|  | Balance      | Part 64       | Adj. Balance |   | Balance    | Part 64       | Adj. Balance |
|--|--------------|---------------|--------------|---|------------|---------------|--------------|
| ASSETS                                   | End of Year  | Adj to NonReg | End of Year  | LIABILITIES AND STOCKHOLDERS' EQUITY              | Prior Year | Adj to NonReg | End of Year  |
|  | 2012 (A)     | 2012 (B)      | 2012         |   | 2012 (A)   | 2012 (B)      | 2012         |
| CURRENT ASSETS                           | , ,          | ` .           |              | CURRENT LIABILITIES                               | • •        | , ,           |              |
| 1. Cash and Equivalents                  | 566,757      |               | 566,757      | 25. Accounts Payable                              | 192,641    |               | 192,641      |
| Cash-RUS Construction Fund               | 8,040        |               | 8,040        | 26. Notes Payable                                 | •          |               | 0            |
| 3. Affiliates:                           |              |               |              | 27. Advance Billings and Payments                 |            |               | 0            |
| a. Telecom, Accounts Receivable          | 82,426       |               | 82,426       | 28. Customer Deposits                             | 1,618      |               | 1,618        |
| b. Other Accounts Receivable             |              |               | 0            | 29. Current Mat. L/T Debt                         | 525,325    |               | 525,325      |
| c. Notes Receivable                      |              |               | 0            | 30. Current Mat. L/T Debt Rur. Dev.               |            |               | 0            |
| 4. Non-Affiliates:                       |              |               |              | 31. Current Mat Capital Leases                    |            |               | 0            |
| a. Telecom, Accounts Receivable          | 484,908      |               | 484,908      | 32. Income Taxes Accrued                          | 20         |               | 20           |
| b. Other Accounts Receivable             |              |               | 0            | 33. Other Taxes Accrued                           | 55,202     |               | 55,202       |
| c. Notes Receivable                      |              |               | 0            | 34. Other Current Liabilities                     | 776,769    |               | 776,769      |
| 5. Interest and Dividends Receivable     |              |               | 0            | 35. Total Current Liabilities (25 thru 34)        | 1,551,575  |               | 1,551,575    |
| 6. Material-Regulated                    | 259,636      |               | 259,636      | LONG-TERM DEBT                                    |            |               |              |
| 7. Material-Nonregulated                 |              |               | 0            | 36. Funded Debt-RUS Notes                         | 283,224    |               | 283,224      |
| 8. Prepayments                           | 2,490        |               | 2,490        | 37. Funded Debt-RTB Notes                         | 156,225    |               | 156,225      |
| 9. Other Current Assets                  |              |               | 0            | 38. Funded Debt-FFB Notes                         | 534,368    |               | 534,368      |
| 10. Total Current Assets (1 Thru 9)      | 1,404,257    | -             | 1,404,257    | 39. Funded Debt-Other                             |            |               | 0            |
|  |              |               |              | 40. Funded Debt-Rural Develop. Loan               |            |               | 0            |
| NONCURRENT ASSETS                        |              |               |              | 41. Premium (Discount) on L/T Debt                |            |               | 0            |
| 11. Investment in Affiliated Companies   |              |               |              | 42. Reacquired Debt                               |            |               | 0            |
| a. Rural Development                     | 290,671      |               | 290,671      | 43. Obligations Under Capital Lease               |            |               | 0            |
| b. Nonrural Development                  |              |               | 0            | 44. Adv. From Affiliated Companies                |            |               | 0            |
| 12. Other Investments                    |              |               |              | 45. Other Long-Term Debt                          |            |               | 0            |
| a. Rural Development                     |              |               | 0            | 46. Total Long-Term Debt (36 thru 45)             | 973,817    |               | 973,817      |
| b. Nonrural Development                  | 178,123      |               | 178,123      | OTHER LIAB. & DEF. CREDITS                        |            |               |              |
| 13. Nonregulated Investments (B1)        | 459,745      | 349,669       | 809,414      | 47. Other Long-Term Liabilities                   |            |               | 0            |
| 14. Other Noncurrent Assets              | 250          |               | 250          | 48. Other Deferred Credits (C)                    | 602,594    | (41,414)      | 561,180      |
| 15. Deferred Charges                     |              |               | 0            | 49. Other Jurisdictional Differences              |            |               | 0            |
| 16. Jurisdictional Differences           |              |               | 0            | 50. Total Other Liab. & Def. Credits (47 thru 49) | 602,594    | (41,414)      | 561,180      |
| 17. Total noncurrent Assets (11 thru 16) | 928,789      | 349,669       | 1,278,458    | EQUITY  |            |               |              |
|  |              |               |              | 51. Cap. Stock Outstanding & Subscribed           | 93,150     |               | 93,150       |
| PLANT, PROPERTY AND EQUIPMENT            |              |               |              | 52. Additional Paid-in-Capital                    | 7,175      |               | 7,175        |
| 18. Telecom Plant-In-Service             | 18,674,792   | (1,061,139)   | 17,613,653   | 53. Treasury Stock                                |            |               | 0            |
| 19. Property Held for Future Use         |              |               | 0            | 54. Membership and cap. Certificates              |            |               | 0            |
| 20. Plant Under Construction             | 231,189      |               | 231,189      | 55. Other Capital                                 |            |               | 0            |
| 21. Plant Adj., Nonop Plant & Goodwill   |              |               | 0            | 56. Patronage Capital Credits                     |            |               | 0            |
| 22. Accumulated Depreciation (CR.)       | (12,947,409) | 711,470       | (12,235,939) | 57. Retained Earnings or Margins (B2)             | 5,063,307  | 41,414        | 5,104,721    |
| 23. Net Plant (18 thru 21 less 22)       | 5,958,572    | (349,669)     | 5,608,903    | 58. Total Equity (51 thru 57)                     | 5,163,632  | 41,414        | 5,205,046    |
| TOTAL ASSETS (10+17+23)                  | 8,291,618    | 0             | 8,291,618    | 59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)    | 8,291,618  | 0             | 8,291,618    |
| (1) A                                    | 8,291,618    | <u> </u>      | 8,291,618    | 33. TOTAL LIABILITIES AND EQUITY (35+46+50+58)    | 8,291,618  | 0             | 8,29         |

<sup>(</sup>A) - As reported on Form 481

<sup>(</sup>B) - Part 64 adjustments to rate base from regulated to nonregulated.

<sup>(</sup>B1) - Part 64 offset to nonreg investment

<sup>(</sup>B2) - Part 64 offset to retained earnings

<sup>(</sup>C) - Part 64 Adj. for line 48 is only for deferred taxes.

| 298,416<br>395,813<br>84,991<br>559,143<br>269,547<br>38,205 | Adj to NonReg<br>2013 (B)   | 298,416<br>395,813<br>84,991<br>0<br>0<br>559,143<br>0<br>0<br>0<br>269,547  |   | CURRENT LIABILITIES 25. Accounts Payable 26. Notes Payable 27. Advance Billings and Payments 28. Customer Deposits 29. Current Mat. L/T Debt 30. Current Mat. L/T Debt Rur. Dev. 31. Current Mat Capital Leases 32. Income Taxes Accrued 33. Other Taxes Accrued 34. Other Current Liabilities             | Prior Year<br>2013 (A)<br>1,134,728<br>2,041<br>304,607<br>60,011<br>116,543<br>815,571  | Adj to NonReg<br>2013 (B)   | 1,134,728<br>0<br>0<br>2,041<br>304,607<br>0<br>60,011  |
|--|---|--|---|--|--|---|---|
| 298,416<br>395,813<br>84,991<br>559,143<br>269,547<br>38,205 | 2013 (B)  | 298,416<br>395,813<br>84,991<br>0<br>0<br>559,143<br>0<br>0<br>0<br>269,547  |   | 25. Accounts Payable 26. Notes Payable 27. Advance Billings and Payments 28. Customer Deposits 29. Current Mat. L/T Debt 30. Current Mat. L/T Debt Rur. Dev. 31. Current Mat Capital Leases 32. Income Taxes Accrued 33. Other Taxes Accrued   | 1,134,728<br>2,041<br>304,607<br>60,011<br>116,543   | 2013 (B)  | 1,134,728<br>0<br>0<br>2,041<br>304,607<br>0<br>0<br>60,011   |
| 395,813<br>84,991<br>559,143<br>269,547<br>38,205            |   | 395,813<br>84,991<br>0<br>0<br>559,143<br>0<br>0<br>0<br>269,547   |   | 25. Accounts Payable 26. Notes Payable 27. Advance Billings and Payments 28. Customer Deposits 29. Current Mat. L/T Debt 30. Current Mat. L/T Debt Rur. Dev. 31. Current Mat Capital Leases 32. Income Taxes Accrued 33. Other Taxes Accrued   | 2,041<br>304,607<br>60,011<br>116,543  |   | 0<br>0<br>2,041<br>304,607<br>0<br>0<br>60,011  |
| 395,813<br>84,991<br>559,143<br>269,547<br>38,205            |   | 395,813<br>84,991<br>0<br>0<br>559,143<br>0<br>0<br>0<br>269,547   |   | <ul> <li>26. Notes Payable</li> <li>27. Advance Billings and Payments</li> <li>28. Customer Deposits</li> <li>29. Current Mat. L/T Debt</li> <li>30. Current Mat. L/T Debt Rur. Dev.</li> <li>31. Current Mat Capital Leases</li> <li>32. Income Taxes Accrued</li> <li>33. Other Taxes Accrued</li> </ul> | 2,041<br>304,607<br>60,011<br>116,543  |   | 0<br>0<br>2,041<br>304,607<br>0<br>0<br>60,011  |
| 84,991<br>559,143<br>269,547<br>38,205                       |   | 84,991<br>0<br>0<br>559,143<br>0<br>0<br>0<br>269,547  |   | <ul> <li>27. Advance Billings and Payments</li> <li>28. Customer Deposits</li> <li>29. Current Mat. L/T Debt</li> <li>30. Current Mat. L/T Debt Rur. Dev.</li> <li>31. Current Mat Capital Leases</li> <li>32. Income Taxes Accrued</li> <li>33. Other Taxes Accrued</li> </ul>                            | 304,607<br>60,011<br>116,543   |   | 2,041<br>304,607<br>0<br>0<br>60,011  |
| 559,143<br>269,547<br>38,205                                 |   | 559,143<br>0<br>0<br>0<br>0<br>269,547   |   | 28. Customer Deposits 29. Current Mat. L/T Debt 30. Current Mat. L/T Debt Rur. Dev. 31. Current Mat Capital Leases 32. Income Taxes Accrued 33. Other Taxes Accrued  | 304,607<br>60,011<br>116,543   |   | 2,041<br>304,607<br>0<br>0<br>60,011  |
| 559,143<br>269,547<br>38,205                                 |   | 559,143<br>0<br>0<br>0<br>0<br>269,547   |   | 29. Current Mat. L/T Debt 30. Current Mat. L/T Debt Rur. Dev. 31. Current Mat Capital Leases 32. Income Taxes Accrued 33. Other Taxes Accrued  | 304,607<br>60,011<br>116,543   |   | 304,607<br>0<br>0<br>60,011   |
| 269,547<br>38,205  |   | 559,143<br>0<br>0<br>0<br>269,547  |   | 30. Current Mat. L/T Debt Rur. Dev.<br>31. Current Mat Capital Leases<br>32. Income Taxes Accrued<br>33. Other Taxes Accrued   | 60,011<br>116,543  |   | 0<br>0<br>60,011  |
| 269,547<br>38,205  |   | 559,143<br>0<br>0<br>0<br>269,547  |   | 31. Current Mat Capital Leases<br>32. Income Taxes Accrued<br>33. Other Taxes Accrued  | 116,543  |   | 0<br>60,011   |
| 269,547<br>38,205  |   | 0<br>0<br>0<br>269,547   |   | 32. Income Taxes Accrued 33. Other Taxes Accrued   | 116,543  |   | 60,011  |
| 269,547<br>38,205  |   | 0<br>0<br>0<br>269,547   |   | 33. Other Taxes Accrued  | 116,543  |   | ,   |
| 38,205   |   | 0<br>0<br>269,547  |   |  |  |   |   |
| 38,205   |   | 0<br>269,547   |   | 34. Other Current Liabilities  | 815 571  |   | 116,543   |
| 38,205   |   | 269,547  |   |  | 015,5/1  |   | 815,571   |
| 38,205   |   | ,  |   | 35. Total Current Liabilities (25 thru 34)   | 2,433,501  |   | 2,433,501   |
| ·  |   | J  |   | LONG-TERM DEBT   |  |   |   |
| ·  |   | 0  |   | 36. Funded Debt-RUS Notes  | 181,416  |   | 181,416   |
|  |   | 38,205   |   | 37. Funded Debt-RTB Notes  | 51,632   |   | 51,632  |
|  |   | 0  |   | 38. Funded Debt-FFB Notes  | 2,816,944  |   | 2,816,944   |
| 1,646,115  | -   | 1,646,115  |   | 39. Funded Debt-Other  | (2,655)  |   | (2,655)   |
|  |   |  |   | 40. Funded Debt-Rural Develop. Loan  |  |   | 0   |
|  |   |  |   | 41. Premium (Discount) on L/T Debt   |  |   | 0   |
|  |   |  |   | 42. Reacquired Debt  |  |   | 0   |
| 51,709   |   | 51,709   |   | 43. Obligations Under Capital Lease  |  |   | 0   |
|  |   | 0  |   | 44. Adv. From Affiliated Companies   |  |   | 0   |
|  |   |  |   | 45. Other Long-Term Debt   |  |   | 0   |
|  |   | 0  |   | 46. Total Long-Term Debt (36 thru 45)  | 3,047,337  |   | 3,047,337   |
| 190,106  |   | 190,106  |   | OTHER LIAB. & DEF. CREDITS   |  |   |   |
| 1,464,073  | 297,261   | 1,761,334  |   | 47. Other Long-Term Liabilities  |  |   | 0   |
| 250  |   | 250  |   | 48. Other Deferred Credits (C)   | 406,878  | (26,917)  | 379,961   |
|  |   | 0  |   | 49. Other Jurisdictional Differences   |  |   | 0   |
|  |   | 0  |   | 50. Total Other Liab. & Def. Credits (47 thru 49)  | 406,878  | (26,917)  | 379,961   |
| 1,706,138  | 297,261   | 2,003,399  |   | EQUITY   |  |   |   |
|  |   |  |   | 51. Cap. Stock Outstanding & Subscribed  | 93,150   |   | 93,150  |
|  |   |  |   | 52. Additional Paid-in-Capital   | 7,175  |   | 7,175   |
| 18,902,328   | (1,062,900)   | 17,839,428   |   | 53. Treasury Stock   |  |   | 0   |
|  |   | 0  |   | 54. Membership and cap. Certificates   |  |   | 0   |
| 2,463,135  |   | 2,463,135  |   | 55. Other Capital  |  |   | 0   |
|  |   | 0  |   | 56. Patronage Capital Credits  |  |   | 0   |
| (14,045,463)   | 765,639   | (13,279,824)   |   | 57. Retained Earnings or Margins (B2)  | 4,684,212  | 26,917  | 4,711,129   |
| 7,320,000  | (297,261)   | 7,022,739  |   | 58. Total Equity (51 thru 57)  | 4,784,537  | 26,917  | 4,811,454   |
| 10,672,253   | 0   | 10,672,253   |   | 59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)   | 10,672,253   | 0   | 10,672,253  |
| 1 (1   | 190,106<br>1,464,073<br>250<br>1,706,138<br>8,902,328<br>2,463,135<br>4,045,463)<br>7,320,000 | 190,106<br>1,464,073<br>250<br>297,261<br>1,706,138<br>297,261<br>8,902,328 (1,062,900)<br>2,463,135<br>4,045,463)<br>765,639<br>7,320,000 (297,261) | 190,106<br>1,464,073<br>250<br>1,706,138<br>297,261<br>1,761,334<br>250<br>0<br>1,706,138<br>297,261<br>2,003,399<br>8,902,328<br>(1,062,900)<br>17,839,428<br>0<br>2,463,135<br>2,463,135<br>0<br>4,045,463)<br>765,639<br>(13,279,824)<br>7,320,000<br>(297,261)<br>7,022,739 | 190,106<br>1,464,073<br>250<br>297,261<br>1,761,334<br>250<br>0<br>1,706,138<br>297,261<br>2,003,399<br>8,902,328<br>(1,062,900)<br>17,839,428<br>0<br>2,463,135<br>2,463,135<br>0<br>4,045,463)<br>765,639<br>(13,279,824)<br>7,320,000<br>(297,261)<br>0   | 41. Premium (Discount) on L/T Debt 42. Reacquired Debt 43. Obligations Under Capital Lease 44. Adv. From Affiliated Companies 45. Other Long-Term Debt 46. Total Long-Term Debt (36 thru 45) 0 THER LIAB. & DEF. CREDITS 47. Other Long-Term Liabilities 48. Other Deferred Credits (C) 49. Other Jurisdictional Differences 50. Total Other Liab. & Def. Credits (47 thru 49) EQUITY 51. Cap. Stock Outstanding & Subscribed 52. Additional Paid-in-Capital 53. Treasury Stock 54. Membership and cap. Certificates 55. Other Capital 56. Patronage Capital Credits 57. Retained Earnings or Margins (B2) 58. Total Equity (51 thru 57) | 40. Funded Debt-Rural Develop. Loan 41. Premium (Discount) on L/T Debt 42. Reacquired Debt 43. Obligations Under Capital Lease 44. Adv. From Affiliated Companies 45. Other Long-Term Debt 46. Total Long-Term Debt 47. Other Long-Term Liabilities 48. Other Deferred Credits (C) 49. Other Jurisdictional Differences 50. Total Other Liab. & Def. Credits (47 thru 49) 40. Reacquired Debt 41. Premium (Discount) on L/T Debt 42. Reacquired Debt 43. Obligations Under Capital Lease 44. Adv. From Affiliated Companies 45. Other Long-Term Debt 46. Total Long-Term Debt 47. Other Liab. & Def. Credits (C) 48. Other Deferred Credits (C) 49. Other Jurisdictional Differences 50. Total Other Liab. & Def. Credits (47 thru 49) 51. Cap. Stock Outstanding & Subscribed 52. Additional Paid-in-Capital 53. Treasury Stock 54. Membership and cap. Certificates 55. Other Capital 56. Patronage Capital Credits 57. Retained Earnings or Margins (B2) 4,084,212 58. Total Equity (51 thru 57) | 40. Funded Debt-Rural Develop. Loan 41. Premium (Discount) on L/T Debt 42. Reacquired Debt 43. Obligations Under Capital Lease 44. Adv. From Affiliated Companies 45. Other Long-Term Debt 46. Total Long-Term Debt (36 thru 45) 0 THER LIAB. & DEF. CREDITS 190,106 1,464,073 297,261 1,761,334 250 250 40. Other Long-Term Liabilities 48. Other Deferred Credits (C) 49. Other Jurisdictional Differences 50. Total Other Liab. & Def. Credits (47 thru 49) EQUITY 51. Cap. Stock Outstanding & Subscribed 52. Additional Paid-in-Capital 7,175 8,902,328 (1,062,900) 17,839,428 2,463,135 2,463,135 2,463,135 3. Treasury Stock 54. Membership and cap. Certificates 55. Other Capital 56. Patronage Capital Credits 57. Retained Earnings or Margins (B2) 4,784,537 26,917 |

<sup>(</sup>A) - As reported on Form 481

<sup>(</sup>B) - Part 64 adjustments to rate base from regulated to nonregulated.

<sup>(</sup>B1) - Part 64 offset to nonreg investment

<sup>(</sup>B2) - Part 64 offset to retained earnings

<sup>(</sup>C) - Part 64 Adj. for line 48 is only for deferred taxes.

|  | Adjusted     | Adjusted     |   | Adjusted     | Adjusted     |
|--|--------------|--------------|---|--------------|--------------|
| ASSETS                                   | Prior Year   | Current Year | LIABILITIES AND STOCKHOLDERS' EQUITY              | Prior Year   | Prior Year   |
|  | Balance 2012 | Balance 2013 |   | Balance 2012 | Balance 2013 |
| CURRENT ASSETS                           |              |              | CURRENT LIABILITIES                               |              |              |
| Cash and Equivalents                     | 566,757      | 298,416      | 25. Accounts Payable                              | 192,641      | 1,134,728    |
| 2. Cash-RUS Construction Fund            | 8,040        | 395,813      | 26. Notes Payable                                 | 0            | 0            |
| 3. Affiliates:                           |              |              | 27. Advance Billings and Payments                 | 0            | 0            |
| a. Telecom, Accounts Receivable          | 82,426       | 84,991       | 28. Customer Deposits                             | 1,618        | 2,041        |
| b. Other Accounts Receivable             | 0            | 0            | 29. Current Mat. L/T Debt                         | 525,325      | 304,607      |
| c. Notes Receivable                      | 0            | 0            | 30. Current Mat. L/T Debt Rur. Dev.               | 0            | 0            |
| 4. Non-Affiliates:                       |              |              | 31. Current Mat Capital Leases                    | 0            | 0            |
| a. Telecom, Accounts Receivable          | 484,908      | 559,143      | 32. Income Taxes Accrued                          | 20           | 60,011       |
| b. Other Accounts Receivable             | 0            | 0            | 33. Other Taxes Accrued                           | 55,202       | 116,543      |
| c. Notes Receivable                      | 0            | 0            | 34. Other Current Liabilities                     | 776,769      | 815,571      |
| 5. Interest and Dividends Receivable     | 0            | 0            | 35. Total Current Liabilities (25 - 34)           | 1,551,575    | 2,433,501    |
| 6. Material-Regulated                    | 259,636      | 269,547      | LONG-TERM DEBT                                    |              |              |
| 7. Material-Nonregulated                 | 0            | 0            | 36. Funded Debt-RUS Notes                         | 283,224      | 181,416      |
| 8. Prepayments                           | 2,490        | 38,205       | 37. Funded Debt-RTB Notes                         | 156,225      | 51,632       |
| 9. Other Current Assets                  | 0            | 0            | 38. Funded Debt-FFB Notes                         | 534,368      | 2,816,944    |
| 10. Total Current Assets (1 Thru 9)      | 1,404,257    | 1,646,115    | 39. Funded Debt-Other                             | 0            | (2,655)      |
|  |              |              | 40. Funded Debt-Rural Develop. Loan               | 0            | 0            |
| NONCURRENT ASSETS                        |              |              | 41. Premium (Discount) on L/T Debt                | 0            | 0            |
| 11. Investment in Affiliated Companies   |              |              | 42. Reacquired Debt                               | 0            | 0            |
| a. Rural Development                     | 290,671      | 51,709       | 43. Obligations Under Capital Lease               | 0            | 0            |
| b. Nonrural Development                  | 0            | 0            | 44. Adv. From Affiliated Companies                | 0            | 0            |
| 12. Other Investments                    |              |              | 45. Other Long-Term Debt                          | 0            | 0            |
| a. Rural Development                     | 0            | 0            | 46. Total Long-Term Debt (36-45)                  | 973,817      | 3,047,337    |
| b. Nonrural Development                  | 178,123      | 190,106      | OTHER LIAB. & DEF. CREDITS                        |              |              |
| 13. Nonregulated Investments             | 809,414      | 1,761,334    | 47. Other Long-Term Liabilities                   | 0            | 0            |
| 14. Other Noncurrent Assets              | 250          | 250          | 48. Other Deferred Credits (B)                    | 561,180      | 379,961      |
| 15. Deferred Charges                     | 0            | 0            | 49. Other Jurisdictional Differences              | 0            | 0            |
| 16. Jurisdictional Differences           | 0            | 0            | 50. Total Other Liab. & Def. Credits (47 thru 49) | 561,180      | 379,961      |
| 17. Total noncurrent Assets (11 thru 16) | 1,278,458    | 2,003,399    | EQUITY  |              |              |
|  |              |              | 51. Cap. Stock Outstanding & Subscribed           | 93,150       | 93,150       |
| PLANT, PROPERTY AND EQUIPMENT            |              |              | 52. Additional Paid-in-Capital                    | 7,175        | 7,175        |
| 18. Telecom Plant-in-Service             | 17,613,653   | 17,839,428   | 53. Treasury Stock                                | 0            | 0            |
| 19. Property Held for Future Use         | 0            | 0            | 54. Membership and cap. Certificates              | 0            | 0            |
| 20. Plant Under Construction             | 231,189      | 2,463,135    | 55. Other Capital                                 | 0            | 0            |
| 21. Plant Adj.,Nonop Plant & Goodwill    | 0            | 0            | 56. Patronage Capital Credits                     | 0            | 0            |
| 22. Accumulated Depreciation (CR.)       | (12,235,939) | (13,279,824) | 57. Retained Earnings or Margins                  | 5,104,721    | 4,711,129    |
| 23. Net Plant (18 thru 21 less 22)       | 5,608,903    | 7,022,739    | 58. Total Equity (51 thru 57)                     | 5,205,046    | 4,811,454    |
| TOTAL ASSETS (10+17+23)                  | 8,291,618    | 10,672,253   | 59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)    | 8,291,618    | 10,672,253   |

#### Note:

Adjusted Balances represents balances after current year Part 64 adjustments (B) - Provide Deferred Taxes on separate rate base schedule Company Name: (Below)

INLAND TELEPHONE COMPANY

|  |      | Adj. Balance | Adj. Balance | Average         |
|--|------|--------------|--------------|-----------------|
|  | Line | End of Year  | End of Year  | Adj End of Year |
|  | #    | 2012         | 2013         | Balance         |
| Average Rate Base:                                     |      |              |              |                 |
| Total Regulated Adjusted Telecom Plant-In-service      | 18   | 17,613,653   | 17,839,428   | 17,726,541      |
| Total Property Held for Future Use                     | 19   | 0            | 0            | 0               |
| Total Regulated Adjusted Accumulated Depreciation (CR) | 22   | (12,235,939) | (13,279,824) | (12,757,882)    |
| Total Regulated Materials & Supplies                   | 6    | 259,636      | 269,547      | 264,592         |
| Deferred Income Taxes (CR)                             |      | (560,713)    | (381,345)    | (471,029)       |
| Total Regulated Rate Base                              |      | 5,076,637    | 4,447,806    | 4,762,222       |
|  |      |              |              |                 |

## Note:

- 1. Normal balance of deferred income taxes and accumulated depreciation is a credit.
- 2. Adjusted balance includes current year Part 64 adjustments

|                            | Prior Year     | Current Year   |            |        |
|----------------------------|----------------|----------------|------------|--------|
| Description                | End of Yr.     | End of Yr      | Difference | %      |
|                            | Balance - 2012 | Balance - 2013 |            | Change |
| Access Lines:              |                |                |            |        |
| Residential                | 1,780          | 1,736          | (44)       | -2.5%  |
| Business                   | 614            | 633            | 19         | 3.1%   |
| Total                      | 2,394          | 2,369          | (25)       | -1.0%  |
|                            |                |                |            |        |
|                            |                |                |            |        |
|                            |                |                |            |        |
|                            | End of Yr.     | End of Year    | Difference | %      |
|                            | Balance - 2012 | Balance -2013  |            | Change |
| Broadband Connections      | 1,280          | 1,342          | 62         | 4.8%   |
|                            |                |                |            |        |
|                            |                |                |            |        |
|                            |                |                |            |        |
|                            | Prior Yr.      | Current Yr.    | Difference | %      |
|                            | 2012           | 2013           |            | Change |
| Total Annual Amount:       |                |                |            |        |
| Gross Capital Expenditures | 659,496        | 1,594,282      | 934,786    | 141.7% |
|                            |                |                |            |        |

FCC Form 481

Part B Statement of Income and Retained Earnings Statement

Company Name: (Below)
INLAND TELEPHONE COMPANY

|        |   | Prior Year             | Part 64        | Prior Year |
|--------|---|------------------------|----------------|------------|
| Line # | Item  | 2012                   | Adj. to NonReg | Adjusted   |
| Line " | item  | (A)                    | (B)            | 2012       |
| 1      | Local Network Services Revenues   | 603,282                | (5)            | 603,282    |
| 2      | Network Access Services Revenues  | 4,113,942              |                | 4,113,942  |
| 3      | Long Distance Network Services Revenues   | 23,968                 |                | 23,968     |
| 4      | Carrier Billing and Collection Revenues   | 44,064                 |                | 44,064     |
| 5      | Miscellaneous Revenues  | 104,863                |                | 104,863    |
| 6      | Uncollectible Revenues (Normal Balance is debit or in brackets)   | (5,179)                |                | (5,179)    |
| 7      | Net Operating Revenues (1 thru 6)   | 4,884,940              | 0              | 4,884,940  |
| 8      | Plant Specific Operations Expense   | 1,815,016              | (155,265)      | 1,659,751  |
| 9      | Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)                                    | 290,538                | (133)203)      | 290,538    |
| 10     | Depreciation Expense  | 1,070,497              | (53,689)       | 1,016,808  |
| 11     | Amortization Expense  | 182                    | (55)555)       | 182        |
| 12     | Customer Operations Expense   | 455,479                | (53,241)       | 402,238    |
| 13     | Corporate Operations  | 865,414                | (10,160)       | 855,254    |
| 13a    | Less: Corporate Operations Adjustment (FCC 36.621) report in ( )  | 003,414                | (10,100)       | 0          |
| 13b    | Adjusted Corporate Operations Expense (Line 13 minus Line 13a)  | 865,414                | (10,160)       | 855,254    |
| 14     | Total Operations Expenses (8 thru 12 +13b)  | 4,497,126              | (272,355)      | 4,224,771  |
| 15     | Operating Income or Margins (7 less 14)   | 387,814                | 272,355        | 660,169    |
| 16     | Other Operating Income and Expenses ( )   | 307,014                | 272,333        | 000,103    |
| 17     | State and Local Taxes   | 105,168                | (13,162)       | 92,006     |
| 18     | Federal Income Taxes (A1)   | 2,155                  | (13,102)       | 2,034      |
| 19     | Other Taxes   | 2,133                  | (121)          | 2,034      |
| 20     | Total Operating Taxes (17+18+19)  | 107,323                | (13,283)       | 94,040     |
| 21     | Net Operating Income or Margins (15+16-20)  | 280,491                | 285,638        | 566,129    |
| 22     | Interest on Funded Debt   | 66,408                 | 263,036        | 66,408     |
| 23     | Interest Expense - Capital Leases   | 00,408                 |                | 00,408     |
| 24     | Other Interest Expense  | 12,888                 |                | 12,888     |
| 25     | Allowance for Funds Used During Construction (CR)   | 12,000                 |                | 12,888     |
| 26     | Total Fixed Charges (22+23+24-25)   | 79,296                 | 0              | 79,296     |
| 27     | Nonoperating Net Income   | (136,849)              | U              | (136,849)  |
| 28     | Extraordinary Items   | (130,649)              |                | (130,849)  |
| 29     | Jurisdictional Differences  |                        |                | 0          |
| 30     | Nonregulated Net Income (B1)  | (540,289)              | (285,638)      | (825,927)  |
| 31     |   | (475,943)              | (283,038)      | (475,943)  |
| 32     | Total Net Income or Margins (21+27+28+29+30-26) Total Taxes Based on Income                               |                        | 39,080         | (101,020)  |
| 33     | Retained Earning or Margins Beginning-of-Year   | (140,100)<br>5,537,754 | 39,060         | 5,537,754  |
| 34     | Miscellaneous Credits Year-to-Date  | 1,496                  |                | 1,496      |
| 35     | Dividends Declared (Common)   | 1,490                  |                | 0          |
| 36     |   |                        |                | 0          |
| 37     | Dividends Declared (Preferred) Other Debits Year-to-Date  |                        |                | 0          |
| 38     |   |                        |                | 0          |
| 1      | Transfers to Patronage Capital  Patained Farrings or Margins End of Pariod ((21) 22 (24) (25) 26 (27) 28) | E 062 207              | 0              |            |
| 39     | Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38)                                      | 5,063,307              | 0              | 5,063,307  |
| 40     | Patronage Capital Beginning-of-Year   |                        |                | 0          |
| 41     | Transfers to Patronage Capital  |                        |                | 0          |
| 42     | Patronage Capital End of Year (40+41, 42)   | 0                      | 0              | 0          |
| 43     | Patronage Capital End-of-Year (40+41-42)  |                        | 0              | _          |
| 44     | Annual Debt Service Payments  | 593,769                | #DIV/01        | 593,769    |
| 45     | Cash Ratio ((14+20-10-11)/7)  | 0.7234                 | #DIV/0!        | 0.6759     |
| 46     | Operating Accrual Ratio ((14+20+26)/7)  | 0.9588                 | #DIV/0!        | 0.9003     |
| 47     | TIER ((31+26)/26)   | (5.0021)               | #DIV/0!        | (5.0021)   |
| 48     | DSCR ((31+26+10+11)/44)   | 1.1352                 | #DIV/0!        | 1.0448     |
|        |   |                        |                |            |

### Notes:

- (A) As reported on Form 481
- (A1) S Corporations provide effective tax rate on Income Statement Summary Schedule footnote, Page 8
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Part 64 offset to nonregulated income (No Impact to retained earnings)

|                |  | Prior Year             | Part 64            | Prior Year         |
|----------------|--|------------------------|--------------------|--------------------|
| Line #         | Item   | 2013                   | Adj. to NonReg     | Adjusted           |
|                |  | (A)                    | (B)                | 2013               |
| 1              | Local Network Services Revenues  | 562,589                | . ,                | 562,589            |
| 2              | Network Access Services Revenues   | 3,451,897              |                    | 3,451,897          |
| 3              | Long Distance Network Services Revenues  | (850)                  |                    | (850)              |
| 4              | Carrier Billing and Collection Revenues  | 50,550                 |                    | 50,550             |
| 5              | Miscellaneous Revenues   | 48,078                 |                    | 48,078             |
| 6              | Uncollectible Revenues (Normal Balance is debit or in brackets)                  | (5,843)                |                    | (5,843)            |
| 7              | Net Operating Revenues (1 thru 6)  | 4,106,421              | 0                  | 4,106,421          |
| 8              | Plant Specific Operations Expense  | 1,605,078              | (137,268)          | 1,467,810          |
| 9              | Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)           | 287,876                | ( - , ,            | 287,876            |
| 10             | Depreciation Expense   | 1,127,367              | (69,821)           | 1,057,546          |
| 11             | Amortization Expense   | 182                    | (33,322)           | 182                |
| 12             | Customer Operations Expense  | 483,882                | (59,233)           | 424,649            |
| 13             | Corporate Operations   | 867,296                | (12,176)           | 855,120            |
| 13a            | Less: Corporate Operations Adjustment (FCC 36.621) report in ( )                 | 007,230                | (12,170)           | 0                  |
| 13b            | Adjusted Corporate Operations Expense (Line 13 minus Line 13a)                   | 867,296                | (12,176)           | 855,120            |
| 14             | Total Operations Expenses (8 thru 12 +13b)                                       | 4,371,681              | (278,498)          | 4,093,183          |
| 15             | Operating Income or Margins (7 less 14)  | (265,260)              | 278,498            | 13,238             |
| 16             | Other Operating Income and Expenses ( )  | (203,200)              | 270,130            | 0                  |
| 17             | State and Local Taxes  | 101,698                | (11,441)           | 90,257             |
| 18             | Federal Income Taxes (A1)  | (198,891)              | 11,150             | (187,741)          |
| 19             | Other Taxes  | (136,631)              | 11,130             | (187,741)          |
| 20             | Total Operating Taxes (17+18+19)   | (97,193)               | (291)              | (97,484)           |
| 21             | Net Operating Income or Margins (15+16-20)                                       | (168,067)              | 278,789            | 110,722            |
| 22             | Interest on Funded Debt  | 59,655                 | 276,769            | 59,655             |
| 23             | Interest Expense - Capital Leases  | 33,033                 |                    | 0                  |
| 24             | Other Interest Expense   | 18,946                 |                    | 18,946             |
| 25             | Allowance for Funds Used During Construction (CR)                                | 18,540                 |                    | 18,540             |
| 26             | Total Fixed Charges (22+23+24-25)  | 78,601                 | 0                  | 78,601             |
| 27             | Nonoperating Net Income  | 13,925                 | U                  | 13,925             |
| 28             | Extraordinary Items  | 13,923                 |                    | 13,923             |
| 29             | Jurisdictional Differences   |                        |                    | 0                  |
| 30             | Nonregulated Net Income (B1)   | (199,650)              | (278,789)          | (478,439)          |
| 31             |  | (432,393)              | (278,789)          | (432,393)          |
| 32             | Total Net Income or Margins (21+27+28+29+30-26) Total Taxes Based on Income      | _ ` ` ` `              | 11,587             | (184,744)          |
| 33             |  | (196,331)<br>5,063,307 | 11,567             | 5,063,307          |
| 34             | Retained Earning or Margins Beginning-of-Year Miscellaneous Credits Year-to-Date |                        |                    | 3,594              |
| 35             | Dividends Declared (Common)  | 3,594                  |                    | 0                  |
| 36             |  |                        |                    | _                  |
|                | Dividends Declared (Preferred)   |                        |                    | 0                  |
| 37<br>38       | Other Debits Year-to-Date  |                        |                    | 0                  |
|                | Transfers to Patronage Capital   | 4 624 500              | 0                  |                    |
| 39             | Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38)             | 4,634,508              | 0                  | 4,634,508          |
| 40             | Patronage Capital Beginning-of-Year Transfers to Batronage Capital               |                        |                    | 0                  |
| 41             | Transfers to Patronage Capital   |                        |                    | 0                  |
| 42             | Patronage Capital End of Year (40) 41, 42)                                       |                        | 0                  | 0                  |
| 43             | Patronage Capital End-of-Year (40+41-42)   | 645 193                | 0                  | 645 193            |
| 44             | Annual Debt Service Payments   | 645,182                | #DIV/01            | 645,182            |
| 45             | Cash Ratio ((14+20-10-11)/7)   | 0.7663                 | #DIV/0!            | 0.7155             |
| 4.0            |  | 1.0601                 | #DIV/0!            | 0.9922             |
| 46             | Operating Accrual Ratio ((14+20+26)/7)   |                        | -                  | /4 =04 =1          |
| 46<br>47<br>48 | TIER ((31+26)/26) DSCR ((31+26+10+11)/44)  | (4.5011)<br>1.1993     | #DIV/0!<br>#DIV/0! | (4.5011)<br>1.0911 |

### Notes:

- (A) As reported on Form 481
- (A1) S Corporations provide effective tax rate on Income Statement Summary Schedule footnote, Page 8
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Part 64 offset to nonregulated income (No Impact to retained earnings)

| Internation  |        |  | Adjusted   | Adjusted     |
|--|--------|--|------------|--------------|
| Local Network Services Revenues  | Line # | ltem   | Prior Year | Current Year |
| Network Access Services Revenues   |        |  | 2012       | 2013         |
| Long Distance Network Services Revenues  | 1      | Local Network Services Revenues  | 603,282    | 562,589      |
| Carrier Billing and Collection Revenues   144,064   50,555   | 2      | Network Access Services Revenues                                       | 4,113,942  | 3,451,897    |
| Miscellaneous Revenues   104,863   48,078  | 3      | Long Distance Network Services Revenues                                | 23,968     | (850)        |
| Microllectible Revenues (Normal Balance is debit or in brackets)   | 4      | Carrier Billing and Collection Revenues                                | 44,064     | 50,550       |
| Net Operating Revenues (1 thru 6)  | 5      | Miscellaneous Revenues   | 104,863    | 48,078       |
| Plant Specific Operations Expense   1,659,751   1,467,810     Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)   290,538   287,876     Depreciation Expense   1,016,808   1,037,546     Amortization Expense   402,238   424,649     Customer Operations Expense   402,238   424,649     Corporate Operations   885,524   885,120     Corporate Operations   885,524   885,120     Adjusted Corporate Operations Expense (Line 13 minus Line 13a)   855,254   855,120     Total Operations Expenses (8 thru 12 +13b)   4,224,771   4,093,183     Operating Income or Margins (7 less 14)   660,169   13,238     Other Operating Income and Expenses ()   0   0   0     Other Taxes   92,006   90,257     Federal Income Taxes   2,034   (187,741)     Other Taxes   92,004   97,484     Net Operating Income or Margins (15+16-20)   566,129   110,722     Interest on Funded Debt   66,408   59,655     Interest Expense - Capital Leases   0   0   0     Other Interest Expense - Capital Leases   0   0   0     Other Interest Expense - Capital Leases   0   0   0     Other Interest Expense - Capital Leases   0   0   0     Other Interest Expense - Capital Leases   0   0   0     Other Interest Expense - Capital Leases   0   0   0     Other Interest Expense - Capital Leases   0   0   0     Other Interest Expense - Capital Leases   0   0   0     Other Interest Expense - Capital Leases   0   0   0     Other Interest Expense - Capital Leases   0   0   0     Other Interest Expense - Capital Leases   0   0   0     Other Interest Expense - Capital Leases   0   0   0     Other Interest Expense - Capital Leases   0   0   0     Other Interest Expense - Capital Leases   0   0   0     Other Davis - Capital Reginning-of-Period ((31+33+34)-(35+36+37+38)   5,061,811   4,634,508     Patro   | 6      | Uncollectible Revenues (Normal Balance is debit or in brackets)        | (5,179)    | (5,843)      |
| Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)   290,538   287,876     Depreciation Expense  | 7      | Net Operating Revenues (1 thru 6)                                      | 4,884,940  | 4,106,421    |
| Depreciation Expense   | 8      | Plant Specific Operations Expense                                      | 1,659,751  | 1,467,810    |
| Amortization Expense   | 9      | Plant Nonspecific Operations Expense (excluding Depreciation & Amort.) | 290,538    | 287,876      |
| 12         Customer Operations Expense         402,238         424,649           13         Corporate Operations Adjustment (FCC 36.621) report in ( )         0         0         0           13b         Adjusted Corporate Operations Expense (Line 13 minus Line 13a)         855,254         855,120           14         Total Operations Expenses (8 thru 12 + 13b)         4,224,771         4,093,183           15         Operating Income on Margins (7 less 14)         660,169         4,093,183           16         Other Operating Income and Expenses ( )         0         0         0           17         State and Local Taxes         92,006         90,257         69,257           18         Federal Income Taxes         2,034         (187,741)         19           20         Total Operating Taxes (17+18+19)         94,040         (97,484)           21         Net Operating Income or Margins (15+16-20)         566,129         110,722           22         Interest con Funded Debt         66,408         59,655           23         Interest Expense - Capital Leases         0         0         0           24         Other Interest Expense - Capital Leases         1         0         0           25         Allowance for Funds Used During Construction  | 10     | Depreciation Expense   | 1,016,808  | 1,057,546    |
| Corporate Operations   Sept.   | 11     | Amortization Expense   | 182        | 182          |
| Less: Corporate Operations Adjustment (FCC 36.621) report in ( )   | 12     | Customer Operations Expense  | 402,238    | 424,649      |
| Adjusted Corporate Operations Expense (Line 13 minus Line 13a)         855,254         855,120           14         Total Operations Expenses (8 thru 12 +13b)         4,224,771         4,093,183           15         Operating Income or Margins (7 less 14)         660,169         13,238           16         Other Operating Income and Expenses ()         0         0         0           17         State and Local Taxes         92,006         90,257         18         Federal Income Taxes         2,034         (187,741)         10           | 13     | Corporate Operations   | 855,254    | 855,120      |
| 14         Total Operating Income or Margins (7 less 14)         4,224,771         4,093,183           15         Operating Income or Margins (7 less 14)         660,169         13,238           16         Other Operating Income and Expenses ()         0         0         0           17         State and Local Taxes         92,006         90,257           18         Federal Income Taxes         2,034         (187,741)           19         Other Taxes         0         0         0           20         Total Operating Income or Margins (15+16-20)         566,129         110,722           21         Interest on Funded Debt         66,408         59,655           23         Interest Expense - Capital Leases         0         0           24         Other Interest Expense         12,888         18,946           25         Interest Expense         12,888         18,946           26         Total Fixed Charges (22+23+24-25)         79,296         78,601           27         Nonoperating Net Income         (136,849)         13,925           28         Extraordinary Items         0         0         0           30         Nonregulated Net Income         (325,927)         (478,439)           3  | 13a    | Less: Corporate Operations Adjustment (FCC 36.621) report in ( )       | 0          | 0            |
| 15         Operating Income or Margins (7 less 14)         660,169         13,238           16         Other Operating Income and Expenses ()         0         0           17         State and Local Taxes         92,006         90,257           18         Federal Income Taxes         2,034         (187,741)           19         Other Taxes         0         0           20         Total Operating Taxes (17+18+19)         94,040         (97,484)           Net Operating Income or Margins (15+16-20)         566,129         110,722           Interest on Funded Debt         66,408         59,655-           23         Interest Expense - Capital Leases         0         0           24         Other Interest Expense - Capital Leases         0         0           25         Allowance for Funds Used During Construction         0         0           26         Other Interest Expense - Capital Leases         12,888         18,946           27         Interest Expense - Capital Leases         0         0         0           28         Interest Expense - Capital Leases         12,888         18,946           29         Jurisdictional Differences         0         0         0           30         Noncreating Net Inc  | 13b    | Adjusted Corporate Operations Expense (Line 13 minus Line 13a)         | 855,254    | 855,120      |
| 16         Other Operating Income and Expenses ( )         0         0           17         State and Local Taxes         92,006         90,257           18         Federal Income Taxes         2,034         (187,741)           19         Other Taxes         0         0           20         Total Operating Taxes (17+18+19)         94,040         (97,484)           21         Net Operating Income or Margins (15+16-20)         566,129         110,722           22         Interest on Funded Debt         66,408         59,655           23         Interest Expense - Capital Leases         0         0         0           24         Other Interest Expense         12,888         18,946           25         Allowance for Funds Used During Construction         0         0         0           26         Total Fixed Charges (22+23+24-25)         79,296         78,601         2         79,296         78,601         2         79,296         78,601         2         0  | 14     | Total Operations Expenses (8 thru 12 +13b)                             | 4,224,771  | 4,093,183    |
| 17         State and Local Taxes         92,006         90,257           18         Federal Income Taxes         2,034         (187,741)           19         Other Taxes         0         0           20         Total Operating Taxes (17+18+19)         94,040         (97,484)           21         Interest on Funded Debt         566,129         110,722           22         Interest on Funded Debt         66,408         59,655           23         Interest Expense - Capital Leases         0         0         0           24         Other Interest Expense         12,888         18,946           25         Allowance for Funds Used During Construction         0         0           26         Total Fixed Charges (22+23+24-25)         79,296         78,601           27         Nonoperating Net Income         (136,849)         13,925           28         Extraordinary Items         0         0           29         Jurisdictional Differences         0         0           30         Nonregulated Net Income         (825,927)         (478,439)           31         Total Fixed Charges (21+27+28+29+30-26)         (475,943)         (432,393)           32         Total Net Income or Margins Eginning-of-Year </td <td>15</td> <td>Operating Income or Margins (7 less 14)</td> <td>660,169</td> <td>13,238</td>  | 15     | Operating Income or Margins (7 less 14)                                | 660,169    | 13,238       |
| Federal Income Taxes   2,034   (187,741)     Other Taxes   0 0 0 0     Total Operating Taxes (17+18+19)   94,040   (97,484)     Net Operating Income or Margins (15+16-20)   566,129   110,722     Interest on Funded Debt   66,408   59,655     Interest Expense - Capital Leases   0 0 0 0     Other Interest Expense   12,888   18,946     Allowance for Funds Used During Construction   0 0 0     Total Fixed Charges (22+23+24-25)   79,296   78,601     Total Fixed Charges (22+23+24-25)   79,296   78,601     Nonoperating Net Income   (136,849)   13,925     Extraordinary Items   0 0 0     Jurisdictional Differences   0 0 0     Nonregulated Net Income   (825,927)   (478,439)     Total Net Income or Margins (21+27+28+29+30-26)   (475,943)   (432,393)     Total Taxes Based on Income   (101,020)   (184,744)     Miscellaneous Credits Year-to-Date   3,594     Dividends Declared (Common)   0 0     Other Debits Year-to-Date   0 0     Other Debits Year-to-Date   0 0     Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38)   5,061,811   4,634,508     Patronage Capital Beginning-of-Year   0 0   0     Patronage Capital End-of-Year (40+41-42)   0 0   0     Patronage Capital End-of-Year (40+41-42)   0 0   0     Patronage Capital End-of-Year (40+41-42)   0 0   0     Annual Debt Service Payments   593,769   645,182     Cash Ratio ((14+20-10-11)/7)   0.0759   0.7155     Operating Accrual Ratio ((14+20+26)/7)   0.9003   0.9922     TIER ((31+26)/26)   (5.0021)   (4.5011)   | 16     | Other Operating Income and Expenses ( )                                | 0          | 0            |
| 19         Other Taxes         0         0         0           20         Total Operating Taxes (17+18+19)         94,040         (97,484)           21         Net Operating Income or Margins (15+16-20)         566,129         110,722           22         Interest on Funded Debt         66,408         59,655           23         Interest Expense - Capital Leases         0         0           24         Other Interest Expense         12,888         18,946           25         Allowance for Funds Used During Construction         0         0           26         Total Fixed Charges (22+23+24-25)         79,296         78,601           27         Nonoperating Net Income         (136,849)         13,925           Extraordinary Items         0         0         0           30         Norregulated Net Income         (825,927)         (478,439)           31         Total Taxes Based on Income         (101,020)         (184,744)           32         Total Taxes Based on Income         (101,020)         (184,744)           33         Retained Earning or Margins Beginning-of-Year         5,537,754         5,063,307           34         Miscellaneous Credits Year-to-Date         0         0           35   | 17     | State and Local Taxes  | 92,006     | 90,257       |
| 20         Total Operating Taxes (17+18+19)         94,040         (97,484)           21         Net Operating Income or Margins (15+16-20)         566,129         110,722           22         Interest on Funded Debt         66,408         59,655           23         Interest Expense - Capital Leases         0         0           24         Other Interest Expense         12,888         18,946           25         Allowance for Funds Used During Construction         0         0           26         Total Fixed Charges (22+23+24-25)         79,296         78,601           27         Nonoperating Net Income         (136,849)         13,925           28         Extraordinary Items         0         0         0           30         Nonregulated Net Income         (825,927)         (478,439)           31         Total Net Income or Margins (21+27+28+29+30-26)         (475,943)         (432,393)           32         Total Taxes Based on Income         (101,020)         (184,744)           33         Retained Earning or Margins Beginning-of-Year         5,537,754         5,063,307           34         Miscellaneous Credits Year-to-Date         0         0           35         Dividends Declared (Preferred)         0         0  | 18     | Federal Income Taxes   | 2,034      | (187,741)    |
| 21         Net Operating Income or Margins (15+16-20)         566,129         110,722           22         Interest on Funded Debt         66,408         59,655           23         Interest Expense - Capital Leases         0         0           24         Other Interest Expense         12,888         18,946           25         Allowance for Funds Used During Construction         0         0         0           26         Total Fixed Charges (22+23+24-25)         79,296         78,601           27         Nonoperating Net Income         (136,849)         13,925           28         Extraordinary Items         0         0         0           29         Jurisdictional Differences         0         0         0           30         Nonregulated Net Income         (825,927)         (478,439)           31         Total Net Income or Margins (21+27+28+29+30-26)         (475,943)         (432,393)           32         Total Taxes Based on Income         (101,020)         (184,744)           33         Retained Earning or Margins Beginning-of-Year         5,537,754         5,063,307           34         Miscellaneous Credits Year-to-Date         0         0           35         Dividends Declared (Common)         0   | 19     | Other Taxes  | 0          | 0            |
| Interest on Funded Debt   66,408   59,655     Interest Expense - Capital Leases   0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0  | 20     | Total Operating Taxes (17+18+19)                                       | 94,040     | (97,484)     |
| 23       Interest Expense - Capital Leases       0       0         24       Other Interest Expense       12,888       18,946         25       Allowance for Funds Used During Construction       0       0         26       Total Fixed Charges (22+23+24-25)       79,296       78,601         27       Nonoperating Net Income       (136,849)       13,925         28       Extraordinary Items       0       0         30       Nonregulated Net Income       (825,927)       (478,439)         31       Total Net Income or Margins (21+27+28+29+30-26)       (475,943)       (432,393)         32       Total Taxes Based on Income       (101,020)       (184,744)         33       Retained Earning or Margins Beginning-of-Year       5,537,754       5,063,307         34       Miscellaneous Credits Year-to-Date       3,594         35       Dividends Declared (Common)       0       0         36       Dividends Declared (Preferred)       0       0         37       Other Debits Year-to-Date       0       0         38       Transfers to Patronage Capital       0       0         40       Patronage Capital Beginning-of-Period ((31+33+34)-(35+36+37+38)       5,061,811       4,634,508 <t< td=""><td>21</td><td>Net Operating Income or Margins (15+16-20)</td><td>566,129</td><td>110,722</td></t<>  | 21     | Net Operating Income or Margins (15+16-20)                             | 566,129    | 110,722      |
| 24         Other Interest Expense         12,888         18,946           25         Allowance for Funds Used During Construction         0         0           26         Total Fixed Charges (22+23+24-25)         79,296         78,601           27         Nonoperating Net Income         (136,849)         13,925           28         Extraordinary Items         0         0         0           29         Jurisdictional Differences         0         0         0           30         Nonregulated Net Income         (825,927)         (478,439)           31         Total Net Income or Margins (21+27+28+29+30-26)         (475,943)         (432,393)           32         Total Taxes Based on Income         (101,020)         (184,744)           33         Retained Earning or Margins Beginning-of-Year         5,537,754         5,063,307           34         Miscellaneous Credits Year-to-Date         0         0           35         Dividends Declared (Common)         0         0           36         Dividends Declared (Preferred)         0         0           37         Other Debits Year-to-Date         0         0           38         Transfers to Patronage Capital         0         0           40   | 22     | Interest on Funded Debt  | 66,408     | 59,655       |
| 25         Allowance for Funds Used During Construction         0         0           26         Total Fixed Charges (22+23+24-25)         79,296         78,601           27         Nonoperating Net Income         (136,849)         13,925           28         Extraordinary Items         0         0           29         Jurisdictional Differences         0         0           30         Nonregulated Net Income         (825,927)         (478,439)           31         Total Net Income or Margins (21+27+28+29+30-26)         (475,943)         (432,393)           32         Total Taxes Based on Income         (101,020)         (184,744)           33         Retained Earning or Margins Beginning-of-Year         5,537,754         5,063,307           34         Miscellaneous Credits Year-to-Date         0         0           35         Dividends Declared (Common)         0         0           36         Dividends Declared (Preferred)         0         0           37         Other Debits Year-to-Date         0         0           38         Transfers to Patronage Capital         0         0           39         Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38)         5,061,811         4,634,508  | 23     | Interest Expense - Capital Leases                                      | 0          | 0            |
| 26         Total Fixed Charges (22+23+24-25)         79,296         78,601           27         Nonoperating Net Income         (136,849)         13,925           28         Extraordinary Items         0         0           29         Jurisdictional Differences         0         0           30         Nonregulated Net Income         (825,927)         (478,439)           31         Total Net Income or Margins (21+27+28+29+30-26)         (475,943)         (432,393)           32         Total Taxes Based on Income         (101,020)         (184,744)           33         Retained Earning or Margins Beginning-of-Year         5,537,754         5,063,307           34         Miscellaneous Credits Year-to-Date         0         0           35         Dividends Declared (Common)         0         0           36         Dividends Declared (Preferred)         0         0           37         Other Debits Year-to-Date         0         0           38         Transfers to Patronage Capital         0         0           39         Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38)         5,061,811         4,634,508           40         Patronage Capital Beginning-of-Year         0         0           41<   | 24     | Other Interest Expense   | 12,888     | 18,946       |
| 27       Nonoperating Net Income       (136,849)       13,925         28       Extraordinary Items       0       0         29       Jurisdictional Differences       0       0         30       Nonregulated Net Income       (825,927)       (478,439)         31       Total Net Income or Margins (21+27+28+29+30-26)       (475,943)       (432,393)         32       Total Taxes Based on Income       (101,020)       (184,744)         33       Retained Earning or Margins Beginning-of-Year       5,537,754       5,063,307         34       Miscellaneous Credits Year-to-Date       0       0         35       Dividends Declared (Common)       0       0         36       Dividends Declared (Preferred)       0       0         37       Other Debits Year-to-Date       0       0         38       Transfers to Patronage Capital       0       0         39       Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38)       5,061,811       4,634,508         40       Patronage Capital Beginning-of-Year       0       0         41       Transfers to Patronage Capital       0       0         42       Patronage Capital End-of-Year (40+41-42)       0       0         4  | 25     | Allowance for Funds Used During Construction                           | 0          | 0            |
| 28         Extraordinary Items         0         0           29         Jurisdictional Differences         0         0           30         Nonregulated Net Income         (825,927)         (478,439)           31         Total Net Income or Margins (21+27+28+29+30-26)         (475,943)         (432,393)           32         Total Taxes Based on Income         (101,020)         (184,744)           33         Retained Earning or Margins Beginning-of-Year         5,537,754         5,063,307           34         Miscellaneous Credits Year-to-Date         0         0           35         Dividends Declared (Common)         0         0           36         Dividends Declared (Preferred)         0         0           37         Other Debits Year-to-Date         0         0           38         Transfers to Patronage Capital         0         0           39         Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38)         5,061,811         4,634,508           40         Patronage Capital Beginning-of-Year         0         0           41         Transfers to Patronage Capital         0         0           42         Patronage Capital End-of-Year (40+41-42)         0         0           43   | 26     | Total Fixed Charges (22+23+24-25)                                      | 79,296     | 78,601       |
| 29         Jurisdictional Differences         0         0           30         Nonregulated Net Income         (825,927)         (478,439)           31         Total Net Income or Margins (21+27+28+29+30-26)         (475,943)         (432,393)           32         Total Taxes Based on Income         (101,020)         (184,744)           33         Retained Earning or Margins Beginning-of-Year         5,537,754         5,063,307           34         Miscellaneous Credits Year-to-Date         0         0           35         Dividends Declared (Common)         0         0           36         Dividends Declared (Preferred)         0         0           37         Other Debits Year-to-Date         0         0           38         Transfers to Patronage Capital         0         0           39         Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))         5,061,811         4,634,508           40         Patronage Capital Beginning-of-Year         0         0           41         Transfers to Patronage Capital         0         0           42         Patronage Capital Credits Retired         0         0           43         Patronage Capital End-of-Year (40+41-42)         0         0           <   | 27     | Nonoperating Net Income  | (136,849)  | 13,925       |
| 30       Nonregulated Net Income       (825,927)       (478,439)         31       Total Net Income or Margins (21+27+28+29+30-26)       (475,943)       (432,393)         32       Total Taxes Based on Income       (101,020)       (184,744)         33       Retained Earning or Margins Beginning-of-Year       5,537,754       5,063,307         34       Miscellaneous Credits Year-to-Date       0       0         35       Dividends Declared (Common)       0       0         36       Dividends Declared (Preferred)       0       0         37       Other Debits Year-to-Date       0       0         38       Transfers to Patronage Capital       0       0         39       Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38)       5,061,811       4,634,508         40       Patronage Capital Beginning-of-Year       0       0         41       Transfers to Patronage Capital       0       0         42       Patronage Capital Credits Retired       0       0         43       Patronage Capital End-of-Year (40+41-42)       0       0         44       Annual Debt Service Payments       593,769       645,182         45       Cash Ratio ((14+20-10-11)/7)       0.6759       0.7155  | 28     | Extraordinary Items  | 0          | 0            |
| Total Net Income or Margins (21+27+28+29+30-26) (475,943) (432,393) (432,393) (101,020) (184,744) (101,020) (184,744) (101,020) (184,744) (101,020) (184,744) (101,020) (184,744) (101,020) (184,744) (101,020) (184,744) (101,020) (184,744) (101,020) (184,744) (101,020 | 29     | Jurisdictional Differences   | 0          | 0            |
| 32       Total Taxes Based on Income       (101,020)       (184,744)         33       Retained Earning or Margins Beginning-of-Year       5,537,754       5,063,307         34       Miscellaneous Credits Year-to-Date       3,594         35       Dividends Declared (Common)       0       0         36       Dividends Declared (Preferred)       0       0         37       Other Debits Year-to-Date       0       0         38       Transfers to Patronage Capital       0       0         39       Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))       5,061,811       4,634,508         40       Patronage Capital Beginning-of-Year       0       0       0         41       Transfers to Patronage Capital       0       0       0         42       Patronage Capital Credits Retired       0       0       0         43       Patronage Capital End-of-Year (40+41-42)       0       0       0         44       Annual Debt Service Payments       593,769       645,182         45       Cash Ratio ((14+20-10-11)/7)       0.6759       0.7155         46       Operating Accrual Ratio ((14+20+26)/7)       0.9003       0.9922         47       TIER ((31+26)/26)       (5.00  | 30     | Nonregulated Net Income  | (825,927)  | (478,439)    |
| 33       Retained Earning or Margins Beginning-of-Year       5,537,754       5,063,307         34       Miscellaneous Credits Year-to-Date       3,594         35       Dividends Declared (Common)       0       0         36       Dividends Declared (Preferred)       0       0         37       Other Debits Year-to-Date       0       0         38       Transfers to Patronage Capital       0       0         39       Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))       5,061,811       4,634,508         40       Patronage Capital Beginning-of-Year       0       0         41       Transfers to Patronage Capital       0       0         42       Patronage Capital Credits Retired       0       0         43       Patronage Capital End-of-Year (40+41-42)       0       0         44       Annual Debt Service Payments       593,769       645,182         45       Cash Ratio ((14+20-10-11)/7)       0.6759       0.7155         46       Operating Accrual Ratio ((14+20+26)/7)       0.9003       0.9922         47       TIER ((31+26)/26)       (5.0021)       (4.5011)   | 31     | Total Net Income or Margins (21+27+28+29+30-26)                        | (475,943)  | (432,393)    |
| 33       Retained Earning or Margins Beginning-of-Year       5,537,754       5,063,307         34       Miscellaneous Credits Year-to-Date       3,594         35       Dividends Declared (Common)       0       0         36       Dividends Declared (Preferred)       0       0         37       Other Debits Year-to-Date       0       0         38       Transfers to Patronage Capital       0       0         39       Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))       5,061,811       4,634,508         40       Patronage Capital Beginning-of-Year       0       0         41       Transfers to Patronage Capital       0       0         42       Patronage Capital Credits Retired       0       0         43       Patronage Capital End-of-Year (40+41-42)       0       0         44       Annual Debt Service Payments       593,769       645,182         45       Cash Ratio ((14+20-10-11)/7)       0.6759       0.7155         46       Operating Accrual Ratio ((14+20+26)/7)       0.9003       0.9922         47       TIER ((31+26)/26)       (5.0021)       (4.5011)   | 32     |  | (101,020)  | (184,744)    |
| 34       Miscellaneous Credits Year-to-Date       3,594         35       Dividends Declared (Common)       0         36       Dividends Declared (Preferred)       0         37       Other Debits Year-to-Date       0         38       Transfers to Patronage Capital       0         39       Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))       5,061,811       4,634,508         40       Patronage Capital Beginning-of-Year       0       0         41       Transfers to Patronage Capital       0       0         42       Patronage Capital Credits Retired       0       0         43       Patronage Capital End-of-Year (40+41-42)       0       0         44       Annual Debt Service Payments       593,769       645,182         45       Cash Ratio ((14+20-10-11)/7)       0.6759       0.7155         46       Operating Accrual Ratio ((14+20+26)/7)       0.9003       0.9922         47       TIER ((31+26)/26)       (5.0021)       (4.5011)  | 33     | Retained Earning or Margins Beginning-of-Year                          |            | 5,063,307    |
| 36         Dividends Declared (Preferred)         0           37         Other Debits Year-to-Date         0         0           38         Transfers to Patronage Capital         0         0           39         Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))         5,061,811         4,634,508           40         Patronage Capital Beginning-of-Year         0         0           41         Transfers to Patronage Capital         0         0           42         Patronage Capital Credits Retired         0         0           43         Patronage Capital End-of-Year (40+41-42)         0         0           44         Annual Debt Service Payments         593,769         645,182           45         Cash Ratio ((14+20-10-11)/7)         0.6759         0.7155           46         Operating Accrual Ratio ((14+20+26)/7)         0.9003         0.9922           47         TIER ((31+26)/26)         (5.0021)         (4.5011)   | 34     | Miscellaneous Credits Year-to-Date                                     |            |              |
| 37       Other Debits Year-to-Date       0       0         38       Transfers to Patronage Capital       0       0         39       Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))       5,061,811       4,634,508         40       Patronage Capital Beginning-of-Year       0       0         41       Transfers to Patronage Capital       0       0         42       Patronage Capital Credits Retired       0       0         43       Patronage Capital End-of-Year (40+41-42)       0       0         44       Annual Debt Service Payments       593,769       645,182         45       Cash Ratio ((14+20-10-11)/7)       0.6759       0.7155         46       Operating Accrual Ratio ((14+20+26)/7)       0.9003       0.9922         47       TIER ((31+26)/26)       (5.0021)       (4.5011)   | 35     | Dividends Declared (Common)  | 0          | 0            |
| 38       Transfers to Patronage Capital       0       0         39       Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))       5,061,811       4,634,508         40       Patronage Capital Beginning-of-Year       0       0         41       Transfers to Patronage Capital       0       0         42       Patronage Capital Credits Retired       0       0         43       Patronage Capital End-of-Year (40+41-42)       0       0         44       Annual Debt Service Payments       593,769       645,182         45       Cash Ratio ((14+20-10-11)/7)       0.6759       0.7155         46       Operating Accrual Ratio ((14+20+26)/7)       0.9003       0.9922         47       TIER ((31+26)/26)       (5.0021)       (4.5011)  | 36     | Dividends Declared (Preferred)   |            | 0            |
| 39       Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))       5,061,811       4,634,508         40       Patronage Capital Beginning-of-Year       0       0         41       Transfers to Patronage Capital       0       0         42       Patronage Capital Credits Retired       0       0         43       Patronage Capital End-of-Year (40+41-42)       0       0         44       Annual Debt Service Payments       593,769       645,182         45       Cash Ratio ((14+20-10-11)/7)       0.6759       0.7155         46       Operating Accrual Ratio ((14+20+26)/7)       0.9003       0.9922         47       TIER ((31+26)/26)       (5.0021)       (4.5011)  |        |  | 0          | 0            |
| 40       Patronage Capital Beginning-of-Year       0       0         41       Transfers to Patronage Capital       0       0         42       Patronage Capital Credits Retired       0       0         43       Patronage Capital End-of-Year (40+41-42)       0       0         44       Annual Debt Service Payments       593,769       645,182         45       Cash Ratio ((14+20-10-11)/7)       0.6759       0.7155         46       Operating Accrual Ratio ((14+20+26)/7)       0.9003       0.9922         47       TIER ((31+26)/26)       (5.0021)       (4.5011)   | 38     | Transfers to Patronage Capital   | 0          | 0            |
| 41       Transfers to Patronage Capital       0       0         42       Patronage Capital Credits Retired       0       0         43       Patronage Capital End-of-Year (40+41-42)       0       0         44       Annual Debt Service Payments       593,769       645,182         45       Cash Ratio ((14+20-10-11)/7)       0.6759       0.7155         46       Operating Accrual Ratio ((14+20+26)/7)       0.9003       0.9922         47       TIER ((31+26)/26)       (5.0021)       (4.5011)  | 39     | Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38)   | 5,061,811  | 4,634,508    |
| 42       Patronage Capital Credits Retired       0       0         43       Patronage Capital End-of-Year (40+41-42)       0       0         44       Annual Debt Service Payments       593,769       645,182         45       Cash Ratio ((14+20-10-11)/7)       0.6759       0.7155         46       Operating Accrual Ratio ((14+20+26)/7)       0.9003       0.9922         47       TIER ((31+26)/26)       (5.0021)       (4.5011)  | 40     | Patronage Capital Beginning-of-Year                                    | 0          | 0            |
| 43       Patronage Capital End-of-Year (40+41-42)       0       0         44       Annual Debt Service Payments       593,769       645,182         45       Cash Ratio ((14+20-10-11)/7)       0.6759       0.7155         46       Operating Accrual Ratio ((14+20+26)/7)       0.9003       0.9922         47       TIER ((31+26)/26)       (5.0021)       (4.5011)   | 41     | Transfers to Patronage Capital   | 0          | 0            |
| 44       Annual Debt Service Payments       593,769       645,182         45       Cash Ratio ((14+20-10-11)/7)       0.6759       0.7155         46       Operating Accrual Ratio ((14+20+26)/7)       0.9003       0.9922         47       TIER ((31+26)/26)       (5.0021)       (4.5011)   | 42     | Patronage Capital Credits Retired                                      | 0          | 0            |
| 45       Cash Ratio ((14+20-10-11)/7)       0.6759       0.7155         46       Operating Accrual Ratio ((14+20+26)/7)       0.9003       0.9922         47       TIER ((31+26)/26)       (5.0021)       (4.5011)   | 43     | Patronage Capital End-of-Year (40+41-42)                               | 0          | 0            |
| 45       Cash Ratio ((14+20-10-11)/7)       0.6759       0.7155         46       Operating Accrual Ratio ((14+20+26)/7)       0.9003       0.9922         47       TIER ((31+26)/26)       (5.0021)       (4.5011)   | 44     |  | 593,769    | 645,182      |
| 47 TIER ((31+26)/26) (5.0021) (4.5011)   | 45     | Cash Ratio ((14+20-10-11)/7)   |            | 0.7155       |
| " " '  | 46     | Operating Accrual Ratio ((14+20+26)/7)                                 | 0.9003     | 0.9922       |
| 48 DSCR ((31+26+10+11)/44) 1.0911  | 47     | TIER ((31+26)/26)  | (5.0021)   | (4.5011)     |
|  | 48     | DSCR ((31+26+10+11)/44)  | 1.04       | 1.0911       |
|  |        |  |            |              |

Footnote (A1)
S Corporation Effective Tax Rate (2 decimal places):
Page 8

| Description                               | Part 32<br>Account | 2012      | 2013      |
|---|--------------------|-----------|-----------|
| End User Revenue (SLC, ARC, etc.)         | 5081               | 193,350   | 228,660   |
| Switched Access (excluding USF):          | 5082               |           |           |
| Intrastate                                |                    | 511,249   | 439,205   |
| Interstate                                |                    | 92,887    | (112,431) |
| Special Access:                           | 5083               |           |           |
| Intrastate                                |                    | 54,080    | 42,460    |
| Interstate                                |                    | 1,391,219 | 1,285,190 |
| Federal USF (ICLS/CAF/HCL/SN)             | Varies             | 1,793,096 | 1,481,529 |
| Total (must equal line 2 of Income Stmt.) |                    | 4,035,881 | 3,364,613 |
| Line 2 of Income Stmt.                    |                    | 4,113,942 | 3,451,897 |
| Difference                                |                    | (78,061)  | (87,284)  |