

# **CAPITALIZATION RATE STUDY**

**For**

## **CENTRALLY ASSESSED PROPERTIES**

**As of January 1, 2006**

**UTAH STATE TAX COMMISSION  
PROPERTY TAX DIVISION**

# **CAPITALIZATION RATE STUDY**

## **SUMMARIES**

**UTAH STATE TAX COMMISSION  
PROPERTY TAX DIVISION**

Utah State Tax Commission  
 2006 Capitalization Rate Study

<b>Industry</b>	<b>Equity Yield Rate</b>	<b>Percent Debt &amp; Pref.</b>	<b>Percent Common Equity</b>	<b>Income Tax Rate</b>
<b>Airlines - Major</b>	<b>19.97%</b>	<b>80%</b>	<b>20%</b>	<b>38.50%</b>
<b>Airlines - Secondary</b>	<b>15.03%</b>	<b>40%</b>	<b>60%</b>	<b>38.66%</b>
<b>Airlines - Secondary (with Southwest)</b>	<b>14.83%</b>	<b>25.0%</b>	<b>75%</b>	<b>38.21%</b>
<b>Airlines - Freight</b>	<b>11.98%</b>	<b>5%</b>	<b>95%</b>	<b>35.95%</b>
<b>Electric Utilities</b>	<b>10.76%</b>	<b>45%</b>	<b>55%</b>	<b>32.67%</b>
<b>Natural Gas Utilities</b>	<b>10.65%</b>	<b>40%</b>	<b>60%</b>	<b>34.76%</b>
<b>Natural Gas Pipelines</b>	<b>11.04%</b>	<b>25%</b>	<b>75%</b>	<b>27.76%</b>
<b>Liquid Pipelines</b>	<b>10.36%</b>	<b>30%</b>	<b>70%</b>	<b>38.50%</b>
<b>Railroads</b>	<b>12.28%</b>	<b>30%</b>	<b>70%</b>	<b>34.80%</b>
<b>Telecommunications I</b>	<b>11.53%</b>	<b>30%</b>	<b>70%</b>	<b>33.59%</b>
<b>Telecommunications II</b>	<b>15.75%</b>	<b>55%</b>	<b>45%</b>	<b>38.50%</b>

# BONDS AND PREFERRED STOCKS

## Yield Rates

January 1, 2006

<u>Public Utility Bonds</u>		<u>Rates</u>
Aaa		N/A
Aa		5.55%
A		5.80%
Baa		6.14%
<u>Corporate Bonds</u>		
Aaa		5.38%
Aa		5.51%
A		5.84%
Baa		6.33%
Ba1		6.95%
Ba2		6.99%
Ba3		7.10%
B1		8.10%
B2	Combined with B1	
B3		8.93%
Caa1		10.23%
Caa2		12.50%
Caa3	Combined with Caa2	
Ca		27.63%
C		37.82%
<u>Preferred Stocks</u>		
aa		N/A
a		6.19%
baa		6.42%

## INFLATION FACTORS FOR 2006 ASSESSMENT YEAR

Year	4th Quarter GDP Implicit Price Deflator (2000 = 100)	Annual Percentage Change	Conversion Index
1995	92.733	---	
1996	94.450	1.85%	1.200
1997	95.846	1.48%	1.183
1998	96.934	1.14%	1.170
1999	98.432	1.55%	1.152
2000	100.666	2.27%	1.126
2001	103.191	2.51%	1.099
2002	104.907	1.66%	1.081
2003	106.983	1.98%	1.060
2004	110.077	2.89%	1.030
2005	113.369	2.99%	1.000

1995 - 2005 Average Change 2.03%

Source:

[www.economagic.com](http://www.economagic.com)

<http://www.economagic.com/em-cgi/data.exe/fedstl/gdpdef+>

St. Louis Federal Reserve as of February 7, 2006

# Miscellaneous Appraisal Facts, Factors, and Rates

## 2006 Assessment

**Airline "TEFRA" relief factor** **6.43%**

**Income Tax Rate** **38.50%**

If you need one, use this. It approximates an average marginal rate.

**4-R Act Relief for Railroads** **7.90%**

for Burlington Northern only the deduction is 6.43 percent.

**Rural Telephone adjusted Equity Rates:**

Based upon Commission Decision issued Oct. 10, 2000

Adjustment to equity yield rate **4.00%**

**Value Line Gross Domestic Product Price Deflator Forecast** **2.40%**

**Deferred Income Taxes will be subtracted in the Cost Approach for rate base regulated companies only.**

This is to comply with Commission rule R884-24P-62 (utility appraisal rule).

If the company is not a rate base regulated company, then there is no adjustment.

**Depreciation Rate for the Income Indicator on Leased Aircraft:**

(Based upon an approximate 18 year economic life and no salvage value)

# **CAPITALIZATION RATE STUDY**

## **YIELD RATES**

**UTAH STATE TAX COMMISSION  
PROPERTY TAX DIVISION**

## MAJOR AIRLINES

### Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2006

Company Name	Relative Financial Strength		Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
AMR Corp.	C	1.44	2.40	22.57				
Cont'l Airlines	C+	1.33	2.45	21.75				
<b>Mean</b>		1.39	2.43		N/A	N/A		N/A
<b>Industry Growth Rate (used for DGM Rate)</b>				N/A				

### CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	2.43
Industry Risk Premium	17.22%
Add: Risk-Free Rate	4.60%
<b>Cost of Equity Rate - CAPM</b>	<b>21.82%</b>

### RISK PREMIUM MODEL using ValueLine's Relative Financial Strength Rating

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	1.39
Industry Risk Premium	9.83%
Add: Risk-Free Rate	4.60%
<b>Cost of Equity Rate - Risk Premium</b>	<b>14.43%</b>

## SECONDARY AIRLINES

### Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2006

Company Name	Relative Financial Strength		Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
AirTran Hldgs. Inc.	B	1.11	1.65	16.43	12.00		0	N/A
Alaska Air Group	C++	1.22	1.45	35.31			0	N/A
ExpressJet Holdings Inc.	B	1.11	1.15	8.33	10.50		0	N/A
Frontier Airs Inc New	C++	1.22	1.95	8.82	17.50		0	N/A
JetBlue Airways	B	1.11	1.20	14.54	18.00		0	N/A
Mesa Air Group	C	1.44	1.95	11.81			0	N/A
SkyWest	C++	1.22	1.55	27.67	20.00		0	N/A
<b>Mean</b>		1.20	1.56		15.60	N/A		N/A
<b>Industry Growth Rate (used for DGM Rate)</b>				N/A				

### CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	1.56
Industry Risk Premium	11.06%
Add: Risk-Free Rate	4.60%
<b>Cost of Equity Rate - CAPM</b>	<b>15.66%</b>

### RISK PREMIUM MODEL using ValueLine's Relative Financial Strength Rating

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	1.20
Industry Risk Premium	8.55%
Add: Risk-Free Rate	4.60%
<b>Cost of Equity Rate - Risk Premium</b>	<b>13.15%</b>

## SECONDARY AIRLINES

### With Southwest Airlines

Discount or "Cost of Capital" Rates  
For Discounting and "Yield Capitalization" Only

FOR: January 1, 2006

Company Name	Relative Financial Strength	Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
AirTran Hldgs. Inc.	B	1.11	1.65	16.43	12.00	0.00	N/A
Alaska Air Group	C++	1.22	1.45	35.31		0.00	N/A
ExpressJet Holdings Inc.	B	1.11	1.15	8.33	10.50	0.00	N/A
Frontier Airs Inc New	C++	1.22	1.95	8.82	17.50	0.00	N/A
JetBlue Airways	B	1.11	1.2	14.54	18.00	0.00	N/A
Mesa Air Group	C	1.44	1.95	11.81		0.00	N/A
SkyWest	C++	1.22	1.55	27.67	20.00	0.00	N/A
Southwest Airlines	B+	1.00	1.2	17.03	26.00	9.00 0.02	13.30%
<b>Mean</b>	<b>1.18</b>	<b>1.51</b>		<b>17.33</b>	<b>9.00</b>		<b>13.30%</b>
<b>Industry Growth Rate (used for DGM Rate)</b>			<b>13.17%</b>				

#### CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	1.51
Industry Risk Premium	10.74%
Add: Risk-Free Rate	4.60%
<b>Cost of Equity Rate - CAPM</b>	<b>15.34%</b>

#### RISK PREMIUM MODEL using ValueLine's Relative Financial Strength Rating

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	1.18
Industry Risk Premium	8.37%
Add: Risk-Free Rate	4.60%
<b>Cost of Equity Rate - Risk Premium</b>	<b>12.97%</b>

## AIR FREIGHT

### Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2006

Company Name	Relative Financial Strength		Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
AirNet Systems Inc	C+	1.33	0.65	3.58				N/A
EGL Inc	B+	1.00	1.30	34.95	16.12		0	N/A
FedEx Corp.	B++	0.89	1.05	102.89	15.50	13.00	0.32	13.25%
United Parcel Serv.	A+	0.67	0.80	75.65	12.00	9.50	1.4	14.98%
Uti Worldwide Inc	B++	0.89	0.90	91.25			0	N/A
<b>Mean</b>		0.96	0.94		14.54	11.25		<b>14.12%</b>
<b>Industry Growth Rate (used for DGM Rate)</b>				<b>12.90%</b>				

#### CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	0.94
Industry Risk Premium	6.67%
Add: Risk-Free Rate	4.60%
<b>Cost of Equity Rate - CAPM</b>	<b>11.27%</b>

#### RISK PREMIUM MODEL using ValueLine's Relative Financial Strength Rating

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	0.96
Industry Risk Premium	6.79%
Add: Risk-Free Rate	4.60%
<b>Cost of Equity Rate - Risk Premium</b>	<b>11.39%</b>

## ELECTRIC UTILITIES

### Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2006

Company Name	Relative Financial Strength		Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
Cinergy Corp.	A	0.78	0.85	42.99	4.00	2.00	1.96	7.70%
DPL Inc.	B	1.11	1.00	25.98	1.00	1.00	0.96	6.81%
Empire Dist. Elec.	B+	1.00	0.70	20.55	5.00		1.28	9.42%
IDACORP Inc.	B+	1.00	0.95	30.41	4.50		1.20	7.06%
OGE Energy	A	0.78	0.75	27.13	5.50	3.00	1.33	8.05%
Puget Energy Inc.	B+	1.00	0.80	20.65	5.50	1.00	1.00	7.99%
<b>Mean</b>		0.95	0.84		4.25	1.75		<b>7.84%</b>
<b>Industry Growth Rate (used for DGM Rate)</b>				<b>3.00%</b>				

### CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	0.84
Industry Risk Premium	5.98%
Add: Risk-Free Rate	4.60%
<b>Cost of Equity Rate - CAPM</b>	<b>10.58%</b>

### RISK PREMIUM MODEL using ValueLine's Relative Financial Strength Rating

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	0.95
Industry Risk Premium	6.71%
Add: Risk-Free Rate	4.60%
<b>Cost of Equity Rate - Risk Premium</b>	<b>11.31%</b>

## GAS UTILITIES

### Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2006

Company Name	Relative Financial Strength		Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
AGL Resources	B++	0.89	0.9	35.51	5.00	6.50	1.50	8.50%
Atmos Energy	B+	1.00	0.7	26.88	7.00	2.00	1.26	8.98%
Cascade Natural Gas	B+	1.00	0.8	20.06	2.50	0.50	0.96	9.08%
Laclede Group	B+	1.00	0.8	29.84	6.00	1.50	1.39	8.95%
NICOR Inc.	A	0.78	1.1	41.30	2.50	1.50	1.86	8.79%
Northwest Nat. Gas	A	0.78	0.7	36.30	8.00	4.50	1.39	8.08%
Peoples Energy	A	0.78	0.85	36.33	3.00	1.50	2.18	10.34%
Southwest Gas	B	1.11	0.8	27.17	11.00		0.82	7.24%
<b>Mean</b>		0.92	0.83		5.63	2.57		<b>8.75%</b>
<b>Industry Growth Rate (used for DGM Rate)</b>				<b>4.10%</b>				

#### CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	0.83
Industry Risk Premium	5.90%
Add: Risk-Free Rate	4.60%
<b>Cost of Equity Rate - CAPM</b>	<b>10.50%</b>

#### RISK PREMIUM MODEL using ValueLine's Relative Financial Strength Rating

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	0.92
Industry Risk Premium	6.51%
Add: Risk-Free Rate	4.60%
<b>Cost of Equity Rate - Risk Premium</b>	<b>11.11%</b>

## GAS PIPELINES

### Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2006

Company Name	Relative Financial Strength		Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
Enterprise Products	B	1.11	0.65	25.3	17.00	7.00	1.72	17.20%
Equitable Resources	B++	0.89	0.85	38.3	9.50	11.50	0.85	12.17%
Kinder Morgan	B+	1.00	0.90	94.9	13.00		3.50	13.79%
Kinder Morgan Energy	B+	1.00	0.70	50.2	7.00	6.50	3.28	16.90%
Northern Border Partners LP	B++	0.89	0.60	43.3			0.00	NMF
Questar Corp.	B++	0.89	0.85	79.9	16.50	2.50	0.90	10.97%
<b>Mean</b>		0.96	0.76		12.60	6.88		<b>14.21%</b>
<b>Industry Growth Rate (used for DGM Rate)</b>				<b>9.74%</b>				

#### CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	0.76
Industry Risk Premium	5.38%
Add: Risk-Free Rate	4.60%
<b>Cost of Equity Rate - CAPM</b>	<b>9.98%</b>

#### RISK PREMIUM MODEL using ValueLine's Relative Financial Strength Rating

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	0.96
Industry Risk Premium	6.84%
Add: Risk-Free Rate	4.60%
<b>Cost of Equity Rate - Risk Premium</b>	<b>11.44%</b>

## LIQUID PIPELINES

### Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2006

Company Name	Relative Financial Strength		Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
Buckeye Partners L.P.	B+	1.00	0.70	44.40	6.00	5.50	3.03	13.35%
Enbridge Energy Partners LLP	A	0.78	0.65	45.88	5.00			
Kinder Morgan Energy	B+	1.00	0.70	50.23	7.00	6.50	3.28	13.03%
Pacific Energy Partners Ltd.	B++	0.89	0.60	31.07	9.50			
Plains All American Pipeline L.P.	A	0.78	0.70	41.77	5.75			
TEPPCO Partners L.P.	B	1.11	0.65	37.95	9.00	3.50	2.78	13.88%
<b>Mean</b>		0.93	0.67		7.04	5.17		<b>13.42%</b>
<b>Industry Growth Rate (used for DGM Rate)</b>				<b>6.10%</b>				

#### CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	<u>0.67</u>
Industry Risk Premium	4.73%
Add: Risk-Free Rate	<u>4.60%</u>
<b>Cost of Equity Rate - CAPM</b>	<b><u>9.33%</u></b>

#### RISK PREMIUM MODEL using ValueLine's Relative Financial Strength Rating

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	<u>0.93</u>
Industry Risk Premium	6.58%
Add: Risk-Free Rate	<u>4.60%</u>
<b>Cost of Equity Rate - Risk Premium</b>	<b><u>11.18%</u></b>

## RAILROADS

### Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2006

Company Name	Relative Financial Strength		Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
Burlington Northern	B+	1.00	0.95	69.50	18.00	13.00	0.80	14.36%
CSX Corp.	B++	0.89	1.00	50.11	17.00	11.00	0.52	14.24%
Kansas City South'n	B	1.11	1.10	25.48				
Norfolk Southern	B	1.11	1.00	42.50	16.00	13.00	0.52	14.45%
Union Pacific	B++	0.89	0.85	79.53	9.50	7.00	1.20	14.77%
<b>Mean</b>		1.00	0.98		15.13	11.00		<b>14.46%</b>
<b>Industry Growth Rate (used for DGM Rate)</b>				<b>13.06%</b>				

#### CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	<u>0.98</u>
Industry Risk Premium	6.96%
Add: Risk-Free Rate	<u>4.60%</u>

**Cost of Equity Rate - CAPM** 11.56%

#### RISK PREMIUM MODEL using ValueLine's Relative Financial Strength Rating

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	<u>1.00</u>
Industry Risk Premium	7.10%
Add: Risk-Free Rate	<u>4.60%</u>

**Cost of Equity Rate - Risk Premium** 11.70%

## TELECOMMUNICATIONS I INCLUDING WIRELESS COMMUNICATIONS

### Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2006

Company Name	Relative Financial Strength		Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
ALLTEL Corp.	A+	0.67	0.95	63.28	9.50	2.50	1.54	7.51%
AT&T Inc.	A+	0.67	1.05	24.77	3.50	3.00	1.33	10.59%
BellSouth Corp.	A+	0.67	0.95	27.89	8.50	7.00	1.20	9.47%
CenturyTel Inc.	B++	0.89	1.05	33.33	3.00	4.00	0.24	5.71%
Citizens Communic.	B	1.11	1.00	12.32		3.00	1.00	13.48%
Sprint Nextel Corp.	B+	1.00	1.15	23.15		NMF	0.10	5.41%
U.S. Cellular	B	1.11	1.05	51.58	14.00			N/A
Verizon Communic.	A+	0.67	0.95	31.38	0.50	1.00	1.62	10.38%
<b>Mean</b>		<b>0.85</b>	1.02		6.50	3.42		<b>8.94%</b>
<b>Industry Growth Rate (used for DGM Rate)</b>				<b>4.96%</b>				

#### CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	<u>1.02</u>
Industry Risk Premium	7.23%
Add: Risk-Free Rate	<u>4.60%</u>

**Cost of Equity Rate - CAPM** 11.83%

#### RISK PREMIUM MODEL using ValueLine's Relative Financial Strength Rating

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	<u>0.85</u>
Industry Risk Premium	6.03%
Add: Risk-Free Rate	<u>4.60%</u>

**Cost of Equity Rate - Risk Premium** 10.63%

## TELECOMMUNICATIONS II

### Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2006

Company Name	Relative Financial Strength	Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
Cincinnati Bell	C	1.44	1.75	3.70		0.00	NMF
Level 3 Communic.	C+	1.33	1.70	2.79	8.00	0.00	NMF
Pac-West Telecomm Inc	C+	1.33	1.40	0.96		0.00	NMF
Qwest Communic.	C+	1.33	1.80	5.35		0.00	NMF
Time Warner Telecom Inc	C++	1.22	2.25	10.14	12.00	0.00	NMF
US LEC Corp.	C+	1.33	1.00	2.34	10.00	0.00	NMF
<b>Mean</b>	<b>1.33</b>	<b>1.65</b>		<b>10.00</b>			<b>NMF</b>
<b>Industry Growth Rate (used for DGM Rate)</b>				<b>10.00%</b>			

#### CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	<u>1.65</u>
Industry Risk Premium	11.72%
Add: Risk-Free Rate	<u>4.60%</u>
<b>Cost of Equity Rate - CAPM</b>	<b><u>16.32%</u></b>

#### RISK PREMIUM MODEL using ValueLine's Relative Financial Strength Rating

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	<u>1.33</u>
Industry Risk Premium	9.44%
Add: Risk-Free Rate	<u>4.60%</u>
<b>Cost of Equity Rate - Risk Premium</b>	<b><u>14.04%</u></b>

# **CAPITALIZATION RATE STUDY**

## **CAPITAL STRUCTURES**

**UTAH STATE TAX COMMISSION  
PROPERTY TAX DIVISION**

## MAJOR AIRLINES

### Capital Structure at Market Value

FOR: January 1, 2006

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
AMR Corp.	14,191.0	5,480.0	13,231.0	800.0	
Cont'l Airlines	5,957.0	3,322.0	5,337.0	380.0	
<b>Mean</b>	10074.0	4401.0	9284.0	590.0	N/A
<b>Weighted or Total</b>	20148.0	8802.0	18568.0	1180.0	0.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstgng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.14%
AMR Corp.		165,067,635	22.57	N/A	14,120.10
Cont'l Airlines		67,049,746	21.75	N/A	6,216.40
<b>Mean</b>	N/A	116,058,691		<b>38.50%</b>	10,168.25
<b>Weighted or Total</b>	0.0				20,336.50

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.42%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
AMR Corp.	0.0	3,725.6	79.12%	0.00%	20.88%
Cont'l Airlines	0.0	1,458.3	81.00%	0.00%	19.00%
<b>Mean</b>	0.0	2,592.0	<b>80.06%</b>	<b>0.00%</b>	<b>19.94%</b>
<b>Weighted or Total</b>	0.0	5183.9	<b>79.69%</b>	<b>0.00%</b>	<b>20.31%</b>

## SECONDARY AIRLINES

### Capital Structure at Market Value

FOR: January 1, 2006

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
AirTran Hldgs. Inc.	455.6	145.0	406.3	25.0	
Alaska Air Group	1,027.6	300.8	970.0	55.0	
ExpressJet Holdings Inc.	199.6		153.3		
Frontier Airs Inc New	346.5		324.8		
JetBlue Airways	2,144.4	550.8	1,997.5	100.0	
Mesa Air Group	1,087.3		643.7		
SkyWest	1,869.8		1,554.1		
<b>Mean</b>	1,018.7	332.2	864.2	60.0	N/A
<b>Weighted or Total</b>	7,130.8	996.6	6,049.7	180.0	0.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.14%
AirTran Hldgs. Inc.		87,817,000	16.43	38.80	455.9
Alaska Air Group		27,603,113	35.31		999.6
ExpressJet Holdings Inc.		54,056,236	8.33	38.00	117.6
Frontier Airs Inc New		36,172,897	8.82		194.5
JetBlue Airways		158,252,673	14.54	38.21	2,000.1
Mesa Air Group		28,914,474	11.81	38.30	671.8
SkyWest		57,864,566	27.67	40.00	1,082.1
<b>Mean</b>	N/A	64,382,994		<b>38.66%</b>	788.8
<b>Weighted or Total</b>	0.0				5,521.6

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.42%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
AirTran Hldgs. Inc.	0.0	1,442.8	24.01%	0.00%	75.99%
Alaska Air Group	0.0	974.7	50.63%	0.00%	49.37%
ExpressJet Holdings Inc.	0.0	450.3	20.71%	0.00%	79.29%
Frontier Airs Inc New	0.0	319.0	37.88%	0.00%	62.12%
JetBlue Airways	0.0	2,301.0	46.50%	0.00%	53.50%
Mesa Air Group	0.0	341.5	66.30%	0.00%	33.70%
SkyWest	0.0	1,601.1	40.33%	0.00%	59.67%
<b>Mean</b>	0.0	1,061.5	<b>40.91%</b>	<b>0.00%</b>	<b>59.09%</b>
<b>Weighted or Total</b>	0.0	7430.4	<b>42.63%</b>	<b>0.00%</b>	<b>57.37%</b>

**SECONDARY AIRLINES**  
**With Southwest Airlines**  
**Capital Structure at Market Value**

FOR: January 1, 2006

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
AirTran Hldgs. Inc.	455.6	145.0	406.3	25.0	
Alaska Air Group	1,027.6	300.8	970.0	55.0	
ExpressJet Holdings Inc.	199.6		153.3		
Frontier Airs Inc New	346.5		324.8		
JetBlue Airways	2,144.4	550.8	1,997.5	100.0	
Mesa Air Group	1,087.3		643.7		
SkyWest	1,869.8		1,554.1		
Southwest Airlines	2,010.0	1,150.0	1,861.0	50.0	
<b>Mean</b>	1,142.6	536.7	988.8	57.5	N/A
<b>Weighted or Total</b>	9,140.8	2,146.6	7,910.7	230.0	0.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstndg	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.14%
AirTran Hldgs. Inc.		87,817,000	16.43	38.80	455.9
Alaska Air Group		27,603,113	35.31		999.6
ExpressJet Holdings Inc.		54,056,236	8.33	38.00	117.6
Frontier Airs Inc New		36,172,897	8.82		194.5
JetBlue Airways		158,252,673	14.54	38.21	2,000.1
Mesa Air Group		28,914,474	11.81	38.30	671.8
SkyWest		57,864,566	27.67	40.00	1,082.1
Southwest Airlines		792,725,729	17.03	35.99	1,700.7
<b>Mean</b>	N/A	155,425,836		<b>38.21%</b>	902.8
<b>Weighted or Total</b>	0.0				7,222.3

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.42%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
AirTran Hldgs. Inc.	0.0	1,442.8	24.01%	0.00%	75.99%
Alaska Air Group	0.0	974.7	50.63%	0.00%	49.37%
ExpressJet Holdings Inc.	0.0	450.3	20.71%	0.00%	79.29%
Frontier Airs Inc New	0.0	319.0	37.88%	0.00%	62.12%
JetBlue Airways	0.0	2,301.0	46.50%	0.00%	53.50%
Mesa Air Group	0.0	341.5	66.30%	0.00%	33.70%
SkyWest	0.0	1,601.1	40.33%	0.00%	59.67%
Southwest Airlines	0.0	13,500.1	11.19%	0.00%	88.81%
<b>Mean</b>	0.0	2,616.3	<b>37.19%</b>	<b>0.00%</b>	<b>62.81%</b>
<b>Weighted or Total</b>	0.0	20,930.5	<b>25.65%</b>	<b>0.00%</b>	<b>74.35%</b>

## AIR FREIGHT

### Capital Structure at Market Value

FOR: January 1, 2006

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
AirNet Systems Inc	64.3		61.1		
EGL Inc	33.3		19.8		
FedEx Corp.	2703.0	1841.0	2408.0	135.0	
United Parcel Serv.	5032.0	1725.0	3182.0	200.0	
Uti Worldwide Inc	125.2		29.6		
<b>Mean</b>	1,591.6	1,783.0	1,140.1	167.5	N/A
<b>Weighted or Total</b>	7,957.8	3,566.0	5,700.5	335.0	0.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstgng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.14%
AirNet Systems Inc		10,149,000	3.58	38.80	36.0
EGL Inc		47,322,000	34.95	37.41	20.6
FedEx Corp.		303,038,948	102.89	34.21	2,647.4
United Parcel Serv.		1,103,549,421	75.65	42.57	5,066.7
Uti Worldwide Inc		31,534,272	91.25	26.78	84.6
<b>Mean</b>	N/A	299,118,728		<b>35.95%</b>	1,571.1
<b>Weighted or Total</b>	0.0				7,855.3

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.42%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
AirNet Systems Inc	0.0	36.3	49.79%	0.00%	50.21%
EGL Inc	0.0	1,653.9	1.23%	0.00%	98.77%
FedEx Corp.	0.0	31,179.7	7.83%	0.00%	92.17%
United Parcel Serv.	0.0	83,483.5	5.72%	0.00%	94.28%
Uti Worldwide Inc	0.0	2,877.5	2.86%	0.00%	97.14%
<b>Mean</b>	0.0	23,846.2	<b>13.49%</b>	<b>0.00%</b>	<b>86.51%</b>
<b>Weighted or Total</b>	0.0	119,230.9	<b>6.18%</b>	<b>0.00%</b>	<b>93.82%</b>

# ELECTRIC UTILITIES

## Capital Structure at Market Value

FOR: January 1, 2006

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
Cinergy Corp.	5,569.8	2,005.7	4,022.1	203.5	31.7
DPL Inc.	1,678.1	745.9	1,677.2	154.9	22.9
Empire Dist. Elec.	410.0	22.6	409.3	28.1	
IDACORP Inc.	1,102.5	339.5	972.1	56.7	
OGE Energy	1,656.5	249.7	1,418.0	87.2	
Puget Energy Inc.	2,310.0	1,144.5	2,073.4	159.7	1.9
<b>Mean</b>	2,121.2	751.3	1,762.0	115.0	18.8
<b>Weighted or Total</b>	12,726.9	4,507.9	10,572.1	690.1	56.5

Company Name	Preferred Dividends (000,000)	Common Shares Outstndg	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.14%
Cinergy Corp.	1.7	199,435,602	42.99	20.43	5,275.1
DPL Inc.	0.9	127,526,404	25.98	36.63	1,950.6
Empire Dist. Elec.		26,030,457	20.55	34.09	431.0
IDACORP Inc.		42,247,427	30.41		1,083.6
OGE Energy		90,568,941	27.13	34.52	1,657.5
Puget Energy Inc.	0.1	100,291,193	20.65	37.67	2,481.0
<b>Mean</b>	0.9	97,683,337		<b>32.67%</b>	2,146.5
<b>Weighted or Total</b>	2.7				12,878.8

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.42%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
Cinergy Corp.	26.5	8,573.7	38.02%	0.19%	61.79%
DPL Inc.	14.0	3,313.1	36.96%	0.27%	62.78%
Empire Dist. Elec.	0.0	534.9	44.62%	0.00%	55.38%
IDACORP Inc.	0.0	1,284.7	45.75%	0.00%	54.25%
OGE Energy	0.0	2,457.1	40.28%	0.00%	59.72%
Puget Energy Inc.	1.6	2,071.0	54.48%	0.04%	45.48%
<b>Mean</b>	7.0	3,039.1	<b>43.35%</b>	<b>0.08%</b>	<b>56.57%</b>
<b>Weighted or Total</b>	42.1	18,234.5	<b>41.34%</b>	<b>0.14%</b>	<b>58.52%</b>

## GAS UTILITIES

### Capital Structure at Market Value

FOR: January 1, 2006

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
AGL Resources	1,960.0	335.0	1,616.0	95.0	
Atmos Energy	2,186.8	800.0	2,183.6	135.0	
Cascade Natural Gas	180.9	55.0	158.9	10.0	
Laclede Group	427.9	175.0	340.4	25.0	1.1
NICOR Inc.	639.7	495.7	495.7	25.0	0.6
Northwest Nat. Gas	602.0	160.0	521.5	33.0	
Peoples Energy	912.3	315.0	897.1	50.0	
Southwest Gas	1,359.2	505.0	1,249.2	80.0	
<b>Mean</b>	1,033.6	355.1	932.8	56.6	0.9
<b>Weighted or Total</b>	8,268.8	2,840.7	7,462.4	453.0	1.7

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.14%
AGL Resources		77,651,829	35.51	37.037	1929.00
Atmos Energy		80,354,478	26.88	37.41	2192.00
Cascade Natural Gas		11,413,000	20.06	36.235	182.40
Laclede Group	0.1	21,143,581	29.84	34.784	453.00
NICOR Inc.		44,176,687	41.30	31.78	617.90
Northwest Nat. Gas		27,549,733	36.30	34.41	608.50
Peoples Energy		38,139,661	36.33	31.687	883.00
Southwest Gas		39,124,126	27.17	34.75	1378.50
<b>Mean</b>	0.1	42,444,137		<b>34.76%</b>	1,030.5
<b>Weighted or Total</b>	0.1				8,244.3

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.42%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
AGL Resources	0.0	2,757.4	41.16%	0.00%	58.84%
Atmos Energy	0.0	2,159.9	50.37%	0.00%	49.63%
Cascade Natural Gas	0.0	228.9	44.35%	0.00%	55.65%
Laclede Group	0.9	630.9	41.76%	0.08%	58.16%
NICOR Inc.	0.0	1,824.5	25.30%	0.00%	74.70%
Northwest Nat. Gas	0.0	1,000.1	37.83%	0.00%	62.17%
Peoples Energy	0.0	1,385.6	38.92%	0.00%	61.08%
Southwest Gas	0.0	1,063.0	56.46%	0.00%	43.54%
<b>Mean</b>	0.1	1,381.3	<b>42.02%</b>	<b>0.01%</b>	<b>57.97%</b>
<b>Weighted or Total</b>	0.9	11,050.3	<b>42.73%</b>	<b>0.00%</b>	<b>57.27%</b>

## GAS PIPELINES

### Capital Structure at Market Value

FOR: January 1, 2006

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
Enterprise Products	4,803.8	500.0	4,788.8	230.0	
Equitable Resources	1,205.4	325.0	764.3	33.0	
Kinder Morgan	3,123.2	850.0	2,848.9	125.0	
Kinder Morgan Energy	5,187.3	650.0	5,187.3	185.0	
Northern Border Partners LP	1,331.8		1,328.9		
Questar Corp.	1,225.2	603.4	1,133.2	66.0	
<b>Mean</b>	2,812.8	585.7	2,675.2	127.8	N/A
<b>Weighted or Total</b>	16,876.7	2,928.4	16,051.4	639.0	0.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.14%
Enterprise Products		385,422,646	25.30		4,365.8
Equitable Resources		120,872,600	38.32	32.74	1,093.7
Kinder Morgan		122,064,950	94.85	38.67	2,805.1
Kinder Morgan Energy		216,702,807	50.23		4,288.9
Northern Border Partners LP		46,397,214	43.33	3.52	734.4
Questar Corp.		85,280,492	79.90	36.11	1,206.5
<b>Mean</b>	N/A	162,790,118		<b>27.76%</b>	2,415.7
<b>Weighted or Total</b>	0.0				14,494.4

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.42%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
Enterprise Products	0.0	9,751.2	30.93%	0.00%	69.07%
Equitable Resources	0.0	4,631.8	19.10%	0.00%	80.90%
Kinder Morgan	0.0	11,577.9	19.50%	0.00%	80.50%
Kinder Morgan Energy	0.0	10,885.0	28.26%	0.00%	71.74%
Northern Border Partners LP		2,010.4	26.76%	0.00%	73.24%
Questar Corp.	0.0	6,813.9	15.04%	0.00%	84.96%
<b>Mean</b>	0.0	7,611.7	<b>23.27%</b>	<b>0.00%</b>	<b>76.74%</b>
<b>Weighted or Total</b>	0.0	45,670.2	<b>24.09%</b>	<b>0.00%</b>	<b>75.91%</b>

# LIQUID PIPELINES

## Capital Structure at Market Value

FOR: January 1, 2006

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
Buckeye Partners L.P.	849.1		849.1	40.0	
Enbridge Energy Partners LLP	2,018.7		1,987.7		
Kinder Morgan Energy	5,187.3	650.0	5,187.3	185.0	
Pacific Energy Partners Ltd.	359.2		359.2		
Plains All American Pipeline L	1,726.8		952.4		
TEPPCO Partners L.P.	1,582.8	533.0	1,582.8	85.0	
<b>Mean</b>	1,954.0	591.5	1,819.8	103.3	
<b>Weighted or Total</b>	11,723.9	1,183.0	10,918.5	310.0	0.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.14%
Buckeye Partners L.P.		38,160,560	44.40	NMF	760.4
Enbridge Energy Partners LLP		62,212,939	45.88	NMF	1,117.5
Kinder Morgan Energy		216,702,807	50.23	NMF	4,288.9
Pacific Energy Partners Ltd.		29,723,330	31.07	NMF	197.9
Plains All American Pipeline L		73,093,576	41.77	NMF	1,078.4
TEPPCO Partners L.P.		69,963,554	37.95	NMF	1,512.8
<b>Mean</b>		81,642,794		<b>38.50%</b>	1,492.7
<b>Weighted or Total</b>	0.0				8,955.9

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.42%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
Buckeye Partners L.P.	0.0	1,694.3	30.98%	0.00%	69.02%
Enbridge Energy Partners LLP	0.0	2,854.3	28.14%	0.00%	71.86%
Kinder Morgan Energy	0.0	10,885.0	28.26%	0.00%	71.74%
Pacific Energy Partners Ltd.	0.0	923.5	17.65%	0.00%	82.35%
Plains All American Pipeline L	0.0	3,053.1	26.10%	0.00%	73.90%
TEPPCO Partners L.P.	0.0	2,655.1	36.30%	0.00%	63.70%
<b>Mean</b>	0.0	3,677.6	<b>27.91%</b>	<b>0.00%</b>	<b>72.10%</b>
<b>Weighted or Total</b>	0.0	22,065.3	<b>28.87%</b>	<b>0.00%</b>	<b>71.13%</b>

# RAILROADS

## Capital Structure at Market Value

FOR: January 1, 2006

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
Burlington Northern	6,403.0	1,862.0	5,931.0	430.0	
CSX Corp.	6,008.0	2,193.0	5,058.0	396.0	
Kansas City South'n	1,607.7	110.0	1,465.6	85.0	199.5
Norfolk Southern	6,958.0	1,570.0	6,645.0	485.0	
Union Pacific	7,466.0	2,800.0	7,323.0	530.0	
<b>Mean</b>	5,688.5	1,707.0	5,284.5	385.2	199.5
<b>Weighted or Total</b>	28,442.7	8,535.0	26,422.6	1,926.0	199.5

Company Name	Preferred Dividends (000,000)	Common Shares Outstgng	Recent Price	<b>Tax Rate</b>	Market Value of Debt in (000,000) Rate Used = 6.14%
Burlington Northern		373,424,406	69.50	37.88	6,812.7
CSX Corp.		217,239,119	50.11	32.95	6,535.1
Kansas City South'n	8.8	82,373,572	25.48	41.55	1,570.7
Norfolk Southern		406,420,210	42.50	30.34	7,453.3
Union Pacific		264,940,105	79.53	31.28	7,918.2
<b>Mean</b>	8.8	268,879,482		<b>34.80%</b>	6,058.0
<b>Weighted or Total</b>	8.8				30,290.0

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.42%	Market Value of Cmn Equity (000,000)	<b>Percent Debt</b>	<b>Percent Preferred Equity</b>	<b>Percent Common Equity</b>
Burlington Northern	0.0	25,953.0	20.79%	0.00%	79.21%
CSX Corp.	0.0	10,885.9	37.51%	0.00%	62.49%
Kansas City South'n	137.1	2,098.9	41.26%	3.60%	55.14%
Norfolk Southern	0.0	17,272.9	30.14%	0.00%	69.86%
Union Pacific	0.0	21,070.7	27.31%	0.00%	72.69%
<b>Mean</b>	27.4	15,456.3	<b>31.40%</b>	<b>0.72%</b>	<b>67.88%</b>
<b>Weighted or Total</b>	137.1	77,281.4	<b>28.12%</b>	<b>0.13%</b>	<b>71.75%</b>

# TELECOMMUNICATIONS I INCLUDING WIRELESS COMMUNICATIONS

## Capital Structure at Market Value

FOR: January 1, 2006

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
ALLTEL Corp.	5,943.1	3,000.0	5,920.2	330.0	0.3
AT&T Inc.	23,208.0	15,000.0	17,822.0	1,500.0	
BellSouth Corp.	16,956.0	6,600.0	14,374.0	935.0	
CenturyTel Inc.	2,835.0	960.0	2,500.0	185.0	8.0
Citizens Communic.	4,234.8	1,000.0	4,007.0	330.0	
Sprint Nextel Corp.	25,298.0	6,000.0	23,538.0	1,295.0	247.0
U.S. Cellular	1,211.0	100.0	1,161.0	65.0	
Verizon Communic.	39,439.0	17,293.0	34,391.0	2,170.0	
<b>Mean</b>	14,890.6	6,244.1	12,964.2	851.3	85.1
<b>Weighted or Total</b>	119,124.9	49,953.0	103,713.2	6,810.0	255.3

Company Name	Preferred Dividends (000,000)	Common Shares Outstndg	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.14%
ALLTEL Corp.	0.0	382,944,791	63.28	35.51	5776.40
AT&T Inc.		3,281,300,000	24.77	31.11	25157.80
BellSouth Corp.		1,828,621,787	27.89	34.40	17271.30
CenturyTel Inc.	0.4	130,993,497	33.33	38.39	3028.70
Citizens Communic.		333,897,938	12.32	25.00	4773.60
Sprint Nextel Corp.	6.6	2,954,467,191	23.15	40.72	24325.30
U.S. Cellular		86,835,832	51.58	35.41	1166.30
Verizon Communic.		2,764,976,477	31.38	28.19	39769.40
<b>Mean</b>	2.34	1,470,504,689.1		<b>33.59%</b>	15,158.6
<b>Weighted or Total</b>	7.0				121,268.8

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.42%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
ALLTEL Corp.	0.5	24,232.7	19.25%	0.00%	80.75%
AT&T Inc.	0.0	81,277.8	23.64%	0.00%	76.36%
BellSouth Corp.	0.0	51,000.3	25.30%	0.00%	74.70%
CenturyTel Inc.	6.2	4,366.0	40.93%	0.08%	58.99%
Citizens Communic.	0.0	4,113.6	53.71%	0.00%	46.29%
Sprint Nextel Corp.	102.8	68,395.9	26.21%	0.11%	73.68%
U.S. Cellular	0.0	4,479.0	20.66%	0.00%	79.34%
Verizon Communic.	0.0	86,765.0	31.44%	0.00%	68.57%
<b>Mean</b>	13.7	40,578.8	<b>30.14%</b>	<b>0.02%</b>	<b>69.84%</b>
<b>Weighted or Total</b>	109.5	324,630.3	<b>27.19%</b>	<b>0.02%</b>	<b>72.79%</b>

## TELECOMMUNICATIONS II

### Capital Structure at Market Value

FOR: January 1, 2006

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
Cincinnati Bell	2,145.2	845.0	2,109.8	165.0	129.4
Level 3 Communic.	6,020.0		6,020.0		
Pac-West Telecomm Inc	42.8		39.4		
Qwest Communic.	17,229.0	6,590.0	16,702.0	1,300.0	
Time Warner Telecom Inc	1,248.9		1,248.9		
US LEC Corp.	149.4		149.4		273.7
<b>Mean</b>	4,472.6	3,717.5	4,378.3	732.5	201.6
<b>Weighted or Total</b>	26,835.3	7,435.0	26,269.5	1,465.0	403.1

Company Name	Preferred Dividends (000,000)	Common Shares Outstndg	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.14%
Cincinnati Bell	10.4	246,173,085	3.70	46.62	2,341.2
Level 3 Communic.		700,505,763	2.79		3,317.5
Pac-West Telecomm Inc		37,141,986	0.96		24.1
Qwest Communic.		1,859,995,238	5.35		18,773.1
Time Warner Telecom Inc		116,626,225	10.14		688.2
US LEC Corp.	nil	30,504,000	2.34		82.3
<b>Mean</b>	10.4	498,491,050		<b>38.50%</b>	4,204.4
<b>Weighted or Total</b>	10.4				25,226.4

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.42%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
Cincinnati Bell	162.0	910.8	68.58%	4.75%	26.68%
Level 3 Communic.	0.0	1,954.4	62.93%	0.00%	37.07%
Pac-West Telecomm Inc	0.0	35.7	40.30%	0.00%	59.70%
Qwest Communic.	0.0	9,951.0	65.36%	0.00%	34.64%
Time Warner Telecom Inc	0.0	1,182.6	36.79%	0.00%	63.21%
US LEC Corp.	0.0	71.4	53.55%	0.00%	46.45%
<b>Mean</b>	27.0	2,351.0	<b>54.59%</b>	<b>0.79%</b>	<b>44.63%</b>
<b>Weighted or Total</b>	162.0	14,105.9	<b>63.87%</b>	<b>0.41%</b>	<b>35.72%</b>