

# **CAPITALIZATION RATE STUDY**

**For**

## **CENTRALLY ASSESSED PROPERTIES**

**As of January 1, 2007**

**UTAH STATE TAX COMMISSION  
PROPERTY TAX DIVISION**

# **CAPITALIZATION RATE STUDY**

## **SUMMARIES**

**UTAH STATE TAX COMMISSION  
PROPERTY TAX DIVISION**

Utah State Tax Commission  
 2007 Capitalization Rate Study

Industry	Equity Yield Rate	Percent Debt & Pref.	Percent Common Equity	Income Tax Rate
Airlines - Major	20.42%	65%	35%	38.50%
Airlines - Secondary	14.06%	40%	60%	39.07%
Airlines - Secondary (with Southwest)	13.90%	30.0%	70%	39.23%
Airlines - Freight	12.13%	10%	90%	37.83%
Electric Utilities	11.73%	40%	60%	35.43%
Natural Gas Utilities	11.35%	35%	65%	34.69%
Natural Gas Pipelines	11.19%	25%	75%	36.52%
Liquid Pipelines	10.53%	35%	65%	38.50%
Railroads	12.81%	25%	75%	32.55%
Telecommunications I	12.31%	25%	75%	35.14%
Telecommunications II	15.92%	40%	60%	38.50%

# BONDS AND PREFERRED STOCKS

## Yield Rates

January 1, 2007

<u>Public Utility Bonds</u>	<u>Rates</u>
Aaa	N/A
Aa	5.62%
A	5.81%
Baa	6.05%
<u>Corporate Bonds</u>	
Aaa	5.29%
Aa	5.58%
A	5.78%
Baa	6.22%
Ba1	6.60%
Ba2	7.01%
Ba3	7.18%
B1	7.47%
B2	8.09%
B3	8.79%
Caa1	9.71%
Caa2	10.66%
Caa3	12.64%
Ca	24.31%
C	31.60%
<u>Preferred Stocks</u>	
Aa	N/A
A	5.90%
Baa	6.17%

## INFLATION FACTORS FOR 2007 ASSESSMENT YEAR

Year	4th Quarter GDP Implicit Price Deflator (2000 = 100)	Annual Percentage Change	Conversion Index
1996	94.450	---	1.237
1997	95.846	1.48%	1.219
1998	96.934	1.14%	1.206
1999	98.432	1.55%	1.187
2000	100.666	2.27%	1.161
2001	103.191	2.51%	1.132
2002	104.907	1.66%	1.114
2003	107.190	2.18%	1.090
2004	110.601	3.18%	1.057
2005	114.034	3.10%	1.025
2006	116.857	2.48%	1.000

1996 - 2006 Average Change 2.15%

Source:

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

<http://www.economagic.com/em-cgi/data.exe/fedstl/gdpdef+1>

St. Louis Federal Reserve as of **February 7, 2007**

## Miscellaneous Appraisal Facts, Factors, and Rates

### 2007 Assessment

**Airline "TEFRA" relief factor** **6.32%**

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

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

**4-R Act Relief for Railroads** **5.20%**

for Burlington Northern only the deduction is 6.33 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** **2.30%**

**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, 2007**

Company Name	Relative Financial Strength		Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
AMR Corp.	C+	1.33	2.6	32.62			0	
Cont'l Airlines	C++	1.22	2.4	43.43			0	
UAL Corp.	C++	1.22		45.87			0	
<b>Mean</b>		1.26	2.50		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)	2.50
Industry Risk Premium	17.75%
Add: Risk-Free Rate	4.88%
<b>Cost of Equity Rate - CAPM</b>	<b>22.63%</b>

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

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	1.26
Industry Risk Premium	8.92%
Add: Risk-Free Rate	4.88%
<b>Cost of Equity Rate - Risk Premium</b>	<b>13.80%</b>

## SECONDARY AIRLINES

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

FOR: January 1, 2007

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	1.35	12.23	22.50		0	N/A
Alaska Air Group	C++	1.22	1.35	40.70	NMF		0	N/A
ExpressJet Holdings Inc.	B	1.11	1.20	8.28	23.00		0	N/A
Frontier Airs Inc New	C+	1.33	1.85	7.20			0	N/A
JetBlue Airways	B	1.11	1.05	14.88	24.00		0	N/A
Mesa Air Group	C+	1.33	1.55	8.60			0	N/A
Midwest Air Group	C	1.44	1.35	11.92			0	N/A
Republic Airways Holdings Inc	C++	1.22	0.85	17.64	17.00		0	N/A
SkyWest	B	1.11	1.30	25.94	18.33		0	N/A
<b>Mean</b>		1.22	1.32		20.97	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)	1.32
Industry Risk Premium	9.35%
Add: Risk-Free Rate	4.88%
<b>Cost of Equity Rate - CAPM</b>	<b>14.23%</b>

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

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	1.22
Industry Risk Premium	8.66%
Add: Risk-Free Rate	4.88%
<b>Cost of Equity Rate - Risk Premium</b>	<b>13.54%</b>

**SECONDARY AIRLINES**  
**With Southwest Airlines**  
**Discount or "Cost of Capital" Rates**  
**For Discounting and "Yield Capitalization" Only**

**FOR: January 1, 2007**

<b>Company Name</b>	<b>Relative Financial Strength</b>		<b>Beta</b>	<b>Price</b>	<b>Proj. Earnings Growth</b>	<b>Proj. Dividend Growth</b>	<b>Current Div</b>	<b>D.G.M. Rate</b>
AirTran Hldgs. Inc.	B	1.11	1.35	12.23	22.50			N/A
Alaska Air Group	C++	1.22	1.35	40.70	NMF			N/A
ExpressJet Holdings Inc.	B	1.11	1.20	8.28	23.00			N/A
Frontier Airs Inc New	C+	1.33	1.85	7.20				N/A
JetBlue Airways	B	1.11	1.05	14.88	24.00			N/A
Mesa Air Group	C+	1.33	1.55	8.60				N/A
Midwest Air Group	C	1.44	1.35	11.92				N/A
Republic Airways Holdings Inc	C++	1.22	0.85	17.64	17.00			N/A
SkyWest	B	1.11	1.30	25.94	18.33			N/A
Southwest Airlines	B+	1.00	1.10	15.65	21.50	9.00	0.02	15.17%
<b>Mean</b>		1.20	1.30		21.06	9.00		<b>NMF</b>
<b>Industry Growth Rate (used for DGM Rate)</b>				<b>15.03%</b>				

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

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	<u>1.30</u>
Industry Risk Premium	9.19%
Add: Risk-Free Rate	<u>4.88%</u>
<b>Cost of Equity Rate - CAPM</b>	<b><u>14.07%</u></b>

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

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	<u>1.20</u>
Industry Risk Premium	8.51%
Add: Risk-Free Rate	<u>4.88%</u>
<b>Cost of Equity Rate - Risk Premium</b>	<b><u>13.39%</u></b>

## AIR FREIGHT

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

FOR: January 1, 2007

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	0.60	2.93			0.00	N/A
AirTran Hldgs. Inc.	B	1.11	1.35	12.23	22.5		0.00	N/A
FedEx Corp.	B++	0.89	1.05	110.88	13.0	11.00	0.36	12.95%
United Parcel Serv.	A+	0.67	0.75	75.78	10.0	9.00	1.52	14.84%
<b>Mean</b>	1.00		0.94		15.17	10.00		<b>13.90%</b>
<b>Industry Growth Rate (used for DGM Rate)</b>				<b>12.58%</b>				

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

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	0.94
Industry Risk Premium	6.66%
Add: Risk-Free Rate	4.88%
<b>Cost of Equity Rate - CAPM</b>	<b>11.54%</b>

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

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	1.00
Industry Risk Premium	7.10%
Add: Risk-Free Rate	4.88%
<b>Cost of Equity Rate - Risk Premium</b>	<b>11.98%</b>

## ELECTRIC UTILITIES

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

FOR: January 1, 2007

Company Name	Relative Financial Strength		Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
Black Hills	B+	1.00	1.10	37.24	6.50	3.00	1.36	8.27%
Cleco Corp.	B+	1.00	1.30	25.69	7.00	5.00	0.90	8.12%
DPL Inc.	B	1.11	0.95	27.81	3.50	3.50	1.03	8.33%
Empire Dist. Elec.	B+	1.00	0.80	24.93	9.50		1.28	9.82%
OGE Energy	A	0.78	0.75	40.37	4.00	2.00	1.37	8.00%
Puget Energy Inc.	B+	1.00	0.85	25.73	5.00	1.50	1.00	8.52%
<b>Mean</b>		0.98	0.96		5.92	3.00		<b>8.51%</b>
<b>Industry Growth Rate (used for DGM Rate)</b>				<b>4.46%</b>				

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

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	0.96
Industry Risk Premium	6.80%
Add: Risk-Free Rate	4.88%
<b>Cost of Equity Rate - CAPM</b>	<b>11.68%</b>

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

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	0.98
Industry Risk Premium	6.97%
Add: Risk-Free Rate	4.88%
<b>Cost of Equity Rate - Risk Premium</b>	<b>11.85%</b>

## GAS UTILITIES

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

FOR: January 1, 2007

Company Name	Relative Financial Strength		Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
AGL Resources	B++	0.89	0.95	39.43	4.00	6.50	1.58	8.70%
Atmos Energy	B+	1.00	0.80	32.16	6.50	1.50	1.28	8.67%
Cascade Natural Gas	B+	1.00	0.80	25.98	7.00	0.50	0.96	8.37%
Laclede Group	B+	1.00	0.90	35.99	5.00	2.50	1.46	8.75%
Nicor Inc.	A	0.78	1.30	47.34	4.00	1.00	1.86	8.62%
Northwest Nat. Gas	A	0.78	0.75	42.91	7.00	4.50	1.43	7.99%
Peoples Energy	B++	0.89	0.90	44.94	NMF		2.18	9.58%
Questar Corp.	B++	0.89	0.90	81.37	8.00	2.00	0.94	5.72%
Southwest Gas	B	1.11	0.85	39.03	9.50		0.82	6.70%
<b>Mean</b>		0.93	0.91		6.38	2.64		<b>8.12%</b>
<b>Industry Growth Rate (used for DGM Rate)</b>				<b>4.51%</b>				

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

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	0.91
Industry Risk Premium	6.43%
Add: Risk-Free Rate	4.88%
<b>Cost of Equity Rate - CAPM</b>	<b>11.31%</b>

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

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	0.93
Industry Risk Premium	6.58%
Add: Risk-Free Rate	4.88%
<b>Cost of Equity Rate - Risk Premium</b>	<b>11.46%</b>

## GAS PIPELINES

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

**FOR: January 1, 2007**

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	28.99	12.50	7.50	1.95	15.69%
Equitable Resources	B++	0.89	0.80	40.96	10.00	7.50	0.88	10.73%
Kinder Morgan	B+	1.00	1.00	105.84	12.00	13.00	3.75	12.24%
Kinder Morgan Energy	B+	1.00	0.70	47.72	6.00	5.50	3.40	16.12%
Questar Corp.	B++	0.89	0.90	81.37	8.00	2.00	0.94	9.65%
<b>Mean</b>		0.98	0.81		9.70	7.10		<b>12.89%</b>
<b>Industry Growth Rate (used for DGM Rate)</b>				<b>8.40%</b>				

### CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	0.81
Industry Risk Premium	5.75%
Add: Risk-Free Rate	4.88%
<b>Cost of Equity Rate - CAPM</b>	<b>10.63%</b>

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

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	0.98
Industry Risk Premium	6.94%
Add: Risk-Free Rate	4.88%
<b>Cost of Equity Rate - Risk Premium</b>	<b>11.82%</b>

## LIQUID PIPELINES

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

**FOR: January 1, 2007**

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	0.75	46.44	5.50	5.50	3.23	12.50%
Enbridge Energy Partners LLP	B++	0.89	0.65	49.32	3.67		0.00	
Kinder Morgan Energy	B+	1.00	0.70	47.72	6.00	5.50	3.40	12.68%
Plains All American Pipeline L	A	0.78	0.70	51.04	5.20		0.00	
TEPPCO Partners L.P.	B	1.11	0.70	40.19	9.00	2.50	2.80	12.52%
<b>Mean</b>		0.96	0.70		5.87	4.50		<b>12.57%</b>
<b>Industry Growth Rate (used for DGM Rate)</b>				<b>5.19%</b>				

### CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	0.70
Industry Risk Premium	4.97%
Add: Risk-Free Rate	4.88%
<b>Cost of Equity Rate - CAPM</b>	<b>9.85%</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	4.88%
<b>Cost of Equity Rate - Risk Premium</b>	<b>11.67%</b>

## RAILROADS

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

**FOR: January 1, 2007**

Company Name	Relative Financial Strength		Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div Div	D.G.M. Rate
Burlington Northern	B++	0.89	0.95	74.93	16.0	11.0	1.00	15.77%
CSX Corp.	B++	0.89	0.95	35.25	17.5	16.0	0.40	15.55%
Kansas City South'n	B	1.11	1.10	29.46	NMF			NMF
Norfolk Southern	B+	1.00	1.00	50.86	18.0	15.5	0.72	15.87%
Union Pacific	A	0.78	0.90	93.98	15.5	4.5	1.20	15.71%
<b>Mean</b>		0.93	0.98		16.75	11.75		<b>15.73%</b>
<b>Industry Growth Rate (used for DGM Rate)</b>				<b>14.25%</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>4.88%</u>
<b>Cost of Equity Rate - CAPM</b>	<b><u><u>11.84%</u></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	6.63%
Add: Risk-Free Rate	<u>4.88%</u>
<b>Cost of Equity Rate - Risk Premium</b>	<b><u><u>11.51%</u></u></b>

# TELECOMMUNICATIONS I INCLUDING WIRELESS COMMUNICATIONS

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

**FOR: January 1, 2007**

Company Name	Relative Financial Strength		Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
ALLTEL Corp.	A++	0.56		61.55	5.50	NMF	0.50	7.87%
AT&T Inc.	A+	0.67	1.20	35.53	11.50	2.50	1.42	11.28%
CenturyTel Inc.	B++	0.89	1.00	44.02	NMF	4.50	0.26	7.63%
Citizens Communic.	B	1.11	1.00	14.44	11.00	NMF	1.00	14.41%
Sprint Nextel Corp.	B+	1.00	1.25	19.05	NMF	NMF	0.10	7.56%
U.S. Cellular	B	1.11	1.15	70.30	14.00		0.00	7.00%
Verizon Communic.	A+	0.67	1.05	38.15	NMF	NMF	1.62	11.54%
<b>Mean</b>		0.86	1.11		10.50	3.50		<b>9.61%</b>
<b>Industry Growth Rate (used for DGM Rate)</b>				<b>7.00%</b>				

## CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	<u>1.11</u>
Industry Risk Premium	7.87%
Add: Risk-Free Rate	<u>4.88%</u>
<b>Cost of Equity Rate - CAPM</b>	<b><u><u>12.75%</u></u></b>

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

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	<u>0.86</u>
Industry Risk Premium	6.10%
Add: Risk-Free Rate	<u>4.88%</u>
<b>Cost of Equity Rate - Risk Premium</b>	<b><u><u>10.98%</u></u></b>

## TELECOMMUNICATIONS II

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

**FOR: January 1, 2007**

Company Name	Relative Financial Strength	Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
Broadwing Corp	B 1.11	1.45	15.80			0.00	NMF
Cincinnati Bell	C+ 1.33	1.80	4.66	6.50		0.00	NMF
Dobson Communications Corp	C++ 1.22	1.45	8.84	48.17		0.00	NMF
Level 3 Communic.	C++ 1.22	1.35	5.73	13.98		0.00	NMF
Qwest Communic.	C+ 1.33	1.95	8.46			0.00	NMF
Time Warner Telecom Inc	B 1.11	2.00	20.48	13.25		0.00	NMF
<b>Mean</b>	1.22	1.67		20.48			<b>NMF</b>
<b>Industry Growth Rate (used for DGM Rate)</b>			<b>20.48%</b>				

### CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.10%
Industry Beta (Risk Factor)	<u>1.67</u>
Industry Risk Premium	11.83%
Add: Risk-Free Rate	<u>4.88%</u>
<b>Cost of Equity Rate - CAPM</b>	<b><u><u>16.71%</u></u></b>

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

Market Risk Premium	7.10%
Industry Relative Financial Strength (Risk Factor)	<u>1.22</u>
Industry Risk Premium	8.66%
Add: Risk-Free Rate	<u>4.88%</u>
<b>Cost of Equity Rate - Risk Premium</b>	<b><u><u>13.54%</u></u></b>

# **CAPITALIZATION RATE STUDY**

## **CAPITAL STRUCTURES**

**UTAH STATE TAX COMMISSION  
PROPERTY TAX DIVISION**

## MAJOR AIRLINES

### Capital Structure at Market Value

FOR: January 1, 2007

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.	13,913.0	5,480.0	12,407.0	1,000.0	0.0
Cont'l Airlines	5,498.0	3,295.0	4,735.0	370.0	0.0
UAL Corp.	10,690.0	3,869.0	9,924.0	550.0	0.0
<b>Mean</b>	10,033.7	4,214.7	9,022.0	640.0	N/A
<b>Weighted or Total</b>	30,101.0	12,644.0	27,066.0	1,920.0	0.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.22%
AMR Corp.	0.0	214,415,972	32.62	N/A	15,237.90
Cont'l Airlines	0.0	89,900,947	43.43	N/A	5,861.30
UAL Corp.	0.0	110,729,885	45.87	N/A	10,297.20
<b>Mean</b>	N/A	138,348,935		38.50%	10,465.47
<b>Weighted or Total</b>	0.0				31,396.40

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.17%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
AMR Corp.	0.0	6,994.2	68.54%	0.00%	31.46%
Cont'l Airlines	0.0	3,904.4	60.02%	0.00%	39.98%
UAL Corp.	0.0	5,079.2	66.97%	0.00%	33.03%
<b>Mean</b>	0.0	5,325.9	65.18%	0.00%	34.82%
<b>Weighted or Total</b>	0.0	15977.8	66.27%	0.00%	33.73%

## SECONDARY AIRLINES

### Capital Structure at Market Value

FOR: January 1, 2007

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.	687.8	145.0	576.4	35.0	0.0
Alaska Air Group	1,149.1	345.9	945.5	60.5	0.0
ExpressJet Holdings Inc.	153.4		151.8		0.0
Frontier Airs Inc New	469.2		440.0		0.0
JetBlue Airways	2,508.0	827.0	2,338.0	155.0	0.0
Mesa Air Group	661.5		550.0		0.0
Midwest Air Group	46.2	32.4	43.6	3.0	0.0
Republic Airways Holdings In	1,574.8		1,487.8		0.0
SkyWest	1,758.2		1,508.5		0.0
<b>Mean</b>	1,000.9	337.6	893.5	63.4	N/A
<b>Weighted or Total</b>	9,008.2	1,350.3	8,041.6	253.5	0.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.22%
AirTran Hldgs. Inc.	0.0	91,000,000	12.23	41.07	681.8
Alaska Air Group	0.0	40,022,870	40.70	38.40	1,160.2
ExpressJet Holdings Inc.	0.0	54,161,848	8.28	36.47	84.2
Frontier Airs Inc New	0.0	36,607,455	7.20		261.5
JetBlue Airways	0.0	175,712,310	14.88		2,565.3
Mesa Air Group	0.0	36,200,769	8.60	41.48	380.3
Midwest Air Group	0.0	18,604,442	11.92		47.4
Republic Airways Holdings In	0.0	42,431,802	17.64	39.45	875.7
SkyWest	0.0	63,913,060	25.94	37.55	1,003.0
<b>Mean</b>	N/A	62,072,728		<b>39.07%</b>	784.4
<b>Weighted or Total</b>	0.0				7,059.4

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.17%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
AirTran Hldgs. Inc.	0.0	1,112.9	37.99%	0.00%	62.01%
Alaska Air Group	0.0	1,628.9	41.60%	0.00%	58.40%
ExpressJet Holdings Inc.	0.0	448.5	15.81%	0.00%	84.19%
Frontier Airs Inc New	0.0	263.6	49.80%	0.00%	50.20%
JetBlue Airways	0.0	2,614.6	49.52%	0.00%	50.48%
Mesa Air Group	0.0	311.3	54.99%	0.00%	45.01%
Midwest Air Group	0.0	221.8	17.61%	0.00%	82.39%
Republic Airways Holdings In	0.0	748.5	53.92%	0.00%	46.08%
SkyWest	0.0	1,657.9	37.69%	0.00%	62.31%
<b>Mean</b>	0.0	1,000.9	<b>39.88%</b>	<b>0.00%</b>	<b>60.12%</b>
<b>Weighted or Total</b>	0.0	9008.0	<b>43.94%</b>	<b>0.00%</b>	<b>56.06%</b>

## SECONDARY AIRLINES

### With Southwest Airlines

#### Capital Structure at Market Value

FOR: January 1, 2007

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.	687.8	145.0	576.4	35.0	0.0
Alaska Air Group	1,149.1	345.9	945.5	60.5	0.0
ExpressJet Holdings Inc.	153.4		151.8		0.0
Frontier Airs Inc New	469.2		440.0		0.0
JetBlue Airways	2,508.0	827.0	2,338.0	155.0	0.0
Mesa Air Group	661.5		550.0		0.0
Midwest Air Group	46.2	32.4	43.6	3.0	0.0
Republic Airways Holdings Inc	1,574.8		1,487.8		0.0
SkyWest	1,758.2		1,508.5		0.0
Southwest Airlines	1,860.0	815.0	1,275.0	35.0	0.0
<b>Mean</b>	1,086.8	433.1	931.7	57.7	N/A
<b>Weighted or Total</b>	10,868.2	2,165.3	9,316.6	288.5	0.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.22%
AirTran Hldgs. Inc.	0.0	91,000,000	12.23	41.07	681.8
Alaska Air Group	0.0	40,022,870	40.70	38.40	1,160.2
ExpressJet Holdings Inc.	0.0	54,161,848	8.28	36.47	84.2
Frontier Airs Inc New	0.0	36,607,455	7.20		261.5
JetBlue Airways	0.0	175,712,310	14.88		2,565.3
Mesa Air Group	0.0	36,200,769	8.60	41.48	380.3
Midwest Air Group	0.0	18,604,442	11.92		47.4
Republic Airways Holdings Inc	0.0	42,431,802	17.64	39.45	875.7
SkyWest	0.0	63,913,060	25.94	37.55	1,003.0
Southwest Airlines	0.0	719,833,168	15.65	40.18	1,574.2
<b>Mean</b>	N/A	127,848,772		<b>39.23%</b>	863.4
<b>Weighted or Total</b>	0.0				8,633.6

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.17%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
AirTran Hldgs. Inc.	0.0	1,112.9	37.99%	0.00%	62.01%
Alaska Air Group	0.0	1,628.9	41.60%	0.00%	58.40%
ExpressJet Holdings Inc.	0.0	448.5	15.81%	0.00%	84.19%
Frontier Airs Inc New	0.0	263.6	49.80%	0.00%	50.20%
JetBlue Airways	0.0	2,614.6	49.52%	0.00%	50.48%
Mesa Air Group	0.0	311.3	54.99%	0.00%	45.01%
Midwest Air Group	0.0	221.8	17.61%	0.00%	82.39%
Republic Airways Holdings Inc	0.0	748.5	53.92%	0.00%	46.08%
SkyWest	0.0	1,657.9	37.69%	0.00%	62.31%
Southwest Airlines	0.0	11,265.4	12.26%	0.00%	87.74%
<b>Mean</b>	0.0	2,027.3	<b>37.12%</b>	<b>0.00%</b>	<b>62.88%</b>
<b>Weighted or Total</b>	0.0	20,273.4	<b>29.87%</b>	<b>0.00%</b>	<b>70.13%</b>

## AIR FREIGHT

### Capital Structure at Market Value

FOR: January 1, 2007

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	9.9		8.0		0.0
AirTran Hldgs. Inc.	687.8	145.0	576.4	35.0	0.0
FedEx Corp.	3220.0	1816.0	2090.0	95.0	0.0
United Parcel Serv.	4763.0	1060.0	3113.0	200.0	0.0
<b>Mean</b>	2,170.2	1,007.0	1,446.9	110.0	N/A
<b>Weighted or Total</b>	8,680.7	3,021.0	5,787.4	330.0	0.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.22%
AirNet Systems Inc	0.0	10,161,000	2.93	36.25	5.7
AirTran Hldgs. Inc.	0.0	91,000,000	12.23	41.07	681.8
FedEx Corp.	0.0	306,633,491	110.88	37.71	3,018.2
United Parcel Serv.	0.0	1,073,543,539	75.78	36.30	4,815.0
<b>Mean</b>	N/A	370,334,508		<b>37.83%</b>	2,130.2
<b>Weighted or Total</b>	0.0				8,520.7

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.17%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
AirNet Systems Inc	0.0	29.8	16.06%	0.00%	83.94%
AirTran Hldgs. Inc.	0.0	1,112.9	37.99%	0.00%	62.01%
FedEx Corp.	0.0	33,999.5	8.15%	0.00%	91.85%
United Parcel Serv.	0.0	81,353.1	5.59%	0.00%	94.41%
<b>Mean</b>	0.0	29,123.8	<b>16.95%</b>	<b>0.00%</b>	<b>83.05%</b>
<b>Weighted or Total</b>	0.0	116,495.3	<b>6.82%</b>	<b>0.00%</b>	<b>93.18%</b>

## ELECTRIC UTILITIES

### Capital Structure at Market Value

FOR: January 1, 2007

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)
Black Hills	769.8	412.7	660.1	42.9	0.0
Cleco Corp.	629.4	230.0	584.4	38.0	21.0
DPL Inc.	1,777.9	728.9	1,551.9	127.4	22.9
Empire Dist. Elec.	503.6	105.5	462.6	31.8	0.0
OGE Energy	1,388.3	439.8	1,221.5	78.2	0.0
Puget Energy Inc.	2,688.7	912.1	2,371.1	158.0	1.9
<b>Mean</b>	1,293.0	471.5	1,141.9	79.4	7.6
<b>Weighted or Total</b>	7,757.7	2,829.0	6,851.6	476.3	45.8

Company Name	Preferred Dividends (000,000)	Common Shares Outstgng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.22%
Black Hills	0.0	33,258,700	37.24	33.79	779.3
Cleco Corp.	1.8	57,488,574	25.69	39.19	639.0
DPL Inc.	0.9	112,673,972	27.81	39.05	1,956.5
Empire Dist. Elec.	0.0	30,190,017	24.93	33.36	523.7
OGE Energy	0.0	91,139,901	40.37	30.18	1,402.2
Puget Energy Inc.	0.1	116,241,200	25.73	37.02	2,753.1
<b>Mean</b>	0.5	73,498,727		<b>35.43%</b>	1,342.3
<b>Weighted or Total</b>	2.8				8,053.8

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.17%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
Black Hills	0.0	1,238.6	38.62%	0.00%	61.38%
Cleco Corp.	29.2	1,476.9	29.79%	1.36%	68.85%
DPL Inc.	14.6	3,133.5	38.33%	0.29%	61.39%
Empire Dist. Elec.	0.0	752.6	41.03%	0.00%	58.97%
OGE Energy	0.0	3,679.3	27.59%	0.00%	72.41%
Puget Energy Inc.	1.6	2,990.9	47.92%	0.03%	52.06%
<b>Mean</b>	7.6	2,212.0	<b>37.21%</b>	<b>0.28%</b>	<b>62.51%</b>
<b>Weighted or Total</b>	45.4	13,271.8	<b>37.69%</b>	<b>0.21%</b>	<b>62.09%</b>

## GAS UTILITIES

### Capital Structure at Market Value

**FOR: January 1, 2007**

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	2,075.0	530.0	1,634.0	100.0	0.0
Atmos Energy	2,481.2	860.0	2,180.8	135.0	0.0
Cascade Natural Gas	173.3	20.5	165.3	10.0	0.0
Laclede Group	518.8	175.0	395.4	25.0	0.8
Nicor Inc.	660.4	215.0	459.4	20.0	0.6
Northwest Nat. Gas	624.8	251.7	492.0	31.0	0.0
Peoples Energy	1,065.0	546.4	893.6	52.0	0.0
Questar Corp.	1,032.4	553.4	1,032.4	70.0	0.0
Southwest Gas	1,393.4	379.5	1,366.1	88.0	0.0
<b>Mean</b>	1,113.8	392.4	957.7	59.0	0.2
<b>Weighted or Total</b>	10,024.3	3,531.5	8,619.0	531.0	1.4

Company Name	Preferred Dividends (000,000)	Common Shares Outstndg	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.22%
AGL Resources	0.0	77,696,090	39.43	37.74	2063.50
Atmos Energy	0.0	81,595,723	32.16	37.72	2477.30
Cascade Natural Gas	0.0	11,505,996	25.98	37.85	171.30
Laclede Group	0.1	21,357,009	35.99	34.10	521.50
Nicor Inc.	2.2	44,709,976	47.34	28.35	599.10
Northwest Nat. Gas	0.0	27,504,896	42.91	36.01	627.30
Peoples Energy	0.0	38,471,441	44.94	34.15	1045.90
Questar Corp.	0.0	85,865,721	81.37	36.54	1060.20
Southwest Gas	0.0	41,464,506	39.03	29.71	1411.90
<b>Mean</b>	0.3	47,796,818		<b>34.69%</b>	1,108.7
<b>Weighted or Total</b>	2.3				9,978.0

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.17%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
AGL Resources	0.0	3,063.6	40.25%	0.00%	59.75%
Atmos Energy	0.0	2,624.1	48.56%	0.00%	51.44%
Cascade Natural Gas	0.0	298.9	36.43%	0.00%	63.57%
Laclede Group	0.8	768.6	40.40%	0.06%	59.54%
Nicor Inc.	35.7	2,116.6	21.77%	1.30%	76.93%
Northwest Nat. Gas	0.0	1,180.2	34.71%	0.00%	65.29%
Peoples Energy	0.0	1,728.9	37.69%	0.00%	62.31%
Questar Corp.	0.0	6,986.9	13.17%	0.00%	86.83%
Southwest Gas	0.0	1,618.4	46.59%	0.00%	53.41%
<b>Mean</b>	4.1	2,265.1	<b>35.51%</b>	<b>0.15%</b>	<b>64.34%</b>
<b>Weighted or Total</b>	36.5	20,386.2	<b>32.82%</b>	<b>0.12%</b>	<b>67.06%</b>

## GAS PIPELINES

### Capital Structure at Market Value

**FOR: January 1, 2007**

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	4,884.3	1,656.1	4,884.3	230.0	0.0
Equitable Resources	818.0	385.0	753.4	50.0	0.0
Kinder Morgan	13,141.9	2,040.0	11,372.1	160.0	0.0
Kinder Morgan Energy	5,578.7	1,300.0	4,431.5	185.0	0.0
Questar Corp.	1,032.4	553.4	1,032.4	70.0	0.0
<b>Mean</b>	5,091.1	1,186.9	4,494.7	139.0	N/A
<b>Weighted or Total</b>	25,455.3	5,934.5	22,473.7	695.0	0.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.22%
Enterprise Products	0.0	431,828,217	28.99	NMF	4,462.4
Equitable Resources	0.0	120,722,379	40.96	33.50	834.7
Kinder Morgan	0.0	134,061,668	105.84	39.52	9,215.2
Kinder Morgan Energy	0.0	229,234,232	47.72	NMF	4,932.9
Questar Corp.	0.0	85,865,721	81.37	36.54	1,060.2
<b>Mean</b>	N/A	200,342,443		<b>36.52%</b>	4,101.1
<b>Weighted or Total</b>	0.0				20,505.4

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.17%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
Enterprise Products	0.0	12,518.7	26.28%	0.00%	73.72%
Equitable Resources	0.0	4,944.8	14.44%	0.00%	85.56%
Kinder Morgan	0.0	14,189.1	39.37%	0.00%	60.63%
Kinder Morgan Energy	0.0	10,939.1	31.08%	0.00%	68.92%
Questar Corp.	0.0	6,986.9	13.17%	0.00%	86.83%
<b>Mean</b>	0.0	9,915.7	<b>24.87%</b>	<b>0.00%</b>	<b>75.13%</b>
<b>Weighted or Total</b>	0.0	49,578.6	<b>29.26%</b>	<b>0.00%</b>	<b>70.74%</b>

## LIQUID PIPELINES

### Capital Structure at Market Value

FOR: January 1, 2007

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.	981.1	0.0	981.1	50.0	0.0
Enbridge Energy Partners LLF	1,992.4		1,961.4		0.0
Kinder Morgan Energy	13,141.9	2,040.0	11,372.1	160.0	0.0
Plains All American Pipeline I	2,191.4		1,200.4		46.8
TEPPCO Partners L.P.	1,472.1	180.0	1,472.1	85.0	0.0
<b>Mean</b>	3,955.8	740.0	3,397.4	98.3	9.4
<b>Weighted or Total</b>	19,778.9	2,220.0	16,987.1	295.0	46.8

Company Name	Preferred Dividends (000,000)	Common Shares Outstgng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.22%
Buckeye Partners L.P.	0.0	39,675,660	46.44	NMF	900.8
Enbridge Energy Partners LLF	0.0	77,161,604	49.32	NMF	1,094.8
Kinder Morgan Energy	0.0	229,234,232	47.72	NMF	9,215.2
Plains All American Pipeline I	32.7	80,994,178	51.04	NMF	1,362.7
TEPPCO Partners L.P.	0.0	75,713,554	40.19	NMF	1,428.0
<b>Mean</b>	6.5	100,555,846		<b>38.50%</b>	2,800.3
<b>Weighted or Total</b>	32.7				14,001.5

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.17%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
Buckeye Partners L.P.	0.0	1,842.5	32.84%	0.00%	67.16%
Enbridge Energy Partners LLF	0.0	3,805.6	22.34%	0.00%	77.66%
Kinder Morgan Energy	0.0	10,939.1	45.72%	0.00%	54.28%
Plains All American Pipeline I	530.0	4,133.9	22.61%	8.79%	68.59%
TEPPCO Partners L.P.	0.0	3,042.5	31.94%	0.00%	68.06%
<b>Mean</b>	106.0	4,752.7	<b>31.09%</b>	<b>1.76%</b>	<b>67.15%</b>
<b>Weighted or Total</b>	530.0	23,763.6	<b>36.56%</b>	<b>1.38%</b>	<b>62.05%</b>

## RAILROADS

### Capital Structure at Market Value

FOR: January 1, 2007

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	7,357.0	2,377.0	6,611.0	430.0	0.0
CSX Corp.	6,009.0	2,614.0	4,937.0	387.0	0.0
Kansas City South'n	1,676.7	186.0	1,490.5	130.0	199.5
Norfolk Southern	6,625.0	2,000.0	6,141.0	485.0	0.0
Union Pacific	7,050.0	3,100.0	6,657.0	530.0	0.0
<b>Mean</b>	5,743.5	2,055.4	5,167.3	392.4	39.9
<b>Weighted or Total</b>	28,717.7	10,277.0	25,836.5	1,962.0	199.5

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.22%
Burlington Northern	0.0	359,206,742	74.93	37.46	7,472.5
CSX Corp.	0.0	435,181,651	35.25	37.05	6,475.8
Kansas City South'n	8.8	75,834,470	29.46	26.38	1,948.3
Norfolk Southern	0.0	396,892,000	50.86	29.32	7,257.9
Union Pacific	0.0	269,719,931	93.98	32.55%	7,676.6
<b>Mean</b>	1.8	307,366,959		32.55%	6,166.2
<b>Weighted or Total</b>	8.8				30,831.1

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.17%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
Burlington Northern	0.0	26,915.4	21.73%	0.00%	78.27%
CSX Corp.	0.0	15,340.2	29.68%	0.00%	70.32%
Kansas City South'n	142.6	2,234.1	45.05%	3.30%	51.66%
Norfolk Southern	0.0	20,185.9	26.45%	0.00%	73.55%
Union Pacific	0.0	25,348.3	23.24%	0.00%	76.76%
<b>Mean</b>	28.5	18,004.8	29.23%	0.66%	70.11%
<b>Weighted or Total</b>	142.6	90,023.9	25.48%	0.12%	74.40%

# TELECOMMUNICATIONS I INCLUDING WIRELESS COMMUNICATIONS

## Capital Structure at Market Value

FOR: January 1, 2007

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.	2,934.2	300.0	2,711.6	180.0	0.3
AT&T Inc.	31,512.0	12,000.0	26,799.0	1,500.0	0.0
CenturyTel Inc.	2,611.9	1,210.0	2,417.8	190.0	7.5
Citizens Communic.	3,985.5	950.0	3,947.7	330.0	0.0
Sprint Nextel Corp.	21,961.0	5,700.0	19,643.0	1,235.0	0.0
U.S. Cellular	1,296.4	145.0	1,161.4	69.0	0.0
Verizon Communic.	41,683.0	20,941.0	30,154.0	2,076.0	0.0
<b>Mean</b>	15,140.6	5,892.3	12,404.9	797.1	1.1
<b>Weighted or Total</b>	105,984.0	41,246.0	86,834.5	5,580.0	7.8

Company Name	Preferred Dividends (000,000)	Common Shares Outstndg	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.22%
ALLTEL Corp.	0.0	373,632,068	61.55	39.70	3,015.30
AT&T Inc.	0.0	3,842,900,000	35.53	32.13	30,506.10
CenturyTel Inc.	0.4	115,400,000	44.02	37.80	2,823.50
Citizens Communic.	0.0	321,895,531	14.44	29.63	4,510.50
Sprint Nextel Corp.	0.0	2,894,903,669	19.05	38.03	22,046.70
U.S. Cellular	0.0	87,203,705	70.30	37.74	1,272.90
Verizon Communic.	0.0	2,919,515,293	38.15	30.94	42,853.70
<b>Mean</b>	0.06	1,507,921,467		<b>35.14%</b>	15,289.81
<b>Weighted or Total</b>	0.4				107,028.70

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.17%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
ALLTEL Corp.	0.3	22,997.1	11.59%	0.00%	88.41%
AT&T Inc.	0.0	136,538.2	18.26%	0.00%	81.74%
CenturyTel Inc.	6.5	5,079.9	35.71%	0.08%	64.22%
Citizens Communic.	0.0	4,648.2	49.25%	0.00%	50.75%
Sprint Nextel Corp.	0.0	55,147.9	28.56%	0.00%	71.44%
U.S. Cellular	0.0	6,130.4	17.19%	0.00%	82.81%
Verizon Communic.	0.0	111,379.5	27.80%	0.00%	72.21%
<b>Mean</b>	1.0	48,845.9	<b>26.91%</b>	<b>0.01%</b>	<b>73.08%</b>
<b>Weighted or Total</b>	6.8	341,921.2	<b>23.84%</b>	<b>0.00%</b>	<b>76.16%</b>

## TELECOMMUNICATIONS II

### Capital Structure at Market Value

FOR: January 1, 2007

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)
Broadwing Corp	201.7		199.9		0.0
Cincinnati Bell	2,073.1	782.0	2,066.3	164.0	155.3
Dobson Communications Corp	2,597.5		2,596.5		135.7
Level 3 Communic.	6,582.0		6,577.0		0.0
Qwest Communic.	14,913.0	4,300.0	13,228.0	1,160.0	0.0
Time Warner Telecom Inc	1,221.6		1,218.5		0.0
<b>Mean</b>	4,598.2	2,541.0	4,314.4	662.0	48.5
<b>Weighted or Total</b>	27,588.9	5,082.0	25,886.2	1,324.0	291.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstndg	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.22%
Broadwing Corp	0.0	88,173,571	15.80	0	110.6
Cincinnati Bell	10.5	247,209,440	4.66	55.79	2,270.0
Dobson Communications Corp	0.0	170,551,067	8.84	0	1,420.8
Level 3 Communic.	0.0	1,174,953,605	5.73	0	3,600.8
Qwest Communic.	0.0	1,903,591,000	8.46	0	17,061.2
Time Warner Telecom Inc	0.0	122,822,772	20.48	0	668.7
<b>Mean</b>	1.8	617,883,576		<b>38.50%</b>	4,188.7
<b>Weighted or Total</b>	10.5				25,132.1

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.17%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
Broadwing Corp	0.0	1,393.1	7.36%	0.00%	92.64%
Cincinnati Bell	170.2	1,152.0	63.19%	4.74%	32.07%
Dobson Communications Corp	0.0	1,507.7	48.52%	0.00%	51.48%
Level 3 Communic.	0.0	6,732.5	34.85%	0.00%	65.15%
Qwest Communic.	0.0	16,104.4	51.44%	0.00%	48.56%
Time Warner Telecom Inc	0.0	2,515.4	21.00%	0.00%	79.00%
<b>Mean</b>	28.4	4,900.9	<b>37.73%</b>	<b>0.79%</b>	<b>61.48%</b>
<b>Weighted or Total</b>	170.2	29,405.1	<b>45.94%</b>	<b>0.31%</b>	<b>53.75%</b>