

**MCNALLY TELECOM SAMPLE**

**Schedule WEA-6**

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**NON-CONSTANT DCF MODEL**

<b>Company</b>	<b>Recent Price</b>	<b>Projected Price 2006-08</b>			<b>2004 Div.</b>	<b>2006-08 Div.</b>	<b>Annual Change</b>	<b>Annual Cash Flows</b>					<b>Implied Cost of Equity</b>
		<b>High</b>	<b>Low</b>	<b>Average</b>				<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>	<b>End Yr 4</b>	
ALLTEL Corp.	\$45.93	\$ 95.00	\$70.00	\$82.50	\$1.49	\$1.61	\$ 0.04	\$1.49	\$1.53	\$1.57	\$1.61	\$82.50	18.8%
BellSouth Corp.	\$27.89	\$ 45.00	\$35.00	\$40.00	\$1.01	\$1.13	\$ 0.04	\$1.01	\$1.05	\$1.09	\$1.13	\$40.00	13.0%
CenturyTel Inc.	\$31.90	\$ 70.00	\$45.00	\$57.50	\$0.24	\$0.40	\$ 0.05	\$0.24	\$0.29	\$0.35	\$0.40	\$57.50	16.7%
SBC Communications	\$25.32	\$ 30.00	\$25.00	\$27.50	\$1.17	\$1.25	\$ 0.03	\$1.17	\$1.20	\$1.22	\$1.25	\$27.50	6.9%
Sprint Corp.	\$15.82	\$ 30.00	\$20.00	\$25.00	\$0.50	\$0.50	\$ -	\$0.50	\$0.50	\$0.50	\$0.50	\$25.00	15.0%
Telephone & Data System	\$61.55	\$110.00	\$75.00	\$92.50	\$0.66	\$0.74	\$ 0.03	\$0.66	\$0.69	\$0.71	\$0.74	\$92.50	11.8%
Verizon Communications	\$34.17	\$ 55.00	\$40.00	\$47.50	\$1.60	\$1.60	\$ -	\$1.60	\$1.60	\$1.60	\$1.60	\$47.50	13.0%
<b>Average</b>												<b>13.6%</b>	
<b>Excluding High and Low</b>												<b>13.9%</b>	

Source: The Value Line Investment Survey (January 2, 2004).