

# ORIGINAL

DOCKET NO.: 981834-TP - [Petition of Competitive Carriers for Commission action to support local competition in BellSouth's Telecommunications, Inc. service territory]

DOCKET NO.: 990321-TP - [Petition of ACI Corp. d/b/a Accelerated Connections, Inc. for generic investigation to ensure that BellSouth Telecommunications, Incorporated, Sprint-Florida, Incorporated, and GTE Florida, Incorporated, comply with obligation to provide alternative local exchange carriers with flexible, timely, and cost-efficient physical collocation.]

WITNESS: Rebuttal Testimony of Pete Lester Appearing on Behalf of Staff

DATE FILED: April 18, 2003

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1 REBUTTAL TESTIMONY OF PETE LESTER

2 Q. Please state your name and business address.

3 A. My name is Pete Lester and my business address is 2540 Shumard Oak  
4 Boulevard, Tallahassee, Florida 32399-0850.

5 Q. By whom are you employed and in what capacity?

6 A. I am employed by the Florida Public Service Commission (FPSC or  
7 Commission) as an Economic Analyst in the Finance and Tax Section of the  
8 Division of Economic Regulation.

9 Q. Will you briefly summarize your educational background and experience?

10 A. I received a Bachelor of Science degree in Finance from Florida State  
11 University in March 1978. In June 1980, I received a Masters of Business  
12 Administration degree also from Florida State University. In August 1980, I  
13 began work as a material price analyst for Avco Aerostructures, a major  
14 aerospace subcontractor in Nashville, Tennessee. My responsibilities included  
15 preparing bids for subcontracts, analyzing price variances among vendors,  
16 pricing plan changes, and helping customer and government auditors.

17 In September 1981, I joined the Staff of the Commission as a staff  
18 analyst in the Division of Water and Wastewater. As an analyst, I was  
19 responsible for rate structure issues on file and suspend rate cases and for  
20 all finance, accounting, and rate structure issues for staff-assisted rate  
21 cases, overearnings investigations, and certificate cases. In addition, I was  
22 responsible for case coordination and scheduling, presenting staff positions  
23 to customers at customer meetings, responding to customer complaints, and  
24 conducting research projects.

25 In August 1990, I was promoted to an Economic Analyst position in the

1 Finance Section in the Division of Auditing and Financial Analysis. I now  
2 work in the Division of Economic Regulation. My responsibilities include  
3 advising the Commission on the appropriate cost of equity, capital structure,  
4 and overall cost of capital for regulated companies in rate cases and other  
5 proceedings.

6 Q. Are you a member of any professional associations?

7 A. Yes. I am a member of the Society of Utility and Regulatory Financial  
8 Analysts (SURFA). I have been awarded the professional designation Certified  
9 Rate of Return Analyst (CRRRA) by SURFA. This designation is awarded based  
10 upon education, experience, and the successful completion of a written  
11 examination.

12 In addition, I have been awarded the professional designation Chartered  
13 Financial Analyst (CFA) by the Association for Investment Management and  
14 Research (AIMR), of which I am a member. A CFA is awarded based on the  
15 candidate having qualifying work experience, meeting AIMR's standards, and  
16 passing three exams.

17 Q. Have you previously testified before the Commission?

18 A. Yes. I testified for staff in Docket No. 920733-WS, Docket No. 940620-  
19 GU and Docket No. 940276-GU regarding General Development Utilities, Florida  
20 Public Utilities, and City Gas Company of Florida, respectively. I also  
21 testified for staff in Docket No. 010006-WS regarding the Commission's water  
22 and wastewater leverage formula. The subject of my testimony was cost of  
23 equity and capital structure. In addition, as a Commission staff member, I  
24 have participated in many rate and regulatory proceedings.

25 Q. What is the purpose of your testimony?

1 A. The purpose of my testimony is to rebut the direct testimony of Verizon  
2 Florida witness Dr. James Vander Weide. Specifically, I disagree with Dr.  
3 Vander Weide's recommended cost of equity, his recommended capital structure,  
4 and his recommended risk premium. I provide an alternative cost of equity,  
5 capital structure, and weighted average cost of capital for use as an input  
6 into the cost model for pricing Verizon Florida's collocation services.

7 Q. Do you have exhibits that accompany your testimony?

8 A. Yes. Attached to my testimony are Exhibits PL-1 through PL-3.

9 Q. What are your comments about Dr. Vander Weide's estimate of Verizon  
10 Florida's cost of equity?

11 A. Dr. Vander Weide's estimate of the cost of equity is based on a  
12 quarterly version of the Discounted Cash Flow (DCF) model applied to the  
13 Standard and Poor's Industrials. For the growth rate, he uses forecasted  
14 future earnings growth as provided by I/B/E/S through Standard and Poor's  
15 Compustat Database. He uses April 2002 stock prices and growth forecasts.  
16 He calculated a market-weighted average of 14.13% as his estimate of Verizon  
17 Florida's cost of equity. I disagree with his exclusive use of earnings  
18 growth and his proxy group of companies.

19 Q. What is your disagreement with the use of earnings growth?

20 A. I believe the exclusive use of earnings growth in a DCF model can  
21 overestimate the cost of equity. The DCF model is a dividend discounting  
22 model and the growth rate component describes growth in dividends.

23 Managers try to avoid dividend cuts and they will raise their company's  
24 dividend only when they believe it can be sustained. For this reason, year-  
25 to-year changes in earnings per share can be more volatile than year-to-year

1 | changes in dividends per share. Projected dividend growth can differ from  
2 | projected earnings growth. Therefore, I believe some weighting should be  
3 | given to projected dividend growth.

4 | Q. What is your disagreement with the S & P Industrials as a proxy group?

5 | A. I basically agree with Dr. Vander Weide that the appropriate cost of  
6 | equity for collocation should be based on required returns for competitive  
7 | companies. However, to measure the cost of equity for companies in  
8 | competitive markets, I believe a broad proxy group of companies is necessary  
9 | to reflect the range of risk and return characteristics of such companies.

10 | Q. What alternative to Dr. Vander Weide's estimate of the cost of equity  
11 | input do you recommend?

12 | A. I recommend a cost of equity of 12.64% as an appropriate input for the  
13 | cost model for pricing collocation for Verizon Florida. I calculated this  
14 | cost of equity by applying a quarterly DCF model to a proxy group of 657  
15 | dividend-paying stocks covered by the Value Line Investment Survey that had  
16 | positive projected dividend growth and positive projected earnings growth.  
17 | I used the same DCF equation as Dr. Vander Weide, which is shown on his  
18 | Exhibit JWV-1. I used February 2003 stock prices and forecasts as reported  
19 | by Value Line and I included a 4% flotation cost allowance.

20 | In theory, dividend and earnings growth should be the same in the long  
21 | run. However, with shorter term projections, earnings and dividend growth can  
22 | be different. Therefore, for the projected growth component of the DCF model,  
23 | I used the average of Value Line's projected dividend growth rate and  
24 | projected earnings growth rate.

25 | I eliminated 75 companies that had results below the forecasted BBB bond

1 | yield as reported by the February 1, 2003 Blue Chip Financial Forecast. Since  
2 | investors require a higher return on equity than on debt, results below the  
3 | cost of debt are illogical. On the high end of the distribution of returns,  
4 | I eliminated 11 results that were more than three standard deviations above  
5 | the mean. These high results were driven by growth rates that may not be  
6 | sustainable. After eliminating outliers, the average DCF result is 12.64%.  
7 | On Exhibit PL-1, I provide the calculation of my recommended 12.64% cost of  
8 | equity and my proxy group of companies.

9 | Q. Why are you recommending using companies in competitive markets as a  
10 | proxy group for determining the cost of equity for collocation?

11 | A. I believe the risks facing the wireline telecommunications network,  
12 | including collocation, have risen to the level of risks faced by companies in  
13 | competitive markets. Current risk factors for the incumbent local exchange  
14 | carriers' (ILECs') network include wireless substitution, partial network  
15 | bypass by alternative local exchange carriers (ALECs), cable telephony, and  
16 | internet services. Bypass risk is moderated somewhat by the financial  
17 | distress in the ALEC sector.

18 | In addition, in announcing its Triennial review of unbundled network  
19 | elements (UNEs), the Federal Communications Commission (FCC) clarified that  
20 | the risk-adjusted cost of capital used in calculating UNE prices should  
21 | reflect the risks associated with a competitive market.

22 | The required returns for a broad group of common stocks reflect the  
23 | range of risks faced by companies in competitive markets. I believe that the  
24 | use of market data for a diverse group of companies in competitive markets  
25 | yields an appropriate cost of equity for pricing Verizon Florida's collocation

1 | services.

2 | Q. What are your comments regarding Dr. Vander Weide's recommended capital  
3 | structure?

4 | A. Dr. Vander Weide recommends a market value capital structure of 75%  
5 | equity and 25% debt. He bases this recommendation on market value capital  
6 | structures for the S & P Industrials and a group of telecommunications  
7 | companies for the five-year period 1997 through 2001.

8 | Q. Do you agree with Dr. Vander Weide's recommended capital structure?

9 | A. I agree with the concept of a market value capital structure for use in  
10 | calculating the cost of capital of companies operating in competitive markets  
11 | but I disagree with Dr. Vander Weide's particular version. I note that Dr.  
12 | Vander Weide's recommended 75% equity ratio is essentially the same as the  
13 | market value equity ratio for telecommunications companies in 2001. I believe  
14 | it is appropriate to use recent data for calculating the market value capital  
15 | structure, as opposed to historical ranges, and match the cost of equity and  
16 | capital structure to the same period.

17 | Q. Why do you support the concept of a market value capital structure?

18 | A. Financial theory supports the use of market value capital structures.  
19 | Market values are the best expression of an asset's earning power, cash flow,  
20 | and debt service ability. Further, the goal of firms in competitive markets  
21 | is to maximize their shareholders' wealth. A cost of capital based on a  
22 | market value capital structure is consistent with this goal.

23 | Q. What capital structure do you recommend?

24 | A. I recommend a market value capital structure of 71% equity and 29% debt  
25 | based on the market value capital structures for the three Regional Bell

1 | Operating companies (RBOCs) with investment grade bond ratings - BellSouth  
2 | Corporation, SBC Communications, and Verizon Communications. My calculation  
3 | of this capital structure is presented on Exhibit PL-2. I used book values  
4 | for short-term and long-term debt as of December 31, 2002. For equity I used  
5 | market values as of February 2003. I note that market values for investment-  
6 | grade debt will be close to book values. Currently, bond prices indicate that  
7 | the market value for long-term debt is somewhat greater than book value.

8 | I estimate that the market value capital structure for my proxy group  
9 | of companies is 74.4% but that is based on book values for debt typically from  
10 | December 2001. Therefore, I have chosen the more conservative and more  
11 | current market value capital structure based on the RBOCs.

12 | Q. Is the use of market-value-based capital structures controversial?

13 | A. Market value capital structures have not been widely employed in UNE  
14 | proceedings. Though financial theory specifies market value capital  
15 | structures, I believe a conservative approach is warranted since market values  
16 | for equity vary considerably and can result in very high levels of equity in  
17 | the capital structure. This can imply unreasonably high interest coverage  
18 | ratios. Further, from the book value capital structure ratios presented on  
19 | Exhibit PL-2, ILECs evidently use significant amounts of debt to finance their  
20 | networks. Therefore, while I support the idea of a market value capital  
21 | structure, I recommend a conservative application.

22 | Q. If the Commission rejects the use of a market value capital structure,  
23 | do you have a recommendation?

24 | A. Yes. I recommend a capital structure of 60% equity and 40% debt. This  
25 | would be consistent with previous Commission decisions regarding the



1 | appropriate capital structure for UNEs.

2 | Q. Based upon your alternatives to Dr. Vander Weide's cost of equity and  
3 | capital structure, what is your recommended cost of capital?

4 | A. I recommend 11.12% as the appropriate risk-adjusted cost of capital to  
5 | use in pricing Verizon Florida's collocation services. As presented on  
6 | Exhibit PL-3, this cost of capital is based on a cost of equity of 12.64%, Dr.  
7 | Vander Weide's recommended 7.40% cost rate for debt, and a market-value-based  
8 | capital structure consisting of 71% equity and 29% debt. I believe this cost  
9 | of capital reflects the risks associated with a competitive market.

10 | Q. What are your comments on Dr. Vander Weide's required risk premium?

11 | A. Dr. Vander Weide asserts that Verizon Florida incurs risk because ALECs  
12 | can cancel their collocation leases on a monthly basis. He notes that an  
13 | operating lease is more risky than a financial lease. He employs a binomial  
14 | option pricing model and the different required returns for financial and  
15 | operating leases to estimate a 5.92% required risk premium. He notes that  
16 | Verizon Florida's weighted average cost of capital is 12.45% without  
17 | considering what he states are the unique risks of the TELRIC regulatory and  
18 | operating environment. He adds the 5.92% risk premium to his estimate of  
19 | Verizon Florida's weighted average cost of capital of 12.45% to arrive at his  
20 | recommended cost of capital of 18.36% for TELRIC collocation cost studies in  
21 | Florida. I believe this risk premium is unnecessary.

22 | Q. What is the basis for the risk premium recommended by Dr. Vander Weide?

23 | A. Dr. Vander Weide notes throughout his testimony that collocation leases  
24 | are not long term and can be cancelled on a monthly basis. This could leave  
25 | Verizon Florida with investment in facilities to provide collocation that

1 | might be underutilized since the cost of those facilities is a sunk cost.  
2 | Verizon Florida might not be able to recover such cost.

3 |         Dr. Vander Weide notes that the risk of investing in collocation  
4 | facilities is greater than the risk of investing in the average competitive  
5 | company because of the TELRIC pricing methodology. He contends on page 34 of  
6 | his testimony that TELRIC rates are re-set every few years to reflect  
7 | supposedly lower costs and that TELRIC rates are affected by new technologies.

8 | Q.     Is the provision of collocation services affected by new technologies?

9 | A.     According to Verizon Florida witness Barbara Ellis:

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11 |         . . . the provisioning of collocation services is labor and  
12 | materials (and not technology) intensive. Thus, general  
13 | technological advances are not likely to lead to "future  
14 | efficiency gains" in the provisioning of collocation services.  
15 | (See page 16 of the Direct Testimony of Barbara Ellis.)

16 |

17 |         In addition, Verizon Florida's cost study assumes that collocation will  
18 | be requested in central offices that exist today in Florida. It apparently  
19 | is not based on the ". . . unrealistic assumption that the telecommunications  
20 | network can be reconstructed each time a new technology appears and companies  
21 | incur no costs in transitioning to new technologies . . . ." (See page 34 of  
22 | Dr. Vander Weide's direct testimony.).

23 |         I conclude from the above that the effect of new technology on  
24 | collocation is not great. Also, the risk of "rapidly changing technology,"  
25 | mentioned by Dr. Vander Weide on pages 49 and 50 of his testimony, is minimal

1 | for collocation.

2 | Q. Regarding collocation, are forward-looking costs lower than historical  
3 | costs?

4 | A. In general, no. To the extent buildings are involved, the cost of  
5 | buildings is rising. For its forward-looking cost study, Verizon Florida  
6 | updated its historical building costs to current dollars by adjusting for  
7 | inflation. In addition, labor costs are an important part of collocation  
8 | costs and labor rates generally increase into the future.

9 | Q. What do you conclude regarding Dr. Vander Weide's arguments that the  
10 | risks of investing in collocation facilities under the TELRIC standard is  
11 | greater than the risk of investing in the average competitive company?

12 | A. Regarding collocation, I disagree with those arguments. Technology is  
13 | not a dominant factor affecting the provision of collocation services. In  
14 | addition, significant costs associated with collocation are not declining and  
15 | there is no trend in Florida of collocation rates being re-set to reflect  
16 | lower costs.

17 | Q. Regarding building space for collocation, are ILECs exposed to more risk  
18 | than companies in competitive markets?

19 | A. No. According to Rule 51.321 (e) and (f), CFR, an incumbent LEC is not  
20 | required to provide physical collocation if it demonstrates that the physical  
21 | collocation is not practical because of space limitations. Since it is not  
22 | required to construct additional building space solely to provide collocation  
23 | space, it is in the same position as companies in competitive markets, which  
24 | have a choice about adding building space to meet additional demand.

25 | Moreover, while Verizon Florida has moved building modification costs

1 | to monthly recurring charges, it still recovers some of its collocation  
2 | investment through up-front non-recurring charges. This can reduce the  
3 | investment at risk. In contrast, companies in competitive markets typically  
4 | absorb all the set-up costs to serve customers and attempt to recover these  
5 | costs through future sales.

6 | Q. What is your conclusion regarding Dr. Vander Weide's recommended  
7 | required risk premium?

8 | A. I believe it is unnecessary. The risk of an ALEC customer cancelling  
9 | its monthly lease is comparable to the risk of a customer not buying a product  
10 | or service. That risk is faced by companies in competitive markets. Such  
11 | companies face significant risks of underutilized investment and the inability  
12 | to recover sunk costs. I believe a cost of capital that reflects the risks  
13 | associated with companies in competitive markets encompasses this risk and is  
14 | the appropriate cost of capital for pricing collocation services.

15 | In addition, allowing a cost of capital that reflects the risks  
16 | associated with a competitive market is consistent with the intent of TELRIC  
17 | pricing, which is to simulate a competitive market for UNEs.

18 | Q. Please summarize your testimony.

19 | A. I disagree with Verizon Florida witness Dr. Vander Weide on cost of  
20 | equity, capital structure and his recommended required risk premium. I  
21 | provide alternatives to his cost of equity and capital structure and I  
22 | conclude that 11.12% is the appropriate cost of capital for pricing  
23 | collocations services. I note that this cost of capital reflects the risks  
24 | associated with a competitive market. I believe Dr. Vander Weide's risk  
25 | premium of 5.92% is unnecessary.

1 Q. Does this conclude your testimony?

2 A. Yes. It does.

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| Company Name            | Price | Current Dividend | Projected Growth | DCF Results |         |
|-------------------------|-------|------------------|------------------|-------------|---------|
|                         |       |                  |                  | 12.64%      | Average |
| Huntington Bancshs.     | 19.22 | 0.64             | 4.25%            | 7.91%       |         |
| Pioneer-Standard        | 8.02  | 0.12             | 6.25%            | 7.92%       |         |
| Honeywell Int'l         | 22.32 | 0.75             | 4.25%            | 7.95%       |         |
| GlaxoSmithKline ADR     | 34.16 | 1.15             | 4.25%            | 7.95%       |         |
| Beckman Coulter         | 33.30 | 0.36             | 6.75%            | 7.96%       |         |
| Ruddick Corp.           | 12.38 | 0.36             | 4.75%            | 7.96%       |         |
| Morgan Stanley          | 37.13 | 0.92             | 5.25%            | 7.99%       |         |
| Thomas Inds             | 24.97 | 0.34             | 6.50%            | 8.02%       |         |
| Hughes Supply           | 22.03 | 0.40             | 6.00%            | 8.02%       |         |
| Pitney Bowes            | 30.75 | 1.20             | 3.75%            | 8.03%       |         |
| Marriott Int'l          | 30.00 | 0.28             | 7.00%            | 8.04%       |         |
| Goldman Sachs           | 66.30 | 0.48             | 7.25%            | 8.06%       |         |
| Kellogg                 | 29.00 | 1.01             | 4.25%            | 8.08%       |         |
| Valero Energy           | 40.70 | 0.40             | 7.00%            | 8.10%       |         |
| Northrop Grumman        | 83.75 | 1.60             | 6.00%            | 8.13%       |         |
| Arrow Int'l             | 40.91 | 0.32             | 7.25%            | 8.13%       |         |
| Maytag Corp             | 23.47 | 0.72             | 4.75%            | 8.14%       |         |
| Baldor Electric         | 21.80 | 0.52             | 5.50%            | 8.15%       |         |
| Energen Corp.           | 30.56 | 0.73             | 5.50%            | 8.15%       |         |
| Albertson's Inc.        | 18.81 | 0.76             | 3.75%            | 8.19%       |         |
| Whirlpool Corp.         | 46.97 | 1.36             | 5.00%            | 8.20%       |         |
| Royal Caribbean Cruises | 12.80 | 0.52             | 3.75%            | 8.21%       |         |
| Interstate Bakeries     | 9.60  | 0.28             | 5.00%            | 8.23%       |         |
| Vulcan Materials        | 30.39 | 0.98             | 4.75%            | 8.31%       |         |
| Claire's Stores         | 22.05 | 0.16             | 7.50%            | 8.31%       |         |
| Southern Co.            | 28.58 | 1.40             | 3.00%            | 8.36%       |         |
| BellSouth Corp.         | 21.21 | 0.84             | 4.00%            | 8.36%       |         |
| Bristol-Myers Squibb    | 23.15 | 1.14             | 3.00%            | 8.39%       |         |
| Lennox Int'l            | 13.41 | 0.38             | 5.25%            | 8.39%       |         |
| FPL Group               | 57.27 | 2.42             | 3.75%            | 8.39%       |         |
| Hubbell Inc 'B'         | 31.03 | 1.32             | 3.75%            | 8.42%       |         |
| Exxon Mobil Corp.       | 34.92 | 0.92             | 5.50%            | 8.43%       |         |
| United Parcel Serv      | 56.05 | 0.84             | 6.75%            | 8.43%       |         |
| Dow Jones & Co          | 34.71 | 1.00             | 5.25%            | 8.44%       |         |
| Sigma-Aldrich           | 42.48 | 0.36             | 7.50%            | 8.45%       |         |
| Autodesk Inc.           | 13.78 | 0.12             | 7.50%            | 8.48%       |         |
| Holly Corp.             | 22.02 | 0.44             | 6.25%            | 8.48%       |         |
| Modine Mfg              | 14.64 | 0.50             | 4.75%            | 8.53%       |         |
| Intel Corp              | 16.98 | 0.08             | 8.00%            | 8.53%       |         |
| Hewlett-Packard         | 15.56 | 0.32             | 6.25%            | 8.54%       |         |
| Bandag Inc              | 29.28 | 1.28             | 3.75%            | 8.56%       |         |
| Oshkosh B'Gosh 'A'      | 23.93 | 0.28             | 7.25%            | 8.56%       |         |
| Du Pont                 | 35.67 | 1.40             | 4.25%            | 8.58%       |         |
| ITT Industries          | 53.92 | 0.64             | 7.25%            | 8.58%       |         |
| Lawson Products         | 25.14 | 0.64             | 5.75%            | 8.58%       |         |
| Amer Woodmark           | 38.26 | 0.20             | 8.00%            | 8.59%       |         |

| Company Name        | Price  | Current Dividend | Projected Growth | DCF Results |
|---------------------|--------|------------------|------------------|-------------|
| Franklin Resources  | 31.93  | 0.31             | 7.50%            | 8.59%       |
| Northwest Nat. Gas  | 24.68  | 1.27             | 3.00%            | 8.63%       |
| Royal Dutch Petr.   | 40.23  | 1.60             | 4.25%            | 8.64%       |
| Colgate-Palmolive   | 50.15  | 0.96             | 6.50%            | 8.64%       |
| Union Pacific       | 54.29  | 0.92             | 6.75%            | 8.65%       |
| Regal-Beloit        | 15.67  | 0.48             | 5.25%            | 8.65%       |
| Cinergy Corp.       | 31.50  | 1.85             | 2.25%            | 8.65%       |
| Raymond James Fin'l | 24.35  | 0.36             | 7.00%            | 8.66%       |
| Ferro Corp.         | 20.38  | 0.58             | 5.50%            | 8.66%       |
| G't Lakes Chemical  | 21.01  | 0.36             | 6.75%            | 8.67%       |
| Questar Corp        | 28.16  | 0.74             | 5.75%            | 8.67%       |
| Nordstrom Inc       | 16.66  | 0.40             | 6.00%            | 8.68%       |
| Newell Rubbermaid   | 25.25  | 0.84             | 5.00%            | 8.69%       |
| Commercial Metals   | 13.26  | 0.32             | 6.00%            | 8.69%       |
| Harland (John H.)   | 23.19  | 0.30             | 7.25%            | 8.70%       |
| Arch Chemicals      | 16.01  | 0.80             | 3.25%            | 8.73%       |
| Media General 'A'   | 49.18  | 0.76             | 7.00%            | 8.73%       |
| WGL Holdings Inc.   | 25.58  | 1.28             | 3.25%            | 8.74%       |
| Tidewater Inc.      | 29.89  | 0.60             | 6.50%            | 8.74%       |
| Ingersoll-Rand      | 38.16  | 0.68             | 6.75%            | 8.75%       |
| Telephone & Data    | 39.15  | 0.62             | 7.00%            | 8.78%       |
| Reynolds & Reynolds | 24.28  | 0.44             | 6.75%            | 8.78%       |
| Gap (The) Inc       | 12.85  | 0.09             | 8.00%            | 8.79%       |
| South Jersey Inds.  | 31.91  | 1.54             | 3.50%            | 8.80%       |
| CNF Inc.            | 28.61  | 0.40             | 7.25%            | 8.82%       |
| Miller (Herman)     | 15.66  | 0.15             | 7.75%            | 8.83%       |
| Universal Corp      | 38.58  | 1.44             | 4.75%            | 8.88%       |
| Diebold Inc.        | 35.59  | 0.68             | 6.75%            | 8.89%       |
| UNUMProvident Corp  | 12.60  | 0.59             | 3.75%            | 8.90%       |
| Brown-Forman 'B'    | 69.65  | 1.50             | 6.50%            | 8.91%       |
| Electronic Data Sys | 15.00  | 0.60             | 4.50%            | 8.92%       |
| NSTAR               | 40.09  | 2.17             | 3.00%            | 8.93%       |
| Toyota Motor ADR    | 48.66  | 0.43             | 8.00%            | 9.00%       |
| Analogic Corp.      | 46.61  | 0.32             | 8.25%            | 9.03%       |
| Cubic Corp          | 14.80  | 0.14             | 8.00%            | 9.07%       |
| ENDESA ADR          | 12.01  | 0.64             | 3.25%            | 9.10%       |
| Procter & Gamble    | 80.99  | 1.70             | 6.75%            | 9.10%       |
| ChevronTexaco       | 65.95  | 2.90             | 4.25%            | 9.11%       |
| 3M Company          | 125.10 | 2.64             | 6.75%            | 9.12%       |
| Sensient Techn      | 20.00  | 0.56             | 6.00%            | 9.13%       |
| MGE Energy          | 26.35  | 1.35             | 3.50%            | 9.14%       |
| ALLETE              | 19.35  | 1.13             | 2.75%            | 9.14%       |
| Banta Corp.         | 27.79  | 0.72             | 6.25%            | 9.15%       |
| Anheuser-Busch      | 45.97  | 0.78             | 7.25%            | 9.16%       |
| HON Industries Inc. | 27.00  | 0.52             | 7.00%            | 9.16%       |
| BP PLC ADR          | 39.27  | 1.67             | 4.50%            | 9.21%       |
| Avery Dennison      | 54.16  | 1.44             | 6.25%            | 9.22%       |
| California Water    | 25.10  | 1.13             | 4.25%            | 9.23%       |

| Company Name            | Price | Current Dividend | Projected Growth | DCF Results |
|-------------------------|-------|------------------|------------------|-------------|
| Wyeth                   | 35.25 | 0.94             | 6.25%            | 9.23%       |
| Standard Pacific Corp.  | 24.33 | 0.32             | 7.75%            | 9.23%       |
| Cabot Oil & Gas 'A'     | 24.44 | 0.16             | 8.50%            | 9.24%       |
| STMicroelectronics      | 18.27 | 0.04             | 9.00%            | 9.25%       |
| Emerson Electric        | 46.58 | 1.57             | 5.50%            | 9.25%       |
| ONEOK Inc.              | 17.65 | 0.68             | 5.00%            | 9.28%       |
| Starwood Hotels         | 23.01 | 0.84             | 5.25%            | 9.31%       |
| PPG Inds.               | 44.42 | 1.73             | 5.00%            | 9.33%       |
| Old Republic            | 26.51 | 0.67             | 6.50%            | 9.33%       |
| WPS Resources           | 38.73 | 2.17             | 3.25%            | 9.41%       |
| Public Serv. Enterprise | 34.20 | 2.16             | 2.50%            | 9.41%       |
| Datascope Corp          | 24.55 | 0.20             | 8.50%            | 9.42%       |
| Church & Dwight         | 28.85 | 0.30             | 8.25%            | 9.43%       |
| JLG Industries          | 4.64  | 0.02             | 9.00%            | 9.49%       |
| AptarGroup              | 29.58 | 0.26             | 8.50%            | 9.50%       |
| Riviana Foods           | 25.43 | 0.68             | 6.50%            | 9.50%       |
| Entergy Corp.           | 45.90 | 1.44             | 6.00%            | 9.51%       |
| Lehman Bros. Holdings   | 53.42 | 0.48             | 8.50%            | 9.52%       |
| Applebee's Int'l        | 25.05 | 0.06             | 9.25%            | 9.52%       |
| Engelhard Corp          | 20.32 | 0.42             | 7.25%            | 9.58%       |
| Becton Dickinson        | 33.80 | 0.40             | 8.25%            | 9.59%       |
| Constellation Energy    | 26.50 | 1.04             | 5.25%            | 9.62%       |
| Wendy's Int'l           | 24.30 | 0.24             | 8.50%            | 9.62%       |
| Hartford Fin'l Svcs     | 35.85 | 1.08             | 6.25%            | 9.62%       |
| Shell Transport         | 35.30 | 1.55             | 4.75%            | 9.62%       |
| Kaydon Corp             | 17.10 | 0.48             | 6.50%            | 9.65%       |
| Regions Financial       | 32.22 | 1.20             | 5.50%            | 9.65%       |
| NUI Corp                | 15.53 | 0.98             | 2.75%            | 9.67%       |
| Kimberly-Clark          | 44.40 | 1.36             | 6.25%            | 9.68%       |
| Briggs & Stratton       | 39.12 | 1.29             | 6.00%            | 9.69%       |
| Robbins & Myers         | 14.70 | 0.22             | 8.00%            | 9.69%       |
| Lee Enterprises         | 31.33 | 0.68             | 7.25%            | 9.70%       |
| McGraw-Hill             | 55.37 | 1.08             | 7.50%            | 9.70%       |
| Placer Dome             | 9.31  | 0.10             | 8.50%            | 9.72%       |
| HCA Inc.                | 41.37 | 0.08             | 9.50%            | 9.72%       |
| UniFirst Corp.          | 18.53 | 0.16             | 8.75%            | 9.73%       |
| Aon Corp.               | 19.26 | 0.60             | 6.25%            | 9.74%       |
| Manitowoc Co.           | 18.14 | 0.28             | 8.00%            | 9.75%       |
| Canon Inc. ADR          | 35.81 | 0.24             | 9.00%            | 9.76%       |
| Dover Corp.             | 24.97 | 0.56             | 7.25%            | 9.78%       |
| KB Home                 | 43.86 | 0.30             | 9.00%            | 9.78%       |
| Quaker Chemical         | 19.89 | 0.86             | 5.00%            | 9.81%       |
| FleetBoston Fin'l       | 24.36 | 1.40             | 3.50%            | 9.84%       |
| Walgreen Co.            | 28.39 | 0.15             | 9.25%            | 9.85%       |
| Praxair Inc             | 52.06 | 0.86             | 8.00%            | 9.87%       |
| Limited Brands          | 11.56 | 0.40             | 6.00%            | 9.87%       |
| Rouse Co                | 32.82 | 1.68             | 4.25%            | 9.92%       |
| Lancaster Colony        | 37.32 | 0.81             | 7.50%            | 9.95%       |



| Company Name            | Price | Current Dividend | Projected Growth | DCF Results |
|-------------------------|-------|------------------|------------------|-------------|
| New Jersey Resources    | 32.95 | 1.24             | 5.75%            | 9.96%       |
| Devon Energy            | 49.50 | 0.20             | 9.50%            | 9.96%       |
| United Industrial Corp. | 12.05 | 0.40             | 6.25%            | 9.97%       |
| Viad Corp.              | 20.65 | 0.36             | 8.00%            | 9.97%       |
| Caterpillar Inc.        | 45.63 | 1.42             | 6.50%            | 9.99%       |
| Price (T. Rowe) Group   | 25.56 | 0.68             | 7.00%            | 10.00%      |
| Coors (Adolph) 'B'      | 46.31 | 0.82             | 8.00%            | 10.01%      |
| DTE Energy              | 41.50 | 2.06             | 4.50%            | 10.01%      |
| Tennant Co.             | 31.05 | 0.84             | 7.00%            | 10.05%      |
| Matthews Int'l          | 22.66 | 0.11             | 9.50%            | 10.05%      |
| York Int'l              | 20.26 | 0.60             | 6.75%            | 10.08%      |
| National Fuel Gas       | 20.20 | 1.07             | 4.25%            | 10.12%      |
| Magna Int'l 'A'         | 53.03 | 1.36             | 7.25%            | 10.14%      |
| Korea Electric ADR      | 8.22  | 0.23             | 7.00%            | 10.15%      |
| McCormick & Co          | 23.11 | 0.44             | 8.00%            | 10.16%      |
| Bob Evans Farms         | 23.02 | 0.44             | 8.00%            | 10.17%      |
| Sara Lee Corp.          | 19.00 | 0.62             | 6.50%            | 10.17%      |
| Alcan Inc.              | 28.00 | 0.60             | 7.75%            | 10.18%      |
| Domtar Inc.             | 11.08 | 0.12             | 9.00%            | 10.23%      |
| BorgWarner              | 47.00 | 0.72             | 8.50%            | 10.24%      |
| Teleflex Inc.           | 36.28 | 0.72             | 8.00%            | 10.25%      |
| Nationwide Fin'l        | 23.28 | 0.52             | 7.75%            | 10.28%      |
| UST Inc.                | 29.20 | 2.00             | 2.75%            | 10.28%      |
| Alexander & Baldwin     | 24.80 | 0.90             | 6.25%            | 10.32%      |
| Delta Air Lines         | 8.53  | 0.10             | 9.00%            | 10.34%      |
| West Pharm. Svcs        | 19.51 | 0.80             | 5.75%            | 10.34%      |
| FirstEnergy Corp        | 29.86 | 1.50             | 4.75%            | 10.34%      |
| Regis Corp.             | 22.75 | 0.12             | 9.75%            | 10.35%      |
| V F. Corp.              | 33.59 | 1.00             | 7.00%            | 10.36%      |
| IMS HEALTH              | 15.00 | 0.08             | 9.75%            | 10.36%      |
| Marcus Corp.            | 13.40 | 0.22             | 8.50%            | 10.37%      |
| Meredith Corp.          | 38.59 | 0.38             | 9.25%            | 10.37%      |
| New York Times          | 44.47 | 0.54             | 9.00%            | 10.39%      |
| Lubrizol Corp           | 28.23 | 1.04             | 6.25%            | 10.39%      |
| Universal Forest        | 16.18 | 0.09             | 9.75%            | 10.39%      |
| Carlisle Cos.           | 41.70 | 0.88             | 8.00%            | 10.39%      |
| Union Planters          | 27.47 | 1.33             | 5.00%            | 10.40%      |
| ALLTEL Corp.            | 43.18 | 1.41             | 6.75%            | 10.43%      |
| Overseas Shipholding    | 16.04 | 0.60             | 6.25%            | 10.45%      |
| Brown Shoe              | 26.32 | 0.40             | 8.75%            | 10.48%      |
| Commerce Bancshs        | 37.70 | 0.66             | 8.50%            | 10.49%      |
| Peoples Energy          | 36.08 | 2.12             | 4.00%            | 10.51%      |
| Knight Ridder           | 60.37 | 1.08             | 8.50%            | 10.54%      |
| Nordson Corp.           | 24.22 | 0.60             | 7.75%            | 10.56%      |
| Rock-Tenn 'A'           | 12.78 | 0.32             | 7.75%            | 10.59%      |
| Piedmont Natural Gas    | 34.69 | 1.66             | 5.25%            | 10.60%      |
| Progress Energy         | 39.39 | 2.26             | 4.25%            | 10.62%      |
| NIKE Inc 'B'            | 46.58 | 0.56             | 9.25%            | 10.62%      |

| Company Name         | Price | Current Dividend | Projected Growth | DCF Results |
|----------------------|-------|------------------|------------------|-------------|
| Pulte Homes          | 45.98 | 0.16             | 10.25%           | 10.65%      |
| Clorox Co            | 42.31 | 0.90             | 8.25%            | 10.67%      |
| Wrigley (Wm.) Jr.    | 52.10 | 0.88             | 8.75%            | 10.68%      |
| Invacare Corp.       | 30.94 | 0.05             | 10.50%           | 10.69%      |
| WPP Group ADR        | 30.50 | 0.32             | 9.50%            | 10.70%      |
| ServiceMaster Co.    | 9.72  | 0.43             | 5.75%            | 10.71%      |
| McClatchy Co.        | 52.62 | 0.44             | 9.75%            | 10.71%      |
| Southwest Gas        | 20.41 | 0.86             | 6.00%            | 10.73%      |
| Werner Enterprises   | 18.72 | 0.08             | 10.25%           | 10.74%      |
| Gen'l Dynamics       | 56.39 | 1.24             | 8.25%            | 10.75%      |
| Zions Bancorp.       | 42.37 | 0.84             | 8.50%            | 10.76%      |
| Dominion Resources   | 54.79 | 2.58             | 5.50%            | 10.77%      |
| Mylan Labs           | 27.95 | 0.13             | 10.25%           | 10.79%      |
| La-Z-Boy Inc.        | 17.06 | 0.42             | 8.00%            | 10.80%      |
| Diagnostic Products  | 34.15 | 0.24             | 10.00%           | 10.81%      |
| TransCanada Pipe.    | 14.51 | 0.69             | 5.50%            | 10.82%      |
| Pogo Producing       | 39.67 | 0.20             | 10.25%           | 10.83%      |
| MBIA Inc.            | 37.08 | 0.68             | 8.75%            | 10.84%      |
| Bank of New York     | 22.25 | 0.76             | 7.00%            | 10.86%      |
| MTS Systems          | 11.58 | 0.24             | 8.50%            | 10.86%      |
| Lindsay Mfg          | 18.34 | 0.14             | 10.00%           | 10.88%      |
| Ecolab Inc.          | 48.04 | 0.58             | 9.50%            | 10.88%      |
| Scripps (E W ) 'A'   | 77.25 | 0.60             | 10.00%           | 10.89%      |
| Florida Rock         | 32.85 | 0.40             | 9.50%            | 10.90%      |
| PepsiCo Inc          | 37.30 | 0.62             | 9.00%            | 10.90%      |
| National City Corp.  | 27.83 | 1.22             | 6.00%            | 10.92%      |
| MacDermid Inc.       | 21.71 | 0.08             | 10.50%           | 10.92%      |
| PMI Group            | 25.88 | 0.10             | 10.50%           | 10.95%      |
| Gen'l Mills          | 42.29 | 1.10             | 8.00%            | 10.96%      |
| Capital One Fin'l    | 27.71 | 0.11             | 10.50%           | 10.96%      |
| Haverty Furniture    | 10.50 | 0.23             | 8.50%            | 11.00%      |
| Lincoln Elec Hldgs.  | 19.30 | 0.64             | 7.25%            | 11.00%      |
| ConAgra Foods        | 22.21 | 0.99             | 6.00%            | 11.01%      |
| Adobe Systems        | 25.94 | 0.06             | 10.75%           | 11.02%      |
| M.D.C. Holdings      | 36.14 | 0.32             | 10.00%           | 11.02%      |
| Molex Inc            | 21.22 | 0.10             | 10.50%           | 11.04%      |
| Bank of Hawaii       | 30.90 | 0.76             | 8.25%            | 11.05%      |
| Cabot Corp           | 21.13 | 0.52             | 8.25%            | 11.05%      |
| CAE Inc.             | 4.12  | 0.12             | 7.75%            | 11.06%      |
| Schering-Plough      | 16.60 | 0.71             | 6.25%            | 11.06%      |
| Owens & Minor        | 16.26 | 0.33             | 8.75%            | 11.07%      |
| Gannett Co           | 69.90 | 0.96             | 9.50%            | 11.07%      |
| ABM Industries Inc.  | 12.95 | 0.38             | 7.75%            | 11.08%      |
| Cooper Tire & Rubber | 13.25 | 0.42             | 7.50%            | 11.09%      |
| Schlumberger Ltd     | 40.17 | 0.75             | 9.00%            | 11.14%      |
| Commercial Federal   | 22.47 | 0.37             | 9.25%            | 11.14%      |
| Harsco Corp.         | 28.70 | 1.05             | 7.00%            | 11.14%      |
| Kellwood Co.         | 25.07 | 0.64             | 8.25%            | 11.16%      |

| Company Name           | Price | Current Dividend | Projected Growth | DCF Results |
|------------------------|-------|------------------|------------------|-------------|
| Hooper Holmes          | 4.92  | 0.05             | 10.00%           | 11.17%      |
| Wilmington Trust       | 27.59 | 1.02             | 7.00%            | 11.18%      |
| Quanex Corp.           | 31.66 | 0.68             | 8.75%            | 11.20%      |
| Unilever NV (NY Shs)   | 57.33 | 1.50             | 8.25%            | 11.23%      |
| Can. National Railway  | 41.55 | 0.63             | 9.50%            | 11.24%      |
| Strayer Education      | 55.30 | 0.26             | 10.75%           | 11.29%      |
| Phila. Suburban        | 20.81 | 0.56             | 8.25%            | 11.32%      |
| McKesson Corp.         | 25.91 | 0.24             | 10.25%           | 11.32%      |
| Ampco-Pittsburgh       | 12.70 | 0.40             | 7.75%            | 11.33%      |
| United Technologies    | 56.78 | 1.06             | 9.25%            | 11.39%      |
| Wallace Computer Serv  | 25.89 | 0.66             | 8.50%            | 11.41%      |
| Talisman Energy        | 59.50 | 0.60             | 10.25%           | 11.41%      |
| Alcoa Inc.             | 20.01 | 0.60             | 8.00%            | 11.41%      |
| Bemis Co.              | 40.31 | 1.12             | 8.25%            | 11.42%      |
| Tribune Co.            | 43.41 | 0.44             | 10.25%           | 11.42%      |
| Coca-Cola              | 37.55 | 0.88             | 8.75%            | 11.43%      |
| Protective Life        | 26.86 | 0.63             | 8.75%            | 11.43%      |
| SunTrust Banks         | 56.17 | 1.82             | 7.75%            | 11.43%      |
| Southwest Airlines     | 12.40 | 0.02             | 11.25%           | 11.44%      |
| Merck & Co             | 51.87 | 1.46             | 8.25%            | 11.46%      |
| Thomson Corp           | 38.77 | 1.11             | 8.25%            | 11.51%      |
| Omnicom Group          | 52.08 | 0.80             | 9.75%            | 11.52%      |
| Parker-Hannifin        | 38.42 | 0.76             | 9.25%            | 11.52%      |
| Noble Energy           | 35.60 | 0.16             | 11.00%           | 11.52%      |
| KeyCorp                | 23.74 | 1.22             | 5.75%            | 11.53%      |
| Genuine Parts          | 28.16 | 1.19             | 6.75%            | 11.53%      |
| Air Products & Chem    | 38.34 | 0.86             | 9.00%            | 11.57%      |
| Hibernia Corp. 'A'     | 17.73 | 0.60             | 7.75%            | 11.60%      |
| Centex Corp.           | 50.03 | 0.16             | 11.25%           | 11.62%      |
| Int'l Business Mach    | 77.73 | 0.60             | 10.75%           | 11.64%      |
| Countrywide Financial  | 52.17 | 0.52             | 10.50%           | 11.65%      |
| Lilly (Eli)            | 57.00 | 1.34             | 9.00%            | 11.69%      |
| Keithley Instruments   | 10.83 | 0.16             | 10.00%           | 11.70%      |
| Motorola Inc.          | 8.26  | 0.16             | 9.50%            | 11.73%      |
| SCANA Corp.            | 30.20 | 1.40             | 6.50%            | 11.74%      |
| Bowater Inc.           | 36.74 | 0.80             | 9.25%            | 11.75%      |
| Allstate Corp.         | 32.18 | 0.92             | 8.50%            | 11.77%      |
| Sonoco Products        | 19.91 | 0.84             | 7.00%            | 11.78%      |
| Can Imperial Bank      | 46.30 | 1.64             | 7.75%            | 11.78%      |
| Unitor Inc.            | 24.56 | 1.66             | 4.25%            | 11.79%      |
| Legg Mason             | 48.13 | 0.44             | 10.75%           | 11.81%      |
| Northern Trust Corp    | 30.47 | 0.68             | 9.25%            | 11.81%      |
| Norsk Hydro ADR        | 39.12 | 1.40             | 7.75%            | 11.82%      |
| Wolverine World Wide   | 16.10 | 0.22             | 10.25%           | 11.83%      |
| Curtiss-Wright         | 55.26 | 0.64             | 10.50%           | 11.84%      |
| Gen. Vermont Pub Serv. | 16.88 | 0.88             | 6.00%            | 11.87%      |
| GreenPoint Fin'l       | 42.34 | 1.25             | 8.50%            | 11.88%      |
| Washington Federal     | 21.82 | 0.84             | 7.50%            | 11.88%      |

| Company Name          | Price  | Current Dividend | Projected Growth | DCF Results |
|-----------------------|--------|------------------|------------------|-------------|
| Target Corp.          | 26.34  | 0.26             | 10.75%           | 11.89%      |
| Omnicare Inc          | 25.52  | 0.09             | 11.50%           | 11.91%      |
| Neuberger Berman      | 26.09  | 0.32             | 10.50%           | 11.92%      |
| Old Nat'l Bancorp     | 22.00  | 0.75             | 8.00%            | 11.94%      |
| Morgan (J.P.) Chase   | 22.81  | 1.36             | 5.25%            | 11.94%      |
| Pentair Inc           | 35.70  | 0.84             | 9.25%            | 11.95%      |
| Sherwin-Williams      | 26.28  | 0.62             | 9.25%            | 11.96%      |
| Ambac Fin'l Group     | 46.75  | 0.40             | 11.00%           | 11.99%      |
| Washington Post       | 673.40 | 5.80             | 11.00%           | 12.00%      |
| Weyerhaeuser Co       | 48.41  | 1.60             | 8.25%            | 12.03%      |
| Int'l Paper           | 34.95  | 1.00             | 8.75%            | 12.03%      |
| Albemarle Corp        | 23.11  | 0.56             | 9.25%            | 12.03%      |
| Buckeye Partners L.P. | 36.00  | 2.60             | 4.00%            | 12.05%      |
| Hormel Foods          | 20.69  | 0.42             | 9.75%            | 12.09%      |
| Barnes Group          | 18.76  | 0.80             | 7.25%            | 12.09%      |
| Fannie Mae            | 62.95  | 1.56             | 9.25%            | 12.10%      |
| Pharmacia Corp.       | 40.55  | 0.56             | 10.50%           | 12.10%      |
| Illinois Tool Works   | 59.03  | 0.95             | 10.25%           | 12.11%      |
| Dentsply Int'l        | 35.73  | 0.19             | 11.50%           | 12.12%      |
| Molson Inc. Ltd. 'A'  | 31.42  | 0.44             | 10.50%           | 12.12%      |
| Rayonier Inc.         | 42.01  | 1.52             | 8.00%            | 12.13%      |
| BHP Billiton Ltd. ADR | 11.15  | 0.28             | 9.25%            | 12.14%      |
| Avon Products         | 51.34  | 0.84             | 10.25%           | 12.14%      |
| Bank of Montreal      | 41.30  | 1.32             | 8.50%            | 12.16%      |
| Allergan Inc.         | 65.75  | 0.39             | 11.50%           | 12.19%      |
| K-Swiss Inc.          | 23.08  | 0.04             | 12.00%           | 12.20%      |
| Jefferson-Pilot Corp  | 38.09  | 1.32             | 8.25%            | 12.21%      |
| First Va Banks        | 40.54  | 1.14             | 9.00%            | 12.23%      |
| Rohm and Haas         | 27.55  | 0.84             | 8.75%            | 12.25%      |
| Marshall & Ilsley     | 26.61  | 0.64             | 9.50%            | 12.27%      |
| Everest Re Group Ltd. | 53.08  | 0.36             | 11.50%           | 12.29%      |
| Vectren Corp.         | 20.91  | 1.12             | 6.25%            | 12.30%      |
| Eastman Chemical      | 31.24  | 1.76             | 6.00%            | 12.36%      |
| Superior Inds Int'l   | 36.59  | 0.52             | 10.75%           | 12.40%      |
| Bank of America       | 68.34  | 2.64             | 8.00%            | 12.41%      |
| SUPERVALU INC         | 13.13  | 0.57             | 7.50%            | 12.44%      |
| Bassett Furniture     | 12.05  | 0.80             | 5.00%            | 12.45%      |
| Leggett & Platt       | 18.68  | 0.52             | 9.25%            | 12.45%      |
| Johnson Controls      | 75.60  | 1.44             | 10.25%           | 12.45%      |
| Tiffany & Co.         | 23.04  | 0.19             | 11.50%           | 12.46%      |
| Unilever PLC ADR      | 35.70  | 1.00             | 9.25%            | 12.47%      |
| Eaton Vance Corp      | 25.16  | 0.32             | 11.00%           | 12.48%      |
| NICOR Inc             | 29.54  | 1.84             | 5.50%            | 12.51%      |
| Fortune Brands        | 41.57  | 1.09             | 9.50%            | 12.52%      |
| Coachmen Ind          | 10.81  | 0.24             | 10.00%           | 12.57%      |
| Casey's Gen'l Stores  | 10.85  | 0.10             | 11.50%           | 12.57%      |
| RLI Corp.             | 25.78  | 0.36             | 11.00%           | 12.62%      |
| Selective Ins. Group  | 23.98  | 0.60             | 9.75%            | 12.64%      |

| Company Name            | Price | Current Dividend | Projected Growth | DCF Results |
|-------------------------|-------|------------------|------------------|-------------|
| Symbol Technologies     | 10.20 | 0.02             | 12.50%           | 12.73%      |
| AmSouth Bancorp         | 20.70 | 0.95             | 7.50%            | 12.73%      |
| HCC Insurance Hldgs     | 24.55 | 0.26             | 11.50%           | 12.74%      |
| Transatlantic Hldgs     | 63.54 | 0.40             | 12.00%           | 12.74%      |
| Ethan Allen Interiors   | 27.85 | 0.24             | 11.75%           | 12.76%      |
| Valspar Corp.           | 39.68 | 0.60             | 11.00%           | 12.76%      |
| Chubb Corp.             | 46.68 | 1.43             | 9.25%            | 12.78%      |
| Talbots Inc             | 23.48 | 0.36             | 11.00%           | 12.78%      |
| Ball Corp.              | 52.13 | 0.36             | 12.00%           | 12.81%      |
| Family Dollar Stores    | 26.54 | 0.30             | 11.50%           | 12.82%      |
| City National Corp.     | 45.96 | 0.83             | 10.75%           | 12.85%      |
| IDEX Corp               | 27.59 | 0.56             | 10.50%           | 12.85%      |
| Tredegar Corp.          | 11.59 | 0.16             | 11.25%           | 12.86%      |
| Hershey Foods           | 63.45 | 1.31             | 10.50%           | 12.90%      |
| Johnson & Johnson       | 52.81 | 0.87             | 11.00%           | 12.92%      |
| Equitable Resources     | 37.46 | 0.70             | 10.75%           | 12.92%      |
| Cadbury Schweppes       | 20.45 | 0.70             | 9.00%            | 12.94%      |
| Stanley Works           | 25.11 | 1.03             | 8.25%            | 12.95%      |
| Harris Corp.            | 30.91 | 0.32             | 11.75%           | 12.96%      |
| KeySpan Corp            | 32.40 | 1.78             | 6.75%            | 12.99%      |
| Pulitzer Inc.           | 41.38 | 0.72             | 11.00%           | 13.03%      |
| Linear Technology       | 30.02 | 0.20             | 12.25%           | 13.03%      |
| Telefonos de Mexico ADR | 29.13 | 1.15             | 8.50%            | 13.03%      |
| Mercantile Bankshares   | 36.49 | 1.20             | 9.25%            | 13.04%      |
| Blyth Inc               | 24.73 | 0.22             | 12.00%           | 13.04%      |
| PPL Corp                | 35.63 | 1.57             | 8.00%            | 13.04%      |
| Ross Stores             | 33.46 | 0.23             | 12.25%           | 13.06%      |
| Atmos Energy            | 21.61 | 1.20             | 6.75%            | 13.06%      |
| Gallaher Group ADR      | 38.70 | 1.80             | 7.75%            | 13.07%      |
| Ruby Tuesday            | 17.94 | 0.05             | 12.75%           | 13.08%      |
| Cleco Corp.             | 12.00 | 0.92             | 4.50%            | 13.10%      |
| Total Fina Elf ADR      | 66.45 | 2.55             | 8.75%            | 13.16%      |
| Textron Inc.            | 35.10 | 1.35             | 8.75%            | 13.17%      |
| Baxter Int'l Inc        | 28.77 | 0.60             | 10.75%           | 13.18%      |
| Smucker (J M )          | 34.42 | 0.80             | 10.50%           | 13.20%      |
| Applied Ind'l Techn.    | 16.00 | 0.48             | 9.75%            | 13.22%      |
| Ryland Group            | 38.65 | 0.08             | 13.00%           | 13.24%      |
| Bard (C.R.)             | 59.58 | 0.90             | 11.50%           | 13.26%      |
| CenturyTel Inc.         | 27.73 | 0.24             | 12.25%           | 13.27%      |
| Cintas Corp             | 32.16 | 0.28             | 12.25%           | 13.27%      |
| Webster Fin'l           | 35.53 | 0.78             | 10.75%           | 13.30%      |
| Cedar Fair L P.         | 23.50 | 1.68             | 5.25%            | 13.31%      |
| Nat'l Bank of Canada    | 31.50 | 1.04             | 9.50%            | 13.31%      |
| Hillenbrand Inds.       | 49.95 | 1.00             | 11.00%           | 13.33%      |
| People's Bank           | 25.20 | 1.46             | 6.75%            | 13.34%      |
| CBRL Group              | 25.95 | 0.02             | 13.25%           | 13.34%      |
| First Midwest Bancorp   | 26.19 | 0.76             | 10.00%           | 13.36%      |
| Schwab (Charles)        | 7.40  | 0.04             | 12.75%           | 13.39%      |

| Company Name            | Price | Current Dividend | Projected Growth | DCF Results |
|-------------------------|-------|------------------|------------------|-------------|
| PepsiAmericas Inc.      | 11.46 | 0.04             | 13.00%           | 13.41%      |
| Abbott Labs             | 35.94 | 0.98             | 10.25%           | 13.42%      |
| Masco Corp.             | 17.95 | 0.57             | 9.75%            | 13.43%      |
| UGI Corp.               | 42.00 | 1.72             | 8.75%            | 13.46%      |
| First Tenn. National    | 38.33 | 1.23             | 9.75%            | 13.46%      |
| FirstMerit Corp.        | 19.12 | 1.00             | 7.50%            | 13.48%      |
| Donaldson Co.           | 34.32 | 0.36             | 12.25%           | 13.48%      |
| Roper Inds.             | 27.46 | 0.35             | 12.00%           | 13.49%      |
| Standard Register       | 15.39 | 0.92             | 6.75%            | 13.55%      |
| Dow Chemical            | 26.43 | 1.34             | 7.75%            | 13.55%      |
| Donnelley (R.R.) & Sons | 18.01 | 1.00             | 7.25%            | 13.59%      |
| Assoc. Banc-Corp        | 34.54 | 1.24             | 9.50%            | 13.65%      |
| Comerica Inc.           | 40.50 | 2.00             | 8.00%            | 13.66%      |
| Gen'l Electric          | 23.80 | 0.76             | 10.00%           | 13.70%      |
| Boeing                  | 26.74 | 0.68             | 10.75%           | 13.71%      |
| Franklin Electric       | 49.42 | 0.52             | 12.50%           | 13.74%      |
| Wal-Mart Stores         | 47.88 | 0.32             | 13.00%           | 13.79%      |
| Popular Inc.            | 33.71 | 0.88             | 10.75%           | 13.79%      |
| Darden Restaurants      | 17.26 | 0.08             | 13.25%           | 13.80%      |
| Kimball Int'l 'B'       | 13.90 | 0.64             | 8.50%            | 13.80%      |
| Cascade Corp.           | 14.07 | 0.40             | 10.50%           | 13.81%      |
| Standex Int'l           | 19.59 | 0.86             | 8.75%            | 13.81%      |
| Federal Signal          | 13.92 | 0.80             | 7.25%            | 13.82%      |
| Wiley (John) & Sons     | 22.00 | 0.20             | 12.75%           | 13.82%      |
| Georgia Gulf            | 17.84 | 0.32             | 11.75%           | 13.85%      |
| Bank of Nova Scotia     | 51.45 | 1.60             | 10.25%           | 13.87%      |
| TJX Companies           | 16.30 | 0.12             | 13.00%           | 13.87%      |
| Polaris Inds.           | 46.08 | 1.24             | 10.75%           | 13.89%      |
| Danaher Corp.           | 63.68 | 0.10             | 13.75%           | 13.94%      |
| Lockheed Martin         | 45.08 | 0.48             | 12.75%           | 14.01%      |
| Luxottica Group ADR     | 11.17 | 0.17             | 12.25%           | 14.04%      |
| M&T Bank Corp           | 78.83 | 1.20             | 12.25%           | 14.04%      |
| Dollar General Corp.    | 9.89  | 0.13             | 12.50%           | 14.05%      |
| Alliance Capital Mgmt   | 27.67 | 2.35             | 4.50%            | 14.06%      |
| Granite Construction    | 15.58 | 0.34             | 11.50%           | 14.06%      |
| Banco Santander ADR     | 6.35  | 0.25             | 9.50%            | 14.06%      |
| Gibraltar Steel         | 17.61 | 0.16             | 13.00%           | 14.07%      |
| RPM Int'l               | 9.43  | 0.52             | 7.75%            | 14.07%      |
| Blair Corp              | 22.80 | 0.60             | 11.00%           | 14.07%      |
| Freddie Mac             | 54.05 | 0.96             | 12.00%           | 14.09%      |
| PNC Financial Serv.     | 45.02 | 1.92             | 9.25%            | 14.18%      |
| Computer Associates     | 13.83 | 0.08             | 13.50%           | 14.19%      |
| Automatic Data Proc     | 31.79 | 0.48             | 12.50%           | 14.28%      |
| Harte-Hanks             | 17.97 | 0.12             | 13.50%           | 14.29%      |
| Fluor Corp.             | 29.35 | 0.64             | 11.75%           | 14.31%      |
| Royal Bank of Canada    | 56.39 | 1.72             | 10.75%           | 14.31%      |
| Watts Inds 'A'          | 15.24 | 0.30             | 12.00%           | 14.31%      |
| Banknorth Group         | 22.32 | 0.64             | 11.00%           | 14.35%      |

| Company Name             | Price  | Current Dividend | Projected Growth | DCF Results |
|--------------------------|--------|------------------|------------------|-------------|
| Philips Electronics NV   | 15.97  | 0.32             | 12.00%           | 14.36%      |
| John Hancock Fin'l       | 27.76  | 0.32             | 13.00%           | 14.36%      |
| Laclede Group            | 23.00  | 1.34             | 7.75%            | 14.44%      |
| Alberto Culver 'B'       | 48.37  | 0.42             | 13.50%           | 14.53%      |
| NiSource Inc.            | 16.96  | 1.16             | 6.75%            | 14.56%      |
| Smith (A.O.)             | 25.14  | 0.56             | 12.00%           | 14.62%      |
| Block (H&R)              | 39.78  | 0.72             | 12.50%           | 14.64%      |
| Pep Boys                 | 8.63   | 0.27             | 11.00%           | 14.66%      |
| Volvo AB ADR             | 17.00  | 0.76             | 9.50%            | 14.69%      |
| Progressive (Ohio)       | 52.77  | 0.10             | 14.50%           | 14.73%      |
| Altria Group             | 38.99  | 2.64             | 7.00%            | 14.75%      |
| State Street Corp.       | 36.01  | 0.56             | 13.00%           | 14.84%      |
| Archer Daniels Mid'l'd   | 10.86  | 0.24             | 12.25%           | 14.86%      |
| Belo Corp. 'A'           | 19.50  | 0.31             | 13.00%           | 14.88%      |
| Timken Co.               | 15.67  | 0.56             | 10.75%           | 14.93%      |
| Cardinal Health          | 56.95  | 0.10             | 14.75%           | 14.96%      |
| Amer. Int'l Group        | 48.97  | 0.19             | 14.50%           | 14.96%      |
| Western Gas Res.         | 33.10  | 0.20             | 14.25%           | 14.97%      |
| Citigroup Inc.           | 33.17  | 0.80             | 12.25%           | 15.10%      |
| Wells Fargo              | 45.64  | 1.20             | 12.00%           | 15.10%      |
| British Amer Tobacco ADR | 19.25  | 1.10             | 8.50%            | 15.10%      |
| Pier 1 Imports           | 14.85  | 0.24             | 13.25%           | 15.17%      |
| BB&T Corp                | 32.59  | 1.16             | 11.00%           | 15.17%      |
| Graco Inc.               | 26.56  | 0.33             | 13.75%           | 15.23%      |
| TEPPCO Partners L.P.     | 30.49  | 2.40             | 6.25%            | 15.23%      |
| Marsh & McLennan         | 40.29  | 1.12             | 12.00%           | 15.28%      |
| Astoria Financial        | 25.37  | 0.82             | 11.50%           | 15.30%      |
| AFLAC Inc.               | 31.49  | 0.28             | 14.25%           | 15.31%      |
| SLM Corporation          | 108.30 | 1.00             | 14.25%           | 15.35%      |
| U.S Bancorp              | 20.75  | 0.82             | 10.75%           | 15.38%      |
| Banco Bilbao Vis ADR     | 8.58   | 0.36             | 10.50%           | 15.41%      |
| Dole Food                | 32.80  | 0.60             | 13.25%           | 15.42%      |
| Novo Nordisk ADR         | 29.90  | 0.42             | 13.75%           | 15.42%      |
| Harley-Davidson          | 37.03  | 0.14             | 15.00%           | 15.45%      |
| Fleming Cos.             | 1.98   | 0.08             | 10.75%           | 15.49%      |
| Fastenal Co.             | 29.93  | 0.06             | 15.25%           | 15.49%      |
| Golden West Fin'l        | 71.92  | 0.34             | 15.00%           | 15.57%      |
| Apogee Enterprises       | 8.16   | 0.23             | 12.25%           | 15.58%      |
| Biomet                   | 29.92  | 0.10             | 15.25%           | 15.65%      |
| Park Electrochemical     | 14.98  | 0.24             | 13.75%           | 15.66%      |
| Nucor Corp.              | 40.96  | 0.84             | 13.25%           | 15.69%      |
| Household Int'l          | 28.08  | 1.00             | 11.50%           | 15.69%      |
| Toronto-Dominion         | 32.20  | 1.16             | 11.50%           | 15.74%      |
| TCF Financial            | 40.80  | 1.30             | 12.00%           | 15.76%      |
| Landry's Restaurants     | 15.61  | 0.10             | 15.00%           | 15.77%      |
| Lowe's Cos               | 37.62  | 0.10             | 15.50%           | 15.82%      |
| Reinsurance Group        | 26.84  | 0.24             | 14.75%           | 15.82%      |
| Sauer-Danfoss            | 7.92   | 0.28             | 11.75%           | 15.92%      |

| Company Name            | Price | Current Dividend | Projected Growth | DCF Results |
|-------------------------|-------|------------------|------------------|-------------|
| UniSource Energy        | 16.65 | 0.60             | 11.75%           | 16.00%      |
| Home Depot              | 22.15 | 0.24             | 14.75%           | 16.05%      |
| Pepsi Bottling Group    | 18.20 | 0.05             | 15.75%           | 16.08%      |
| Cincinnati Financial    | 35.50 | 1.00             | 12.75%           | 16.09%      |
| Nokia Corp. ADR         | 13.34 | 0.30             | 13.50%           | 16.18%      |
| Kennametal Inc.         | 29.53 | 0.68             | 13.50%           | 16.25%      |
| Henry (Jack) & Assoc.   | 11.20 | 0.14             | 14.75%           | 16.25%      |
| Fifth Third Bancorp     | 52.53 | 1.10             | 13.75%           | 16.25%      |
| Raytheon Co             | 26.91 | 0.80             | 12.75%           | 16.28%      |
| Standard Motor Prod     | 14.02 | 0.36             | 13.25%           | 16.31%      |
| Mercury General         | 35.72 | 1.32             | 12.00%           | 16.37%      |
| Expeditors Int'l        | 34.53 | 0.13             | 16.00%           | 16.46%      |
| MetLife Inc             | 26.27 | 0.21             | 15.50%           | 16.46%      |
| Gallagher (Arthur J.)   | 24.48 | 0.72             | 13.00%           | 16.50%      |
| Charter One Fin'l       | 28.35 | 0.96             | 12.50%           | 16.52%      |
| North Fork Bancorp      | 31.79 | 1.08             | 12.50%           | 16.53%      |
| Hancock Fabrics         | 13.74 | 0.32             | 13.75%           | 16.53%      |
| Rollins Inc.            | 31.84 | 0.30             | 15.50%           | 16.64%      |
| Stewart & Stevenson     | 9.52  | 0.34             | 12.50%           | 16.74%      |
| Hudson United Bancorp   | 31.59 | 1.20             | 12.25%           | 16.76%      |
| Mentor Corp.            | 17.29 | 0.08             | 16.25%           | 16.81%      |
| SEI Investments         | 25.12 | 0.12             | 16.25%           | 16.83%      |
| Penford Corp            | 12.35 | 0.24             | 14.50%           | 16.84%      |
| Nash Finch Co.          | 5.18  | 0.36             | 8.75%            | 16.84%      |
| SouthTrust Corp.        | 26.65 | 0.86             | 13.00%           | 16.85%      |
| Pope & Talbot           | 11.40 | 0.32             | 13.50%           | 16.86%      |
| Myers Inds              | 9.45  | 0.21             | 14.25%           | 16.92%      |
| Pilgrim's Pride 'B'     | 7.73  | 0.06             | 16.00%           | 16.94%      |
| Enterprise Products     | 20.15 | 1.38             | 9.00%            | 16.99%      |
| Harman Int'l            | 59.70 | 0.12             | 16.75%           | 16.99%      |
| Cooper Cos              | 29.35 | 0.06             | 16.75%           | 17.00%      |
| First Data Corp.        | 33.82 | 0.08             | 16.75%           | 17.04%      |
| Anadarko Petroleum      | 46.25 | 0.40             | 16.00%           | 17.05%      |
| Roslyn Bancorp          | 19.43 | 0.56             | 13.75%           | 17.20%      |
| Medtronic Inc.          | 44.70 | 0.28             | 16.50%           | 17.26%      |
| Aventis ADR             | 45.71 | 0.58             | 15.75%           | 17.29%      |
| UnitedHealth Group      | 84.20 | 0.03             | 17.25%           | 17.29%      |
| AEGON Ins Group         | 9.95  | 0.67             | 9.50%            | 17.38%      |
| FactSet Research        | 24.89 | 0.20             | 16.50%           | 17.48%      |
| XTO Energy              | 24.89 | 0.05             | 17.25%           | 17.50%      |
| R.J. Reynolds Tobacco   | 40.40 | 3.80             | 6.75%            | 17.60%      |
| Petroleo Brasileiro ADR | 13.00 | 0.90             | 9.50%            | 17.61%      |
| Commerce Bancorp NJ     | 41.13 | 0.66             | 15.75%           | 17.70%      |
| Green Mountain Pwr      | 20.42 | 0.76             | 13.25%           | 17.70%      |
| C.H. Robinson           | 31.47 | 0.32             | 16.50%           | 17.74%      |
| Washington Mutual       | 34.31 | 1.22             | 13.50%           | 17.76%      |
| Sony Corp ADR           | 37.88 | 0.20             | 17.25%           | 17.90%      |
| National Commerce Fin'l | 24.00 | 0.74             | 14.25%           | 17.96%      |



| Company Name          | Price | Current Dividend | Projected Growth | DCF Results |
|-----------------------|-------|------------------|------------------|-------------|
| Paychex Inc.          | 26.53 | 0.44             | 16.00%           | 18.02%      |
| Steel Technologies    | 10.03 | 0.20             | 15.75%           | 18.17%      |
| Moody's Corp.         | 44.21 | 0.18             | 17.75%           | 18.25%      |
| Dofasco               | 27.07 | 1.08             | 13.50%           | 18.29%      |
| Sysco Corp.           | 24.32 | 0.44             | 16.25%           | 18.46%      |
| TECO Energy           | 10.37 | 1.42             | 3.00%            | 18.50%      |
| GATX Corp.            | 15.22 | 1.28             | 8.75%            | 18.59%      |
| Fred's Inc. 'A'       | 22.96 | 0.14             | 18.00%           | 18.75%      |
| Kinder Morgan         | 44.65 | 0.65             | 17.00%           | 18.78%      |
| Total System Svcs.    | 15.20 | 0.08             | 18.25%           | 18.90%      |
| MBNA Corp.            | 13.00 | 0.32             | 16.25%           | 19.26%      |
| Horton D R.           | 17.10 | 0.28             | 17.25%           | 19.26%      |
| Worthington Inds.     | 13.55 | 0.68             | 13.25%           | 19.29%      |
| Chesapeake Corp.      | 15.53 | 0.88             | 12.50%           | 19.29%      |
| Exelon Corp.          | 49.12 | 1.84             | 14.75%           | 19.29%      |
| Massey Energy         | 9.20  | 0.16             | 17.25%           | 19.39%      |
| Ocean Energy          | 20.90 | 0.16             | 18.75%           | 19.70%      |
| Synovus Financial     | 19.42 | 0.66             | 16.00%           | 20.16%      |
| Walter Inds.          | 9.38  | 0.12             | 19.00%           | 20.59%      |
| Patina Oil & Gas      | 34.45 | 0.24             | 19.75%           | 20.62%      |
| Pfizer Inc.           | 29.19 | 0.62             | 18.25%           | 20.89%      |
| Fair Isaac            | 47.58 | 0.08             | 20.75%           | 20.96%      |
| Stryker Corp.         | 66.30 | 0.12             | 20.75%           | 20.98%      |
| Kinder Morgan Energy  | 36.41 | 2.58             | 12.50%           | 21.04%      |
| Wellman Inc.          | 10.20 | 0.36             | 16.75%           | 21.10%      |
| Lone Star Steakhouse  | 19.67 | 0.66             | 17.00%           | 21.14%      |
| Coca-Cola Enterprises | 18.25 | 0.16             | 20.25%           | 21.35%      |
| Tyson Foods 'A'       | 8.53  | 0.18             | 19.00%           | 21.64%      |
| Bombardier Inc. 'B'   | 3.79  | 0.18             | 16.50%           | 22.37%      |
| Deere & Co            | 40.76 | 0.88             | 19.75%           | 22.47%      |
| Independence Cmnty    | 26.11 | 0.60             | 19.75%           | 22.64%      |
| Coca-Cola Bottling    | 56.46 | 1.00             | 20.50%           | 22.74%      |
| AmerisourceBergen     | 53.52 | 0.10             | 22.75%           | 22.99%      |
| Dreyer's Grand        | 63.70 | 0.24             | 22.75%           | 23.23%      |
| St. Paul Cos.         | 31.05 | 1.16             | 18.75%           | 23.44%      |
| Frontier Oil          | 17.10 | 0.20             | 22.00%           | 23.49%      |
| ElkCorp               | 15.05 | 0.24             | 21.50%           | 23.53%      |
| ACE Limited           | 27.20 | 0.68             | 20.50%           | 23.67%      |
| Allied Capital Corp.  | 20.43 | 2.28             | 11.00%           | 24.48%      |
| Wausau-Mosinee        | 9.97  | 0.36             | 20.00%           | 24.58%      |
| New York Community    | 28.29 | 1.00             | 20.50%           | 25.00%      |
| Staten Island Bancorp | 15.17 | 0.55             | 21.00%           | 25.63%      |
| Capitol Fed Fin'l     | 30.69 | 0.88             | 22.25%           | 25.94%      |
| Nu Skin Enterprises   | 9.25  | 0.28             | 22.50%           | 26.41%      |
| Noranda Inc           | 12.75 | 0.80             | 18.50%           | 26.44%      |

BOOK VALUE AND MARKET VALUE EQUITY RATIOS FOR RBOCS

| \$ in Millions         | Short Term Debt | Long-Term Debt | Common Equity | Market Value of Equity | Book Value Equity Ratio | Market Value Equity Ratio |
|------------------------|-----------------|----------------|---------------|------------------------|-------------------------|---------------------------|
| BellSouth Corporation  | 5,114           | 12,283         | 17,686        | 41,511                 | 50%                     | 70%                       |
| SBC Communications     | 3,505           | 18,536         | 33,199        | 77,062                 | 60%                     | 78%                       |
| Verizon Communications | 9,288           | 44,791         | 32,616        | 100,840                | 38%                     | 65%                       |
| Average                |                 |                |               |                        | 49%                     | 71%                       |
| Verizon Florida        | 811             | 1,040          | 874           | --                     | 32%                     |                           |

Book Values as of 12/31/2002

Sources: 2002 10-Ks

MARKET VALUE OF EQUITY FOR RBOCS

|                        | High February Price | Low February Price | Average of High and Low | Shares Outstanding | Market Value of Equity |
|------------------------|---------------------|--------------------|-------------------------|--------------------|------------------------|
| BellSouth Corporation  | 24.40               | 20.27              | 22.34                   | 1,858,564,000      | \$41,511,026,940       |
| SBC Communications     | 26.30               | 20.12              | 23.21                   | 3,320,203,000      | \$77,061,911,630       |
| Verizon Communications | 39.47               | 34.25              | 36.86                   | 2,735,763,000      | \$100,840,224,180      |

Source: S & P Stock Guide, March 2003

WEIGHTED AVERAGE COST OF CAPITAL FOR VERIZON FLORIDA

|                 | COST RATE | RATIO  | WEIGHTED COST |
|-----------------|-----------|--------|---------------|
| EQUITY          | 12.64%    | 71.00% | 8.97%         |
| DEBT            | 7.40%     | 29.00% | 2.15%         |
| COST OF CAPITAL |           |        | 11.12%        |