EXHIBIT 1

Appendix B:

Free Cash Flow Methodology to Calculate RLEC Cost of Capital – Detailed Explanation

APPENDIX B: DCF Using the Free Cash Flow Method

Estimating the cost of capital is a very difficult issue, especially for companies whose ownership and debt are not traded on open markets. Economists have developed techniques to capture basic elements of the cost of equity and debt. The cost of debt is primarily associated with market interest rates. The Discounted Cash Flow (DCF) approach focuses on discounting future cash flows a company is expected to yield to an equity holder. The Capital Asset Pricing Model (CAPM) model predicts a relationship between the expected return on an asset and its risk. Economic theory underlying Weighted Average Cost of Capital (WACC) shows that business risk is the key element of the cost of capital.[1]

These techniques are based on simplifying assumptions of rational investors, highly efficient markets, and market expectations that are closely in line with market performance. The Staff Report recognizes that these assumptions have been called into question by economists including Fama and French, and Shiller.[2] According to another scholar, Joseph Stiglitz, a Nobel Prize winner in economics, neoclassical approaches to determining cost of capital are suspect because they assume no credit rationing, despite the widespread use of such techniques to limit loans to less risky customers instead of charging higher interest rates.[3]

As to the cost of capital techniques developed by Modigliani and Miller and used by the Bureau, Stiglitz said, "Modigliani and Miller ignored the possibility of bankruptcy and the costs associated with it – and the fact that the more a firm borrows, the higher the probability of bankruptcy. They also ignored the information that might be conveyed by an owner's decision to sell shares; an owner's eagerness to sell shares at a very low price almost surely says

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[1] Modigliani, F.; Miller, M., "The Cost of Capital, Corporation Finance and the Theory of Investment", AM. ECO. REV. 48 (3): 261–297 (1958). The theorem assumes away default risk and tax shields.

[2] *Staff Report* ¶¶ 58 n.99, 62 n.108.

[3] *See* JOSEPH E. STIGLITZ, FREEFALL: AMERICA, FREE MARKETS, AND THE SINKING OF THE WORLD ECONOMY 246 (W.W.Norton & Company, Inc. 2010) In regard to credit rationing, in recently filed comments in this proceeding, CoBank asked that the Staff Report

> "include a paragraph discussing the lack of funding availability for RLECs given that unpredictability in the cost recovery mechanism because of limits and caps on universal service funding and inter-carrier compensation adversely impact RLEC creditworthiness. Essentially, lenders are constrained with respect to prudent and appropriate RLEC lending, consistent with regulatory underwriting and credit administration requirements, when the income capacity of a RLEC borrower is not reasonably predictable and well established over time."

Comments of CoBank, WC Docket No. 10-90, 5 (filed Apr. 18, 2011).

something about his views of the firm's future prospects."[4] Recent sales of assets, therefore, could have a strong bearing on an investor's required rate of return. This information is a key benefit of using the Free Cash Flow (FCF) approach described below.

The FCF method estimates the cost of capital based on actual information conveyed by buyers and sellers of rural access lines, rather than generalized market data and "proxy" companies. The FCF method is another form of the DCF technique. However, the standard textbook illustration of DCF assumes a passive investor valuing a traded share of equity, deriving a bid price based on the stock's future cash inflows (i.e., the dividends the investor expects to receive). The required return of this type of investor is limited to a return on equity, that is, the return on the stock purchase. To derive a WACC, an analyst would then have to estimate the cost of debt and weight the debt and equity funding sources, which adds complexity and is likely to introduce errors, especially for estimating the WACC for companies not traded on organized exchanges.

The FCF method relies on actual operating data for the current cash flow, growth in operations, and actual asset sales to estimate the value of a firm. In effect, it relies on a DCF calculation made by an investor who is acquiring assets and is likely to manage them. The investor values the company by estimating the future free cash flow the company will generate and discount back to the present. The strike (sales) price is in effect the value of the firm measured as either the market value of its assets or the market value of its debt and equity. As a result, the required rate of return of an active investor already embeds the cost of equity and debt. The FCF approach, therefore, avoids having to deal with separate errors of estimating the cost of debt and equity as well as the target capital structure weights.

The FCF method is closely akin to a standard payback technique that produces a return on investment estimate. People buying and selling properties typically want to know how long it will take to recover their original investment and what level of return the investor can expect. For example, if the FCF multiple is 5, it means that investors want their money back in five years and effectively want a return on investment of 20%. In sales of rural access lines, the transaction is defined by the sale price, the number of lines, and XEBITDA. [5]

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[4] *See* Stiglitz at 246.

[5] Times EBITDA is similar to estimating the sales price as a multiple of cash flow. See Attachment 1, provided by JSI Capital, Inc., which includes one such multiple analysis based on OIBDA (Operating Income Before Depreciation and Amortization).

The FCF approach is well accepted by financial analysts and is described in standard textbooks, including McKinsey & Company's book on Valuation,[6] cited as authoritative in the *Staff Report.*[7] The 2005 edition of this text describes the "well-known cash flow perpetuity formula:"[8]

$$\text{Value} = FCF_{t=1}/(WACC - g)$$

According to *Koller et al.*, "this formula is well established in the finance and mathematics literature."[9]

The Rural Associations used this formula to derive the following relationship:[10]

$$WACC = FCF/\text{Value}$$

This formula does not include growth or *g*, because an analysis of yearly revenue requirement growth showed that the three-year average of *g* is .01 percent. Given the uncertainty in the environment, this is our best guess of the future level of *g*. Since the predicted *g* has a negligible impact on the calculations, it can be ignored when using the formula to derive WACC.

There are other practical advantages of using the FCF method besides its simplicity. For example, FCF data are limited to RLEC regulated activities, for which cost of capital determinations are relevant for purposes of prescribing an authorized RoR. By contrast, the Staff Proposed Proxy includes companies for which as little as 10 percent of overall operations could be classified as incumbent LEC price-regulated interstate telecommunications.[11]

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[6] Tom Copeland, Tim Koller, and Jack Murrin, VALUATION: MEASURING AND MANAGING THE VALUE OF COMPANIES (McKinsey & Company 2000).

[7] *Staff Report* ¶¶ 12, 64.

[8] McKinsey & Company: Tim Koller, Marc Goedhart, and David Wessels, VALUATION: MEASURING AND MANAGING THE VALUE OF COMPANIES 62 (John Wiley & Sons, Inc. 2005).

[9] *Id.* at 62.

[10] *January 2012 Association Comments* at 57.

[11] *Staff Report* ¶ 12.

Moreover, the dataset used by the Rural Associations in this analysis consists of 633 cost and average schedule companies, as opposed to the 16 proxy companies used by the Bureau in preparing its recommendation.[12]

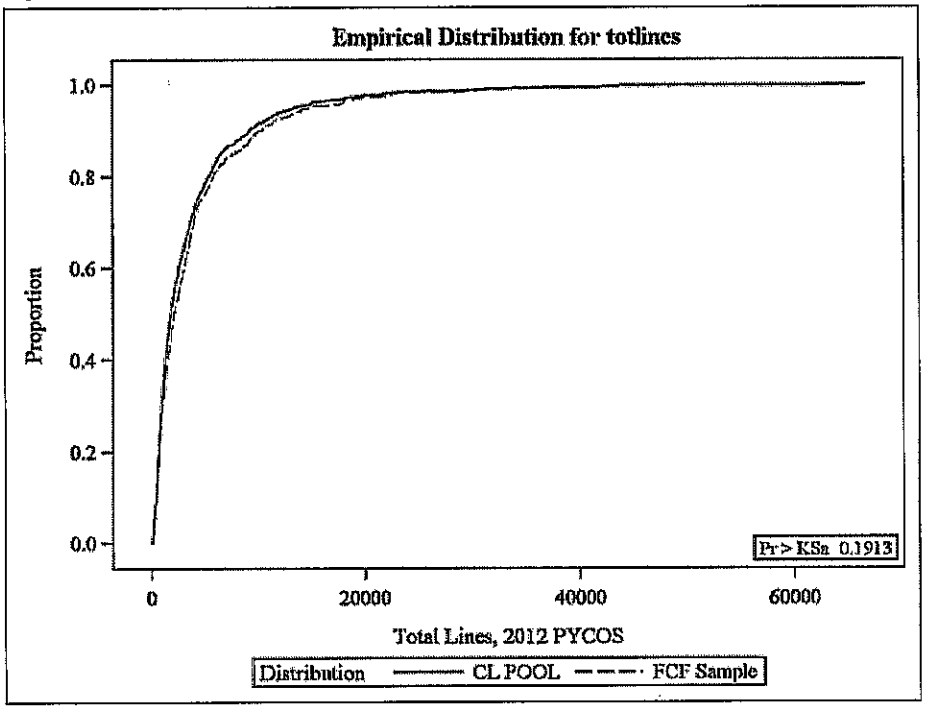
The WCB staff expressed concern that the FCF analysis "relies on a non-random sample of cost companies that chose to respond to a NECA data request."[13] In fact, as noted above, the dataset consists of both cost and average schedule companies. To test whether the FCF sample is representative of the NECA common line pool, however, it is possible to plot the line size distribution of the common line pool and overlay it with the line size distribution of the FCF sample. As one can see in Figure 1, the two distributions are very similar, which is further supported by a statistical test. [14]

[12] These data have previously been provided to the Commission. *See* Letter from Regina McNeil, Vice President of Legal, General Counsel & Corporate Secretary, National Exchange Carrier Association, Inc., to Ms. Marlene H. Dortch, Secretary, FCC, CC Docket No. 01-92 (filed Feb. 29, 2011).

[13] *Staff Report* ¶ 56 n.94.

[14] The Kolmogorov-Smirnov two-sample test had a p value of 0.19, indicating the null hypothesis of identical line size distributions in the FCF sample and the common line pool could not be rejected.

Figure 1. Cumulative line size distributions of the NECA common line pool and FCF sample.



CL Pool: NECA Common Line Pool.
FCF Sample: Sample of companies used in FCF analysis.

The WCB staff also expressed concern the Rural Associations approach "arbitrarily reduces price-per-line data."[15] Attachment 1 displays data from a number of ILEC property transactions, including ones as recent as July 2, 2012. In computing the cost of capital at different price-per-line values, the Rural Associations originally used a range of $1,200 to $2,400, with $1,800 as the midpoint price-per-line.[16] The only transaction reported in the accompanying JSI Capital table for the most recent years that does not include a large fraction of non-regulated services[17] had a price of $1,053 per line. This recent sale recorded by JSI Capital suggests the value of RLEC lines continues to drop.

[15] *Staff Report* ¶ 56 n.94.

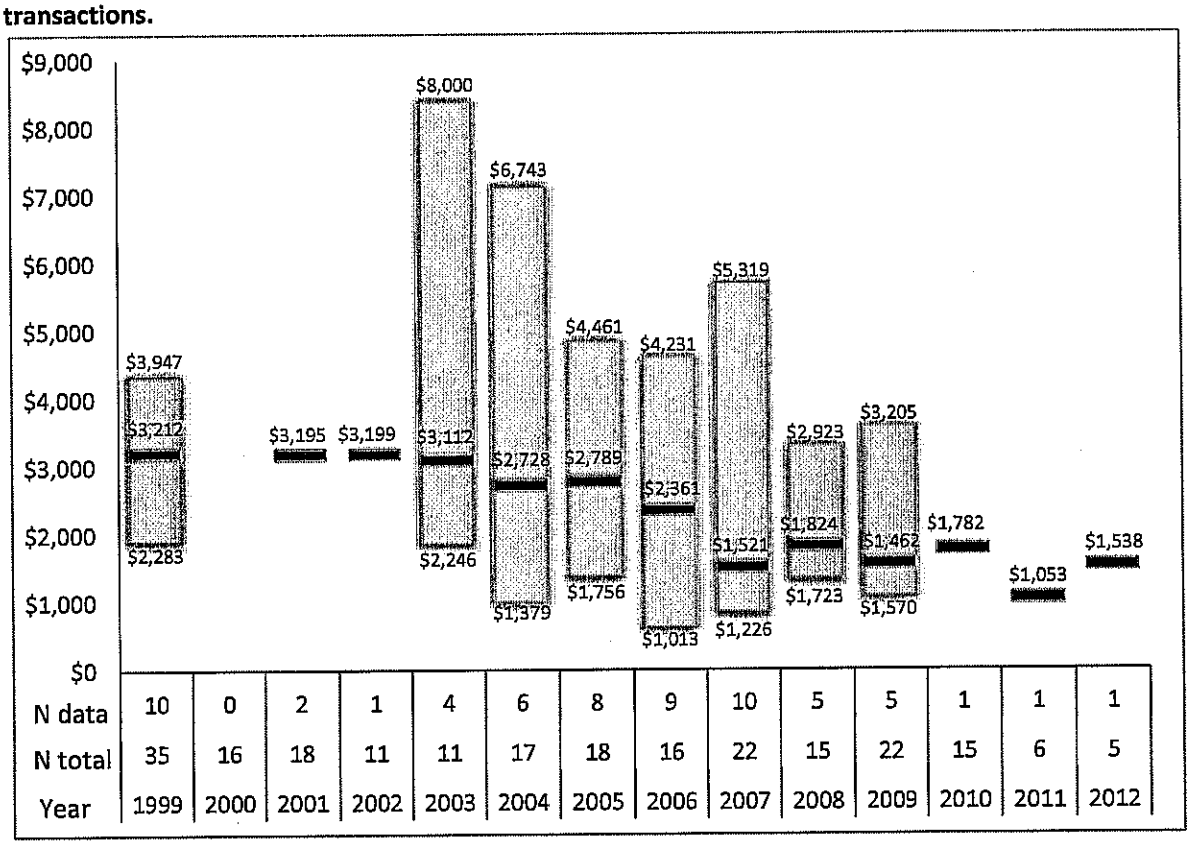
[16] *January 2012 Association Comments.*

[17] In the JSI table, Attachment 1, recent transaction prices are based on connections which include ILEC and CLEC access lines, DSL and high speed subscribers and video subscribers. In cases where the difference between access lines and connections are substantial we drop the observation because we cannot determine what proportion of the observation is related to the regulated service.

This recent transaction price is well below the midpoint value of $1,800 shown in the Rural Associations' *January 2012 Comments*. In fact, $1,053 is less than the $1,200 at the low end of the Rural Associations' range. Since cost of capital estimates using the FCF method increase as per-line prices decrease, it is clear that the line sales price range used in the Rural Associations' *January 2012 Comments* provides a conservative view of recent market valuations and WACC for RLECs.

Figure 2 displays the data supplied by JSI Capital for all rural service area transactions, whether related to regulated services or a broader class including non-regulated services. It is apparent that prices are clearly trending downwards. It is interesting to note that recent sales whether they include non-regulated services or not have per connection prices that are below $1800 per connection. Besides the price decline, it is also apparent that the number of transactions has drifted downward over time and has practically dried up in the last two years reported, 2011 and 2012. The lack of more recent transactions strongly suggests that the market is in paralysis: buyers and sellers cannot agree on prices. This suggests rural properties are becoming increasingly illiquid, which should also drive up the required return by an investor.

Figure 2. High, low and weighted average price per connection paid for observed ILEC property transactions.



Notes:

1. Data extracted from JSI Capital table of observed deals.
2. Chart shows observed deals with available price per connection. Number of deals used is indicated by *N data*. *N total* counts the number of total deals reported in the JSI Capital table for each year. Transactions are counted within a year depending on the transactions' "announce date".
3. Connections include ILEC and CLEC access lines, DSL and high speed data subscribers and video subscribers.

The *Staff Report* also criticized the Rural Associations' analysis based on its use of unweighted median data, without providing mean data. We continue to recommend use of median calculations to prevent outliers from dominating the WACC calculation. This is consistent with the Commission's approach to developing capital and operating expense benchmarks in its USF/ICC Order, which adopted quantile regression techniques partly as a means of limiting the effects of outliers in analyzing data. Koller *et al.* also generally use medians to reduce the weight given to extreme returns when evaluating an investment opportunity. The median is also a practical way to summarize cost of capital estimates for the sample as 159 companies

reported a negative free cash flow in 2010. As in the case of developing price/earnings ratios, the FCF ratio makes little sense as valuation tool when a company is operating at a loss.[18]

Nonetheless, to address the Bureau's concern the following chart displays the weighted mean, which among other problems reflects negative estimates. Using this approach the resulting range for WACC is between 8.69% and 17.38%, still well above the Bureau's estimated range.

Cost of Capital for Different per Line Purchase Prices

	Price = $2400	Price = $2100	Price = $1800	Price = $1500	Price = $1200
Weighted* Median	11.75%	13.42%	15.66%	18.79%	23.49%
Weighted* Mean	8.69%	9.93%	11.59%	13.91%	17.38%

* Weighted by total access lines.

Finally, it bears noting that WACC estimates obtained by the proposed FCF method range 2-6% above estimates produced by the Bureau for larger companies such as the RHCs and mid-size price cap companies. This result appears reasonable considering that larger companies, particularly the RHCs, are more diversified than RLECs and have significantly less exposure to regulatory risk based on changes to USF and ICC mechanisms. Several of the small and mid-sized companies in the Bureau's sample recently were either under financial stress or in bankruptcy. This likewise suggests that an investor would want a default premium to invest in small companies such as RLECs. The lack of rural line transactions is an indicator that the market is frozen. This is a strong indicator that a liquidity premium is necessary as well.

Conclusion

The FCF DCF is an accepted approach to estimating WACC. For purposes of this proceeding, it has distinct advantages over other approaches. FCF uses a large sample of rate of return companies for its calculations, not proxy companies. It focuses on the required return for regulated services. The FCF method calculates WACC directly, without the use of proxy estimates for the cost of debt, the cost of equity, and the calculation of debt and equity shares. Most importantly, it passes a reasonability test. The required return on a rate of return property is several percentage points higher than that for AT&T and Verizon. This premium is consistent with the riskiness documented by, among other things, steep recent declines in sales prices for rural lines.

[18] At best, one could think of the weighted mean as an expectation of both positive and negative reported FCF levels in a particular period. However, in a period of extended recession, the weighted mean is likely to be sensitive to short term depressed conditions.

Appendix B -Attachment 1

Observed Deals: Incumbent Local Exchange Carriers

Attachment 1 - Observed Deals: Incumbent Local Exchange Carriers

OBSERVED DEALS: Incumbent Local Exchange Carriers

							Estimated/Implied Private Market Multiples			
Announce Date	Close Date	Property	Buyer	REV ($m)	Access Lines (k)	#Conn (k)	$/conn	$/REV	EV/OIBDA	MP/OIBDA
1/8/13	Pending	Middle Point Home Telephone Company	Telephone Service Company	n.a.	0.5	n.a.	n.a.	n.a.	n.a.	n.a.
11/28/12	1/31/2013	FairPoint Idaho Operations	Blackfoot Telecommunications	30.0	4.2	n.a.	n.a.	3.7x	6.0x	n.a.
11/21/12	12/20/2012	ICTC Group, Inc.	CIBL, Inc.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
9/25/12	12/11/2012	Millington Telephone Company	Ritter Communications	n.a.	19.0	n.a.	n.a.	n.a.	n.a.	n.a.
8/24/12	Pending	Dixville Telephone Company	Balsams View, LLC	n.a.	0.4	n.a.	n.a.	n.a.	n.a.	n.a.
2/6/12	7/2/2012	SureWest	Consolidated Communications	547.2	176.1	344.8	1,538	2.1x	6.3x	4.8x
9/20/11	1/6/2012	Vision Communications	EATEL	n.a.	10.2	n.a.	n.a.	n.a.	n.a.	n.a.
8/9/11	1/1/2012	Andrew Telephone	La Motte Telephone	n.a.	0.7	n.a.	n.a.	n.a.	n.a.	n.a.
6/30/11	8/23/2011	United Telephone Company	Mosaith Equity Partners	n.a.	12.5	n.a.	n.a.	n.a.	n.a.	n.a.
4/18/11	11/10/2011	Westphalia Telephone	Great Lakes Comnet	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4/4/11	10/14/2011	Shoreham Telephone	Otelco	5.3	5.0	5.0	1,053	2.2x	6.1x	n.a.
1/9/11	12/31/2011	KPU Telecom	Matanuska Telephone	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12/8/10	11/1/2011	NTELOS Wireline Business	Spin-off	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11/15/10	6/13/2011	GTA TeleGuam	Advantage Partners	n.a.	55.0	n.a.	n.a.	n.a.	n.a.	n.a.
11/9/10	12/31/2010	Rice Belt Telephone	Smithville Telephone	n.a.	0.9	n.a.	n.a.	n.a.	n.a.	n.a.
10/26/10	12/31/2010	Timberline Telecom	North State Telephone	n.a.	0.2	n.a.	n.a.	n.a.	n.a.	n.a.
10/7/10	12/20/2010	Villisca Farmers Telephone	Farmers Mutual Telephone	n.a.	0.8	n.a.	n.a.	n.a.	n.a.	n.a.
9/27/10	12/31/2010	Peninsula Telephone	Ace Communications	n.a.	0.9	n.a.	n.a.	n.a.	n.a.	n.a.
9/10/10	12/29/2010	Diverstcom	Arvig Enterprises	n.a.	9.8	n.a.	n.a.	n.a.	n.a.	n.a.
9/9/10	12/17/2010	Redwood County Telephone	Arvig Enterprises	n.a.	5.2	n.a.	n.a.	n.a.	n.a.	n.a.
8/16/10	8/12/2010	ITS Telecom	Jeff Leslie	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7/23/10	9/8/2010	Community Telephone Company	Hillsery Communications	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6/24/10	11/4/2010	Nova Telephone Company	VNC Enterprises	n.a.	1.0	n.a.	n.a.	n.a.	n.a.	n.a.
5/21/10	9/15/2010	Comwon Communications	American Broadband	n.a.	11.0	25.4	n.a.	n.a.	n.a.	n.a.
5/21/10	1/1/2010	Tri-County Telecom	McCook Cooperative Telephone	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5/20/10	4/29/2010	Southern Kansas Telephone	Mikesell	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4/22/10	4/1/2011	Qwest	CenturyLink	22,300.0	n.a.	12,515.0	1,782	1.9x	5.0x	4.4x
3/16/10	4/7/2010	Inter-Community Telephone	Sunshine PCS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12/14/09	9/2/2010	Telnicom Communications	TOTE Holdings	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11/24/09	6/1/2010	Lowa Telecom	Windstream	956.0	355.6	359.6	2,658	3.5x	7.4x	5.8x
11/17/09	6/30/2010	Prairie Telephone (35 Access Lines)	Panora Communications	n.a.	0.0	n.a.	n.a.	n.a.	n.a.	n.a.
10/26/09	1/31/2010	Skyline Telephone Company	Beaver Creek Telephone Company	n.a.	0.1	n.a.	n.a.	n.a.	n.a.	n.a.
10/26/09	12/31/2009	Midvale's Junction & Harper Exchanges	Oregon Telephone	n.a.	0.2	n.a.	n.a.	n.a.	n.a.	n.a.
10/16/09	12/10/2009	Iowa Telecom Access Line	Williams Cooperative Telephone	n.a.	0.0	n.a.	n.a.	n.a.	n.a.	n.a.
10/9/09	1/31/2010	Lowry Telephone Company	Runestone Telephone Association	n.a.	0.8	n.a.	n.a.	n.a.	n.a.	n.a.
9/25/09	10/26/2009	Miller Telephone Company	Winnebago Cooperative	n.a.	0.1	n.a.	n.a.	n.a.	n.a.	n.a.
9/16/09	10/26/2009	Midvale Telephone Exchange	Midvale ESOP	n.a.	3.0	n.a.	n.a.	n.a.	n.a.	n.a.
9/8/09	12/1/2009	Lexcom	Windstream	141.0	23.0	44.0	3,205	3.2x	5.9x	4.9x
8/12/09	12/31/2009	Ardmore Telephone Company	Synergy Technology Partners	n.a.	8.4	n.a.	n.a.	n.a.	n.a.	n.a.
8/4/09	12/1/2009	Union Telephone	Telephone & Data Systems	13.2	6.5	6.5	1,538	2.2x	6.6x	4.9x
7/14/09	7/1/2009	Allendale Communications	Ace Communications	n.a.	6.5	n.a.	n.a.	n.a.	n.a.	n.a.
7/15/09	9/15/2009	Home Telephone	Arvig Enterprises	n.a.	0.6	2.7	n.a.	n.a.	n.a.	n.a.
6/25/09	9/1/2009	Pymatuning Independent Telephone	Townes Tele-communications	n.a.	2.1	n.a.	n.a.	n.a.	n.a.	n.a.
5/20/09	10/30/2009	Bruce Telephone Company	Full Communications	n.a.	2.6	n.a.	n.a.	n.a.	n.a.	n.a.
5/14/09	8/31/2009	Delavan Telephone Company	Blue Earth Valley Communications	n.a.	0.3	n.a.	n.a.	n.a.	n.a.	n.a.
5/13/09	7/1/2010	Verizon (rural lines in 14 states)	Frontier Communications	8,579.0	4,800.0	5,869.0	1,462	2.0x	4.5x	3.9x
5/11/09	11/10/2009	D&E Communications	Windstream	330.0	164.6	217.4	1,518	2.2x	5.1x	3.7x
3/26/09	11/1/2009	North River Telephone Cooperative	Shenandoah Telecommunications	0.6	1.0	n.a.	600	n.a.	n.a.	n.a.
1/12/09	5/1/2009	Midvale's Conner Creek Exchange	Eagle Telephone System	n.a.	0.0	n.a.	n.a.	n.a.	n.a.	n.a.
1/12/09	3/31/2009	Richmond Telephone Company	CornerStone Telephone Company	n.a.	1.1	n.a.	n.a.	n.a.	n.a.	n.a.
11/21/08	7/1/2009	Sherburne Tele Systems	Iowa Telecommunications	73.9	25.7	42.9	1,723	2.5x	6.5x	n.a.
10/30/08	10/30/2008	Piedmont Telephone Membership Corp.	Surry Telephone Membership Corp.	n.a.	3.0	n.a.	n.a.	n.a.	n.a.	n.a.
10/27/08	7/1/2009	EMBARQ	CenturyTel	13,200.0	5,853.0	7,241.0	1,823	2.1x	5.1x	4.6x
10/24/08	12/11/2008	State Long Distance	Telephone & Data Systems	127.0	9.3	11.5	2,348	2.9x	6.5x	6.4x
8/7/08	11/4/2008	Country Road Communications	Otelco	101.9	18.7	111.6	n.a.	3.2x	8.1x	7.0x
7/16/08	Terminated	Margaretville Telephone Company	American Broadband	n.a.	4.2	5.2	n.a.	n.a.	n.a.	n.a.
5/22/08	8/1/2008	Western Telephone Company	Venture Communications Cooperative	n.a.	1.1	n.a.	n.a.	n.a.	n.a.	n.a.
5/21/08	8/15/2008	Lincolnville Telephone Company	Shapard Hill	n.a.	12.5	n.a.	n.a.	n.a.	n.a.	n.a.
3/13/08	12/31/2008	Yukon-Waltz Telephone Company	Laurel Highland Total Communications	n.a.	0.9	n.a.	n.a.	n.a.	n.a.	n.a.

Attachment 1 - Observed Deals: Incumbent Local Exchange Carriers

3/10/08	5/31/2008	Mantoso Telephone Company	Telephone & Data Systems	17.8	4.9	5.9	2,923	2.9x	9.7x	6.8x
3/6/08	10/31/2008	Swisher Telephone Company (TAC)	South Slope Communications	n.a.	0.9	n.a.	n.a.	n.a.	n.a.	n.a.
3/6/08	5/15/2008	Swisher Telephone Company	Telephone Acquisition Company	n.a.	0.9	n.a.	n.a.	n.a.	n.a.	n.a.
2/24/08	8/4/2008	Heckduck Telephone	Paul Bunyan Rural Telephone Coop.	7.0	1.9	n.a.	n.a.	n.a.	n.a.	n.a.
2/7/08	7/15/2008	Bishop Communications	Iowa Telecommunications	43.9	12.0	25.0	1,756	2.5x	7.6x	n.a.
1/3/08	12/1/2008	Citizens Telephone of Brevard N.C.	Comporium	n.a.	20.8	27.3	n.a.	n.a.	n.a.	n.a.
12/21/07	2/12/2008	West Point Telephone	Telephone & Data Systems	6.6	0.8	n.a.	3,307	n.a.	n.a.	n.a.
11/9/07	1/4/2008	Granada Total Communications	Knology	75.0	4.5	25.7	2,917	3.6x	9.0x	7.5x
10/17/07	1/31/2008	Mount Angel Telephone	Canby Telcom	n.a.	1.9	n.a.	n.a.	n.a.	n.a.	n.a.
10/17/07	12/31/2007	Shell Rock Telephone	Butler-Bremer Mutual Telephone	n.a.	1.0	n.a.	n.a.	n.a.	n.a.	n.a.
10/15/07	6/3/2008	United Companies	GCI	77.6	6.0	n.a.	n.a.	3.0x	10.1x	6.8x
10/8/07	11/30/2007	Bayland Telephone	Insight	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
9/19/07	11/30/2007	Lafourche Telephone	Boston Ventures	60.0	13.3	16.4	3,663	3.0x	7.5x	5.6x
9/12/07	10/15/2007	Reserve Telephone	Sean and Kevin Reilly	n.a.	5.0	n.a.	n.a.	n.a.	n.a.	n.a.
8/17/07	11/30/2007	Cannon Valley Communications	Blue Earth Valley Communications	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8/6/07	1/4/2008	Hutchinson Telephone	New Ulm Telecom	57.0	14.8	18.5	3,082	3.4x	11.0x	7.7x
7/19/07	7/4/2008	TelAlaska	Ameritech Broadband	n.a.	12.5	n.a.	n.a.	n.a.	n.a.	n.a.
7/5/07	11/1/2007	Global Valley Networks	Citizens Communications	62.0	15.0	18.8	3,307	2.9x	7.3x	6.4x
7/1/07	12/31/2007	North Pittsburgh Systems	Consolidated Communications	309.9	101.6	138.5	2,615	3.2x	8.8x	6.7x
5/29/07	8/31/2007	CT Communications	Windstream	470.0	157.0	186.0	2,527	3.3x	9.1x	6.4x
5/7/07	6/7/2007	Clarks Telecom	Northeast Nebraska Telephone	n.a.	0.9	n.a.	n.a.	n.a.	n.a.	n.a.
4/12/07	8/1/2007	Yates City Telephone Exchange	Mid-Century Telephone	2.5	0.5	n.a.	5,319	n.a.	n.a.	n.a.
3/12/07	6/29/2007	Telephone Service Company	Hanson Communications	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3/8/07	4/1/2007	New Florence Telephone	Direct Communications - Rockland	n.a.	0.5	n.a.	n.a.	n.a.	n.a.	n.a.
1/24/07	5/1/2007	Mountain View Telephone	Yelcot	n.a.	7.2	n.a.	n.a.	n.a.	n.a.	n.a.
1/16/07	3/31/2008	Verizon Northern New England	FairPoint Communications	1,962.4	1,378.1	1,601.0	1,226	1.6x	5.6x	3.6x
1/9/07	4/3/2007	PrairieWave Communications	Knology	255.0	69.8	156.3	1,631	2.9x	7.5x	6.2x
1/5/07	6/29/2007	Hargray Communications	Quadrangle Capital Partners	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12/16/06	4/30/2007	Madison River Communications	CenturyTel	830.0	185.6	239.2	3,856	4.0x	7.7x	6.6x
12/2/06	3/30/2007	Curtis Telephone	Consolidated Companies (NE)	n.a.	0.8	n.a.	n.a.	n.a.	n.a.	n.a.
11/29/06	10/5/2010	Innovative Communications	CFC	n.a.	66.0	n.a.	n.a.	n.a.	n.a.	n.a.
11/10/06	5/1/2007	North Dakota Telephone Exchange	SRT Communications	n.a.	0.7	n.a.	n.a.	n.a.	n.a.	n.a.
10/16/06	11/15/2006	Germantown Independent Telephone	FairPoint Communications	9.4	4.1	n.a.	2,149	2.8x	6.9x	n.a.
9/18/06	3/8/2007	Commonwealth Telephone	Citizens Communications	1,160.0	454.3	491.4	2,553	3.5x	7.1x	6.0x
6/27/06	11/3/2006	Hector Communications	Hector Acquisition Corporation	119.6	29.3	37.3	4,091	3.7x	8.1x	n.a.
5/31/06	7/27/2006	Rural Telephone Service Exchanges	Gorham Telephone	0.9	0.3	n.a.	3,147	3.5x	7.8x	n.a.
4/11/06	6/30/2006	Rockville Telephone Cooperative	West Kentucky Telephone Cooperative	n.a.	1.8	n.a.	n.a.	n.a.	n.a.	n.a.
4/10/06	7/5/2006	Mid-Maine Communications	Oxford	18.8	18.5	n.a.	1,013	3.1x	6.9x	n.a.
4/3/06	3/31/2007	VZ's 52% Interest in Puerto Rico Tel	Movil S.A. de C.V.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3/22/06	12/19/2006	Qwest - New Mexico Territory	Sacred Wind Communications	n.a.	2.4	n.a.	n.a.	n.a.	n.a.	n.a.
3/5/06	12/30/2006	BellSouth	AT&T	53,827.0	20,037.0	22,919.0	2,686	2.9x	7.0x	n.a.
3/3/06	7/27/2006	12 Kansas Embarq Exchanges	Rural Telephone Service	17.0	5.4	n.a.	3,148	3.5x	8.7x	n.a.
1/27/06	6/30/2006	Rye Telephone & South Park Telephone	American Broadband	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1/25/06	7/26/2006	Coos County Telephone	FairPoint Communications	33.0	7.8	n.a.	4,231	3.1x	6.1x	n.a.
12/13/05	7/5/2006	Montezuma Mutual Telephone	Iowa Telecommunications	9.6	2.2	3.9	4,356	2.8x	7.0x	n.a.
12/9/05	7/17/2006	Alltel Wireline	Valor Communications Group	9,150.0	2,919.0	3,279.0	3,127	3.1x	6.4x	n.a.
12/1/05	7/7/2006	Dalton & Elsie Communications	American Broadband	n.a.	1.4	n.a.	n.a.	n.a.	n.a.	n.a.
11/28/05	2/1/2006	Stockholm-Strandburg Telephone	Interstate Telecommunications Coop	n.a.	0.7	0.9	n.a.	n.a.	n.a.	n.a.
11/22/05	2/1/2006	Laurel Telephone	Heart of Iowa Communications Coop	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11/17/05	5/9/2006	HunTel Systems	American Broadband	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10/31/05	5/1/2006	CenturyTel Arizona Exchanges	Hopi Telecommunications	6.0	2.0	n.a.	3,000	3.5x	7.1x	n.a.
10/21/05	2/1/2006	Iowa Telecom Exchange	Lost Nation-Elwood Telephone	0.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8/1/05	12/1/2005	Qwest - New Mexico Exchanges	MAT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7/29/05	11/15/2005	Waverly Hall Telephone	American Broadband	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7/27/05	1/1/2006	Gridley Telephone	American Broadband	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6/22/05	9/1/2006	13 Kansas Sprint Exchanges	Twin Valley Telephone	18.0	5.2	n.a.	3,461	3.9x	8.5x	n.a.
4/22/05	9/1/2005	Huntleyville Communications	FairPoint Communications	9.3	3.2	n.a.	2,906	2.6x	7.4x	n.a.
3/28/05	6/20/2005	Mid-South Telecommunications	American Broadband	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3/8/05	9/1/2005	Foresthill Telephone	Sebastian Enterprises	14.5	3.3	n.a.	4,461	3.6x	7.1x	n.a.
3/3/05	7/1/2005	Otter Tail Corporation	Arvig Enterprises	30.2	6.9	n.a.	4,359	4.0x	7.6x	n.a.
3/1/05	5/31/2006	Harmony Telephone	MSG Telephone	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1/27/05	4/30/2005	BellSouth Exchanges	Madison River Communications	6.3	3.6	n.a.	1,756	2.4x	4.8x	n.a.
12/20/04	5/5/2005	Sully Telephone Exchange	Reasnor Telephone	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12/15/04	5/26/2005	Pymatuning Independent Telephone	American Broadband	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Attachment 1 - Observed Deals: Incumbent Local Exchange Carriers

12/15/04	12/31/2004	Drenthe Telephone & Communications	Allendale Communications	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
9/29/04	1/26/2005	Tri-County Telcom	McCook Cooperative Telephone	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
9/9/04	12/31/2004	Orem Telephone Authority	Talegaum Holdings	147.0	65.0	n.a.	n.a.	n.a.	n.a.	n.a.
8/20/04	6/14/2005	Golden West Exchange	Alliance Communications Cooperative	2.9	0.6	n.a.	5,249	3.5x	7.0x	n.a.
8/20/04	10/1/2004	United Telephone	Blue Valley Tele-Communications	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8/6/04	5/6/2005	Noonan Farmers Telephone	Northwest Communications Cooperative	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6/14/04	8/12/2004	Iowa Telecom Exchanges	Partner Communications	2.8	2.0	n.a.	1,379	n.a.	n.a.	n.a.
5/21/04	5/3/2005	Verizon Exchange	Carlyle Group	1,600.0	690.0	n.a.	2,318	2.7x	6.9x	n.a.
5/10/04	12/15/2004	Mid-Missouri Telephone Company	Otelco	37.5	4.1	n.a.	n.a.	n.a.	n.a.	n.a.
4/30/04	4/30/2004	PBT Telecom	Comporium	n.a.	18.3	n.a.	n.a.	n.a.	n.a.	n.a.
4/14/04	4/16/2004	Grandby Telephone	Country Road Communications	n.a.	3.0	n.a.	n.a.	n.a.	n.a.	n.a.
3/24/04	8/30/2005	Cal-Ore Telecommunications	Lynch Interactive	13.8	2.5	n.a.	5,520	2.4x	7.5x	n.a.
3/19/04	5/2/2005	NTELOS	Project Holdings	350.0	51.9	n.a.	6,743	3.0x	6.6x	n.a.
1/16/04	9/5/2004	Oregon Farmers Mutual Telephone	American Broadband	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1/16/04	4/15/2004	TKO Communications	Consolidated Communications	527.0	168.0	n.a.	3,137	3.1x	9.1x	6.9x
11/26/03	4/28/2006	Iowa Telecom Exchanges	Heart of Iowa Communications Coop	4.8	0.6	n.a.	8,000	n.a.	n.a.	n.a.
9/12/03	9/12/2003	Smerboro Telephone	Hilldoff Telephone	n.a.	0.1	n.a.	n.a.	n.a.	n.a.	n.a.
8/11/03	1/2/2004	Hebelom Telephone & Telegraph	Rural Telephone Company	n.a.	3.2	n.a.	n.a.	n.a.	n.a.	n.a.
7/10/03	7/10/2003	Sioux Valley Telephone	Golden West Telecommunications	n.a.	5.3	n.a.	n.a.	n.a.	n.a.	n.a.
7/10/03	7/10/2003	Hills Telephone	Alliance Communications Cooperative	n.a.	3.3	3.3	n.a.	n.a.	n.a.	n.a.
6/20/03	5/2/2005	Berkshire Telephone	FairPoint Communications	16.4	7.3	n.a.	2,246	2.7x	6.8x	n.a.
5/12/03	9/30/2003	FairPoint's SD properties	Golden West Telecommunications	24.0	4.1	n.a.	5,420	5.6x	8.5x	n.a.
5/2/03	6/30/2003	Bloomsville Telephone	Seaport Capital	n.a.	3.6	n.a.	n.a.	n.a.	n.a.	n.a.
4/30/03	4/30/2003	Georgetown Telephone Company	American Broadband	n.a.	0.3	n.a.	n.a.	n.a.	n.a.	n.a.
4/18/03	12/1/2003	Community Service Telephone	FairPoint Communications	31.1	12.6	n.a.	2,552	3.8x	9.5x	n.a.
1/27/03	4/1/2003	Citizens Communications	Missouri Valley Communications	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12/6/02	4/1/2003	Citizens Communications ND Exchange	Missouri Valley Communications	n.a.	9.4	n.a.	n.a.	n.a.	n.a.	n.a.
12/6/02	4/1/2003	Citizens Communications ND Exchanges	Reservation Telephone Coop	n.a.	1.3	n.a.	n.a.	n.a.	n.a.	n.a.
11/1/02	2/1/2006	EMC	Direct Communications - Rockland	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
9/18/02	1/1/2003	Baltic Telecom Cooperative	Alliance Communications Cooperative	n.a.	3.0	n.a.	n.a.	n.a.	n.a.	n.a.
8/31/02	8/31/2002	Verizon - Missouri Lines	CenturyTel	1,180.4	354.0	n.a.	3,199	4.0x	8.0x	n.a.
7/17/02	12/31/2002	Illinois Consolidated	Homebase Acquisition Corp	271.0	90.0	n.a.	n.a.	n.a.	n.a.	n.a.
5/15/02	9/30/2002	Dakota Telecommunications Group	PrairieWave Communications	n.a.	7.0	n.a.	n.a.	n.a.	n.a.	n.a.
3/31/02	3/31/2002	Oregon Telephone/ North State Tel	Direct Communications - Rockland	n.a.	2.5	n.a.	n.a.	n.a.	n.a.	n.a.
3/12/02	3/31/2002	Iowa Telecom Exchanges	Norway Rural Telephone Company	n.a.	0.7	n.a.	n.a.	n.a.	n.a.	n.a.
2/14/02	7/1/2002	Telecommunications Systems of NH	Telephone & Data Systems	n.a.	7.5	n.a.	n.a.	n.a.	n.a.	n.a.
1/15/02	1/15/2002	Accucom Telecommunications	Alltel	n.a.	4.8	n.a.	n.a.	n.a.	n.a.	n.a.
12/21/01	10/31/2002	Citizens Communications ND Exchanges	Dickey Rural Telephone Cooperative	n.a.	2.5	n.a.	n.a.	n.a.	n.a.	n.a.
12/21/01	10/31/2002	Citizens Communications ND Exchange	Polar Communications	n.a.	0.7	n.a.	n.a.	n.a.	n.a.	n.a.
12/21/01	10/31/2002	Citizens Communications ND Exchanges	Red River Rural Telephone Association	n.a.	1.1	n.a.	n.a.	n.a.	n.a.	n.a.
12/1/01	3/1/2002	Defiance and Menalo Telephone	Farmers Mutual Cooperative	n.a.	0.9	n.a.	n.a.	n.a.	n.a.	n.a.
11/21/01	5/24/2002	Conestoga Enterprises	D&E Communications	n.a.	85.0	n.a.	n.a.	n.a.	n.a.	n.a.
11/16/01	6/1/2002	MCT, Inc	Telephone & Data Systems	n.a.	18.7	n.a.	n.a.	n.a.	n.a.	n.a.
11/14/01	11/14/2001	Allendale Telephone Company	Allendale Telcom Ventures, LLC	n.a.	8.0	n.a.	n.a.	n.a.	n.a.	n.a.
11/9/01	11/9/2001	Miller Telephone Company	TelAtlantic Communications	n.a.	1.1	n.a.	n.a.	n.a.	n.a.	n.a.
10/31/01	7/31/2002	Verizon - Kentucky Lines	Alltel	1,906.0	600.0	n.a.	3,193	4.1x	7.6x	n.a.
10/22/01	2/1/2002	Verizon - Alabama Lines	CenturyTel	978.9	326.0	n.a.	3,199	4.0x	8.0x	n.a.
9/21/01	2/1/2002	Kerrville Communications	Valor Telecommunications LLC	n.a.	29.9	n.a.	n.a.	n.a.	n.a.	n.a.
9/1/01	9/1/2001	Coblesscreonise Telephone	Telephone & Data Systems	n.a.	0.8	0.8	n.a.	n.a.	n.a.	n.a.
5/21/01	10/2/2001	Saco River Telegraph and Telephone	Country Road Communications	n.a.	10.5	n.a.	n.a.	n.a.	n.a.	n.a.
5/8/01	9/4/2001	Marianna and Scenery Hill Telephone	FairPoint Communications	n.a.	2.9	n.a.	n.a.	n.a.	n.a.	n.a.
5/1/01	9/4/2001	McLeodUSA - Consolidated IL Lines	FairPoint Communications	n.a.	2.7	n.a.	n.a.	n.a.	n.a.	n.a.
3/13/01	5/1/2001	Chippewa County Telephone	Blowaths Communications	n.a.	1.7	n.a.	n.a.	n.a.	n.a.	n.a.
2/23/01	8/1/2001	Zenda Telephone Company	TelAtlantic Communications	n.a.	0.2	n.a.	n.a.	n.a.	n.a.	n.a.
2/23/01	1/29/2001	West Side Telecom (49.9% interest)	TelAtlantic Communications	n.a.	2.8	n.a.	n.a.	n.a.	n.a.	n.a.
12/27/00	7/26/2001	Madison River Tel - IL Exchanges	Madison Telephone Company	n.a.	4.2	n.a.	n.a.	n.a.	n.a.	n.a.
11/27/00	9/4/2001	Choras Communications	Telephone & Data Systems	n.a.	45.0	n.a.	n.a.	n.a.	n.a.	n.a.
11/6/00	11/6/2000	Camden Telephone Company (48.7%)	Telephone & Data Systems	52.5	12.1	n.a.	n.a.	n.a.	n.a.	n.a.
10/17/00	6/25/2001	Central Utah Telephone Company	Lynch Interactive	n.a.	7.7	n.a.	n.a.	n.a.	n.a.	n.a.
10/1/00	3/1/2001	Vista United Telecommunications	Smart City Networks	n.a.	17.0	n.a.	n.a.	n.a.	n.a.	n.a.
9/12/00	8/1/2001	Evans Telephone Company	Country Road Communications	n.a.	13.0	n.a.	n.a.	n.a.	n.a.	n.a.
9/12/00	5/18/2001	Valor - Apache Reservation Assets	Mescalero Tribe	n.a.	0.9	n.a.	n.a.	n.a.	n.a.	n.a.
7/21/00	8/6/2001	Ammon Colonies Telephone	South Slope Cooperative	n.a.	1.5	n.a.	n.a.	n.a.	n.a.	n.a.
7/19/00	7/19/2000	Brindles Mountain Telephone Company	CEA Capital - Seapert Capital	n.a.	13.0	n.a.	n.a.	n.a.	n.a.	n.a.

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7/12/00	6/30/2001	Global Crossing - Frontier Comm.	Citizens Communications	n.a.	1,900.0	n.a.	n.a.	n.a.	n.a.	n.a.
7/3/00	7/3/2000	Conecto - Yelm Telephone Company	FairPoint Communications	72.3	12.7	n.a.	n.a.	n.a.	n.a.	n.a.
6/21/00	1/2/2001	Saco River Telegraph and Telephone	Rural Cellular Communications	190.0	10.0	n.a.	n.a.	n.a.	n.a.	n.a.
5/18/00	2/13/2001	R&B Communications	NTELOS	77.6	12.5	n.a.	n.a.	n.a.	n.a.	n.a.
5/16/00	6/9/2000	Hager Telecom	Alliance Telecommunications	9.1	2.0	n.a.	n.a.	n.a.	n.a.	n.a.
4/25/00	6/1/2000	Fremont Telecom	FairPoint Communications	n.a.	6.3	n.a.	n.a.	n.a.	n.a.	n.a.
3/13/00	5/31/2000	Fort Bend Communications Companies	TXU Communications	n.a.	41.0	n.a.	n.a.	n.a.	n.a.	n.a.
12/29/99	4/3/2000	Peoples Mutual Telephone Company	FairPoint Communications	n.a.	7.6	n.a.	n.a.	n.a.	n.a.	n.a.
12/29/99	4/3/2000	TPG Communications	FairPoint Communications	n.a.	52.0	n.a.	n.a.	n.a.	n.a.	n.a.
12/23/99	4/30/2000	Southeast Telephone Co. of WI	Telephone & Data Systems	n.a.	10.0	n.a.	n.a.	n.a.	n.a.	n.a.
12/16/99	11/30/2000	Verizon (GTE) - Illinois	Citizens Communications	303.0	115.0	n.a.	2,832	n.a.	n.a.	n.a.
11/23/99	3/30/2000	Coastal Utilities	Madison River Telephone Company	n.a.	38.0	n.a.	n.a.	n.a.	n.a.	n.a.
10/26/99	6/30/2000	Verizon (GTE) - Oklahoma	Valor Telecommunications Southwest	360.0	120.0	n.a.	3,000	n.a.	n.a.	n.a.
10/1/99	10/1/1999	Mid-Missouri Telephone Company	CEA Capital Partners	n.a.	6.1	n.a.	n.a.	n.a.	n.a.	n.a.
10/1/99	10/1/1999	Orwell Telephone	MJD Communications	n.a.	6.8	n.a.	n.a.	n.a.	n.a.	n.a.
9/21/99	6/30/2000	Verizon (GTE) - Nebraska	Citizens Communications	204.0	61.0	n.a.	3,458	n.a.	n.a.	n.a.
9/7/99	9/1/2000	Verizon (GTE) - New Mexico	Valor Telecommunications Southwest	322.0	95.0	n.a.	n.a.	n.a.	n.a.	n.a.
9/7/99	9/1/2000	Verizon (GTE) - Texas	Valor Telecommunications Southwest	1,074.5	325.0	n.a.	n.a.	n.a.	n.a.	n.a.
6/19/99	9/29/2000	Verizon (GTE) - Wisconsin	CenturyTel	186.5	70.5	n.a.	2,736	4.4x	8.3x	n.a.
6/19/99	9/29/2000	Verizon (GTE) - Wisconsin	CenturyTel / Telephone USA Investments	177.4	62.9	n.a.	2,736	4.4x	8.3x	n.a.
6/10/99	4/6/2001	Qwest - Utah Lines	Manti/Centr. Utah/UBTA/Emery/All West	90.0	35.0	n.a.	n.a.	n.a.	n.a.	n.a.
8/10/99	12/1/2000	Qwest - South Dakota Lines	Sully Buttes/ Venture Communications	n.a.	2.4	n.a.	n.a.	n.a.	n.a.	n.a.
7/8/99	7/31/2000	Verizon (GTE) - Missouri	Spectra Communications - CenturyTel	290.0	127.0	n.a.	2,285	n.a.	n.a.	n.a.
7/1/99	6/30/2000	Verizon (GTE) - Iowa	Iowa Telecommunications	952.0	280.0	n.a.	3,400	5.0x	9.0x	n.a.
7/1/99	7/1/1999	Alliant Communications	Alltel	n.a.	265.0	n.a.	n.a.	n.a.	n.a.	n.a.
7/1/99	7/1/1999	Central Scott Telephone Company	Lynch Interactive	n.a.	6.0	n.a.	n.a.	n.a.	n.a.	n.a.
7/1/99	7/1/1999	Galt Telephone	Madison River Telephone Company	n.a.	48.8	n.a.	n.a.	n.a.	n.a.	n.a.
7/1/99	7/1/1999	Hopper Telephone	CEA Capital Partners	n.a.	3.6	n.a.	n.a.	n.a.	n.a.	n.a.
7/1/99	7/1/1999	Yates City Telephone	MJD Communications	n.a.	1.1	n.a.	n.a.	n.a.	n.a.	n.a.
6/29/99	7/31/2000	Verizon (GTE) - Arkansas	CenturyTel	824.0	231.0	n.a.	3,947	5.1x	9.1x	n.a.
6/15/99	10/31/2000	Qwest - North Dakota Lines	Citizens Communications	n.a.	17.5	n.a.	n.a.	n.a.	n.a.	n.a.
5/27/99	8/31/2000	Verizon (GTE) - Minnesota	Citizens Communications	454.4	133.0	n.a.	3,550	5.0x	9.0x	n.a.
5/27/99	8/31/2000	Verizon (GTE) - Alaska	ATEAC	50.0	23.0	n.a.	2,400	n.a.	n.a.	n.a.
5/15/99	1/19/2000	Pine Tree Telephone and Telegraph Co.	Country Road Communications	n.a.	7.0	n.a.	n.a.	n.a.	n.a.	n.a.
4/1/99	4/1/1999	Anchorage Telephone Utilities	Alaska Communications Systems	n.a.	168.0	n.a.	n.a.	n.a.	n.a.	n.a.
4/1/99	4/1/1999	CenturyTel - Alaska Operations	Alaska Communications Systems	n.a.	131.0	n.a.	n.a.	n.a.	n.a.	n.a.
4/1/99	4/1/1999	Union Telephone	MJD Communications	n.a.	2.6	n.a.	n.a.	n.a.	n.a.	n.a.
1/1/99	1/1/1999	Standard Telephone	Alltel	n.a.	66.0	n.a.	n.a.	n.a.	n.a.	n.a.
1/1/99	1/1/1999	Columbus Grove Telephone	MJD Communications	n.a.	1.9	n.a.	n.a.	n.a.	n.a.	n.a.
1/1/99	1/1/1999	Dakota Telecommunications Group	McLeodUSA	n.a.	7.3	n.a.	n.a.	n.a.	n.a.	n.a.
1/1/99	1/1/1999	Onemain Telephone	CEA Capital Partners	n.a.	7.0	n.a.	n.a.	n.a.	n.a.	n.a.
1/1/99	1/1/1999	Revenswood	MJD Communications	n.a.	2.1	n.a.	n.a.	n.a.	n.a.	n.a.

Notes: Information obtained from FCC, PUC and SEC filings as well as other publicly available information. Some amounts estimated. Terminated = previously announced deal terminated or withdrawn. BEV = JSCA estimate of total purchase price allocable to wireline operations. A/L = includes ILEC and CLEC lines. Conn = connections including ILEC and CLEC access lines, DSL and high-speed data subscribers and video subscribers. T_OIBDA = reported or estimated trailing twelve month operating income before depreciation and amortization. P_OIBDA = Projected or normalized annual operating income before depreciation and amortization.