

**THE TOLEDO TELEPHONE CO., INC. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

December 31, 2015 and 2014

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**ASSETS**

Current Assets:

|  |    |
|--|----|
| Cash and cash equivalents  | \$ |
| Accounts receivable, less allowance for doubtful<br>accounts of \$0 in 2015 and 2014 |    |
| Marketable securities  |    |
| Materials and supplies   |    |
| Prepaid expenses   |    |
| Income tax receivable  |    |

Total Current Assets

Other Assets and Investments:

|                              |  |
|------------------------------|--|
| Non-regulated equipment, net |  |
| Other investments            |  |

Total Other Assets and Investments

Property, Plant, and Equipment:

|                    |  |
|--------------------|--|
| In service         |  |
| Under construction |  |

Less accumulated depreciation

Property, Plant, and Equipment, net

\$

See accompanying notes to consolidated financial statements.

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**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current Liabilities:

- Current portion of long-term debt
- Accounts payable
- Accrued expenses
- Deferred income taxes
- Current portion of deferred grant revenue

\$

Total Current Liabilities

Noncurrent Liabilities:

- Deferred income taxes
- Long-term debt

Total Noncurrent Liabilities:

Stockholders' Equity:

- Common stock, \$10 par value, 5,000 shares authorized,  
1,067 shares issued and outstanding
- Retained earnings
- Accumulated other comprehensive income

Total Stockholders' Equity

\$

**THE TOLEDO TELEPHONE CO., INC. AND SUBSIDIARIES**  
**Consolidated Statements of Operations**  
 Years Ended December 31, 2015 and 2014

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|  |      |
|--|------|
| Operating Revenues:                          |      |
| Local network                                | \$   |
| Network access                               |      |
| Long-distance                                |      |
| Miscellaneous                                |      |
| Total Operating Revenues                     |      |
| Operating Expenses:                          |      |
| Plant specific                               |      |
| Plant nonspecific                            |      |
| Customer                                     |      |
| Corporate                                    |      |
| Depreciation                                 |      |
| Income tax expense                           |      |
| Other operating taxes                        |      |
| Total Operating Expenses                     |      |
| Operating Income                             |      |
| Other Income (Expense):                      |      |
| Interest and dividends                       |      |
| Allowance for funds used during construction |      |
| Non-regulated operations, net                |      |
| Other income                                 |      |
| Nonoperating income tax expense              |      |
| Total Other Income, net                      |      |
| Income Before Interest Expense               |      |
| Interest Expense                             |      |
| Net Income                                   | \$ = |

See accompanying notes to consolidated financial statements.

**THE TOLEDO TELEPHONE CO., INC. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
Years Ended December 31, 2015 and 2014

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|   |    |
|---|----|
| Net Income  | \$ |
| Other Comprehensive Income:   |    |
| Unrealized holding losses arising during the year                               |    |
| Less: Reclassification adjustment for net (gains) losses included in net income |    |
| Deferred income taxes related to other comprehensive income                     |    |
| Total Other Comprehensive Loss  |    |
| Total Comprehensive Income  | \$ |

See accompanying notes to consolidated financial statements.

**THE TOLEDO TELEPHONE CO., INC. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Stockholders' Equity**  
**Years Ended December 31, 2015 and 2014**

|   | Common<br>Stock      |
|---|----------------------|
| Balance, December 31, 2013  | \$ 10,000,000        |
| 2014 net income   |                      |
| Net change in unrealized holding losses, net of deferred income taxes | _____                |
| Balance, December 31, 2014  | 10,000,000           |
| 2015 net income   |                      |
| Net change in unrealized holding losses, net of deferred income taxes | _____                |
| Balance, December 31, 2015  | <u>\$ 10,000,000</u> |

See accompanying notes to consolidated financial statements.

# THE TOLEDO TELEPHONE CO., INC. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

Years Ended December 31, 2015 and 2014

### Cash Flows from Operating Activities:

Net income

\$

Adjustments to reconcile net income to net cash  
provided by operating activities:

Depreciation

Non-regulated depreciation

Change in deferred taxes

(Gains) losses on sale of marketable securities

Patronage allocations received

Loss on sale of other investments

Changes in operating assets and liabilities:

Accounts receivable

Materials and supplies

Prepaid expenses

Income tax receivable

Accounts payable

Accrued expenses

Income tax payable

Deferred grant revenue

Net Cash Provided by Operating Activities

### Cash Flows from Investing Activities:

Capital expenditures

Change in other investments

Purchases of marketable securities

Proceeds from sales of marketable securities

Proceeds from sale of other investments

Plant removal costs

Purchases of non-regulated equipment

Net Cash Used by Investing Activities

\$

See accompanying notes to consolidated financial statements.

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Cash Flows from Financing Activities:

Proceeds from long-term debt

\$

Payments on long-term debt

Net Cash Provided (Used) by Financing Activities

Net Decrease in Cash and Cash Equivalents

Cash and Cash Equivalents, beginning

Cash and Cash Equivalents, ending

\$

Cash Paid During the Year for:

Interest, net of amount capitalized

\$

Income taxes

\$

Non-Cash Investing and Financing Activity:

Additions to property, plant and equipment  
included in accounts payable

\$

Reclassification of accounts payable to  
long-term debt

\$

See accompanying notes to consolidated financial statements.