,812,500	6.02%	6.805%	6.417	
				Total	\$	68,866,000,000						Total	\$	71,994,816,200	104.54%	7.06%	\$	4,865,007,750	6.02%	6.805%	6.417

Source: Standard & Poor's Bond Guide, January 2008, 2007 Yr End Prices

Not in bond guide: Alaska, Embarq, Fairpoint (2010 only), Iowa, IDT, MCI, Telephone & Data Sys, Windstream.

Embedded debt rate **7.0645%**
Weighted average yield to maturity **6.0234%**
Debt service / Market value **6.7574%**



Implied Premiums for US Market

Last updated January 5, 2008

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

Year	Earnings Yield	Dividend Yield	S&P 500	Earnings	Dividends	Change in Earnings	Change in Dividends	T.Bill Rate	T.Bond Rate	Bond-Bill	Smoothed Growth	Premium (t)	Growth Es	Implied Premium (FCFE)
1960	5.34%	3.41%	58.11	3.10	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	5.30	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	6.10	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	8.20	-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%		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	19.10	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	16.20	-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	52.00	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	5.96%	1.89%	1468.36	87.51	27.73	6.77%	10.70%	3.31%	4.02%	0.71%	5.03%	2.06%	5.00%	4.37%

http://pages.stern.nyu.edu/~adamodar/New_Home_Page/

Washington State Department of Revenue

2008 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	Payout Ratio	Payout Ratio	ROE
Name	Ticker	(4th Qtr Avg)	Per Share	Per Share	Per Share	Per Share	per share	Stock	Shares	mk to bk		calculated	V L	V L
AT&T Inc	t	40.278	19.83	5.36	2.76	1.42	2.93	19.09	6,035,700,000	109.10%	5.334%	51%	51%	14.8%
Alaska Communication Sys	alsk	15.210	8.95	2.40	0.74	0.86	1.45	1.70	42,836,407	100.00%		116%	112%	44.5%
BCE Inc	bce	40.647	22.19	6.49	2.35	1.30	3.91	21.40	805,300,000	100.00%		55%	52%	9.0%
CenturyTel Inc.	ctl	43.322	24.02	8.21	3.13	0.26	3.01	31.42	108,500,000	102.38%	5.885%	8%	8%	10.4%
Cincinnati Bell	cbb	5.030	5.43	0.99	0.33	nil	0.94	(2.69)	248,375,399	96.66%	7.574%	nmf	11%	nmf
Citizens Communications	czn	13.010	6.86	2.24	0.57	1.00	0.96	3.04	327,749,000	104.86%	6.978%	175%	nmf	18.9%
Comcast	cmcsa	20.708	10.26	2.82	0.75	nil	2.05	13.73	3,011,034,983	101.32%	5.896%	nmf	0%	5.5%
Embarq	eq	52.097	41.60	11.37	4.44	2.38	5.35	1.73	153,000,000	100.00%		54%	54%	nmf
Fairpoint Communications	frp	16.552	8.05	2.02	0.58	1.59	1.68	4.60	35,222,445	100.00%		274%	nmf	12.5%
IDT Corp	idtc	7.732	24.89	(1.29)	(2.24)	0.50	0.45	7.79	75,401,505	100.00%		-22%	nmf	nmf
Iowa Telecom Services	iwa	18.105	8.00	2.49	0.91	1.62	0.85	7.73	31,440,215	100.00%		178%	nmf	12.1%
Level 3 Communications	lvl3	3.452	2.78	0.17	(0.45)	nil	0.41	0.70	1,537,862,685	104.10%	9.763%	nmf	nmf	nmf
Qwest Comm Intl	q	7.312	7.53	1.93	0.55	nil	0.91	0.31	1,767,200,000	97.39%	7.863%	nmf	0%	nmf
Sprint Nextel	s	16.167	14.11	3.21	0.04	0.10	2.22	7.73	2,848,944,368	103.28%	6.839%	250%	nmf	0.5%
Telephone & Data Systems Inc	tds	65.925	41.05	9.70	2.86	0.39	5.95	33.38	117,638,421	100.00%		14%	14%	7.0%
Telus Corp	tu	50.498	27.50	8.70	3.76	1.58	5.35	21.00	330,200,000	100.00%		42%	41%	18.1%
Verizon Communications	vz	44.148	32.35	7.35	2.37	1.62	6.05	17.50	2,870,955,142	101.86%	5.112%	68%	69%	16.0%
Windstream	win	13.475	7.18	2.14	0.98	1.00	0.80	1.54	454,000,000	100.00%		102%	102%	nmf

Yahoo Value Line Value Line Value Line Value Line Value Line Value Line Value Line Value Line Bond analysis Bond analysis

Value Line March 28, 2008, yr end data

Support for Equity Component of Direct Capitalization Rates
Telecommunications
2008 Assessment Year

Company	Ticker	Stock Average	2007		2008		2007		2008	
			Actual Earnings Ratio (EPS/P)		Projected Earnings Ratio (PEPS/P)		Cash Flow Ratio (CF/P)		Projected Cash Flow Ratio	
AT&T Inc	t	\$ 40.28	2.760	6.85%	\$ 3.15	7.82%	5.360	13.31%	\$ 6.35	15.77%
Alaska Communication	alsk	\$ 15.21	0.740	4.87%	0.75	4.93%	2.400	15.78%	\$ 2.25	14.79%
BCE Inc	bce	\$ 40.65	2.350	5.78%	1.95	4.80%	6.490	15.97%	\$ 5.60	13.78%
CenturyTel Inc.	ctl	\$ 43.32	3.130	7.23%	2.95	6.81%	8.210	18.95%	\$ 8.25	19.04%
Cincinnati Bell	cbb	\$ 5.03	0.330	6.56%	0.28	5.57%	0.990	19.68%	\$ 0.90	17.89%
Citizens Communicator	czn	\$ 13.01	0.570	4.38%	0.67	5.15%	2.240	17.22%	\$ 2.40	18.45%
Comcast	cmcsa	\$ 20.71	0.750	3.62%	0.95	4.59%	2.820	13.62%	\$ 3.00	14.49%
Embarq	eq	\$ 52.10	4.440	8.52%	4.55	8.73%	11.370	21.82%	\$11.75	22.55%
Fairpoint Communicatio	frp	\$ 16.55	0.580	3.50%	0.70	4.23%	2.020	12.20%	\$ 2.35	14.20%
IDT Corp	idtc	\$ 7.73	(2.240)	nmf	(1.20)	nmf	(1.290)	nmf	\$ (0.30)	nmf
Iowa Telecom Services	iwa	\$ 18.11	0.910	5.03%	0.80	4.42%	2.490	13.75%	\$ 2.40	13.26%
Level 3 Communication	lvl3	\$ 3.45	(0.450)	nmf	(0.78)	nmf	0.170	4.93%	\$ -	nmf
Qwest Comm Intl	q	\$ 7.31	0.550	7.52%	0.56	7.66%	1.930	26.40%	\$ 2.15	29.41%
Sprint Nextel	s	\$ 16.17	0.040	0.25%	0.60	3.71%	3.210	19.86%	\$ 3.70	22.89%
Telephone & Data System	tds	\$ 65.93	2.860	4.34%	2.75	4.17%	9.700	14.71%	\$ 9.40	14.26%
Telus Corp	tu	\$ 50.50	3.760	7.45%	3.75	7.43%	8.700	17.23%	\$ 8.70	17.23%
Verizon Communication	vz	\$ 44.15	2.370	5.37%	2.70	6.12%	7.350	16.65%	\$ 8.35	18.91%
Windstream	win	\$ 13.48	0.980	7.27%	1.00	7.42%	2.140	15.88%	\$ 2.15	15.96%
		Mean		5.53%		5.85%		16.35%		17.68%
		Median		5.57%		5.36%		15.97%		16.59%
		Trimmed Mean		5.70%		5.79%		16.44%		17.16%
		Max		8.52%		8.73%		26.40%		29.41%
		Min		0.25%		3.71%		4.93%		13.26%
		Say		5.60%		5.75%		16.25%		16.50%

Source:

Actual earnings: Value Line / Q4 average stock price

Estimated Earnings: Value Line / Q4 average stock price

Actual Cash Flow: Value Line / Q4 average stock price

Estimated Cash Flow: Value Line / Q4 average stock price

2008 ay Cost of Capital-Telecoms FINAL for email

04/07/2009

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Washington State Department of Revenue

2008

01/03/2008

ATT		T						Q4 Average
Date	Open	High	Low	Close	Volume	Adj Close		
12/03/2007	38.49	42.79	37.71	41.56	26773500	41.56		
11/01/2007	41.65	41.86	36.25	38.21	28457700	38.21		
10/01/2007	42.42	42.72	40.34	41.79	21012100	41.79	40.278	
Alaska		ALSK						
Date	Open	High	Low	Close	Volume	Adj Close		
12/03/2007	14.95	16.03	14.12	15	294100	15		
11/01/2007	16.07	16.08	14.26	15	332600	14.79		
10/01/2007	14.47	16.48	14.29	16.27	370100	16.05	15.210	
CenturyTel		CTL						
Date	Open	High	Low	Close	Volume	Adj Close		
12/03/2007	43.02	43.02	39.91	41.46	902400	41.46		
11/01/2007	44.5	45.71	40.65	42.63	1248100	42.63		
10/01/2007	46	46.9	43.74	44.05	836100	43.98	43.322	
Cincinnati Bell		CBB						
Date	Open	High	Low	Close	Volume	Adj Close		
12/03/2007	4.71	5.23	4.24	4.75	2546300	4.75		
11/01/2007	5.31	5.5	4.74	4.76	2353700	4.76		
10/01/2007	4.92	5.62	4.85	5.42	1516500	5.42	5.030	
Citizens		CZN						
Date	Open	High	Low	Close	Volume	Adj Close		
12/03/2007	12.93	13.03	12.03	12.73	4093100	12.73		
11/01/2007	13	13.2	12.42	12.98	3802400	12.73		
10/01/2007	14.42	14.54	12.84	13.16	3161300	12.9	13.010	
Comcast		CMCSA						
Date	Open	High	Low	Close	Volume	Adj Close		
12/03/2007	20.35	21.62	17.37	18.26	36311200	18.26		
11/01/2007	20.99	21.26	18.83	20.54	29635400	20.54		
10/01/2007	24.19	24.45	20.72	21.05	31791200	21.05	20.708	
Embarq		EQ						
Date	Open	High	Low	Close	Volume	Adj Close		
12/03/2007	50.72	52.25	46.94	49.53	1373600	49.53		
11/01/2007	52.38	54.9	47.6	50.95	1498100	50.31		
10/01/2007	56.2	58.41	52.48	52.92	1237500	52.26	52.097	
Fairpoint Commu		FRP						
Date	Open	High	Low	Close	Volume	Adj Close		
12/03/2007	14.84	15.96	12.9	13.02	371600	13.02		
11/01/2007	18.3	18.39	14.59	14.92	266300	14.52		
10/01/2007	18.88	19.48	17.99	18.49	202700	17.99	16.552	
IDT Corp		IDTC						
Date	Open	High	Low	Close	Volume	Adj Close		
12/03/2007	7.7	8.65	6.5	7.9	114000	7.9		
11/01/2007	7.6	8.54	7	7.74	54300	7.74		
10/01/2007	7.99	8.81	6.89	8.1	26200	8.1	7.732	
Iowa		IWA						
Date	Open	High	Low	Close	Volume	Adj Close		
12/03/2007	17.24	17.54	15	16.26	323800	16.26		
11/01/2007	19.43	19.64	16.3	17.04	271500	16.63		
10/01/2007	19.67	20.99	19.16	19.72	166700	19.25	18.105	

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Level 3		LVL						
Date	Open	High	Low	Close	Volume	Adj	Close	
12/03/2007	3.36	3.57	2.95	3.04	29914400		3.04	
11/01/2007	3.02	3.53	2.66	3.36	38170200		3.36	
10/01/2007	4.64	5.1	2.9	3.03	58702700		3.03	
							3.452	
Qwest		Q						
Date	Open	High	Low	Close	Volume	Adj	Close	
12/03/2007	6.6	7.41	6.51	7.01	20115700		7.01	
11/01/2007	7.08	7.26	6.23	6.63	20057700		6.63	
10/01/2007	9.23	9.58	6.88	7.18	28611700		7.18	
							7.312	
Sprint Nextel		S						
Date	Open	High	Low	Close	Volume	Adj	Close	
12/03/2007	15.59	15.92	12.96	13.13	22586800		13.13	
11/01/2007	16.3	17.46	14.22	15.52	21114300		15.49	
10/01/2007	19.09	19.7	16.74	17.1	18215300		17.07	
							16.167	
Telephone & Data		TDS						
Date	Open	High	Low	Close	Volume	Adj	Close	
12/03/2007	62.15	67.94	61.29	62.6	336600		62.6	
11/01/2007	69.2	70.49	58.57	62.25	397400		62.16	
10/01/2007	66.68	72.31	64.95	69.8	268900		69.69	
							65.925	
Verizon		VZ						
Date	Open	High	Low	Close	Volume	Adj	Close	
12/03/2007	43.08	45.71	42.7	43.69	11878800		43.69	
11/01/2007	45.84	45.96	40.77	43.21	13184200		43.21	
10/01/2007	44.46	46.24	43.51	46.07	11758700		46.07	
							44.148	
Windstream		WIN						
Date	Open	High	Low	Close	Volume	Adj	Close	
12/03/2007	13.13	14.1	12.68	13.02	4135600		13.02	
11/01/2007	13.38	14.08	12.38	12.95	4948000		12.71	
10/01/2007	14.16	14.4	13.21	13.45	3648000		13.2	
							13.475	
Telus		TU						
Date	Open	High	Low	Close	Volume	Adj	Close	
12/03/2007	45.2	49.2	39.67	48.26	165400		48.26	
11/01/2007	58.5	58.5	44.43	45.19	92200		44.79	
10/01/2007	56.42	58.64	52.55	58.63	79500		58.11	
							50.498	
BCE		BCE						
Date	Open	High	Low	Close	Volume	Adj	Close	
12/03/2007	39.05	40.44	36.54	39.74	407800		39.74	
11/01/2007	43.32	44.59	38.8	39.2	345300		38.83	
10/01/2007	40.18	43.68	39.83	43.61	206600		43.2	
							40.647	

Source:
 finance.yahoo.com
 Historical Stock Quotes