Member List

Mr. David D. Kinley
SCBA
C/O Kinley Simpson Associates
5976 W. Las Positas Blvd.#202
Pleasanton, CA 94588

Page: 7
Report Date: 8/30/93
Time: 10:50AM

Number of Contacts: 240

Company	City, State, Zipcode
Rigel Communications	Sherman, CT 06784
Rocky Mountain Cable Systems	Albuquerque, NM 87123
RTI / Cable Television	Halsey, OR 97348
Rural Missouri Cable TV, Inc.	Branson, MO 65616
Rural Route Video	Ignacio, CO 81137
Saguaro Cable TV	Castle Rock, CO 80104
Saipan Cable TV	Agana, GU 96910
Satellite Cable Services, Inc.	Sioux Falls, SD 57101
Scioto Cablevision	Waverly, OH 45690
Semo Communications	Sikeston, MO 63801
Shady Cove Cable Partners, L.P.	Pleasanton, CA 94588
Shoals Cable TV, Inc.	Russellville, AL 35653
Siebring Cable TV	George, IA 51237
Siskiyou Cablevision	Fort Jones, CA
Ski Sat	Providence, RI 02903
Sky Cablevision Ltd.	Meridan, MS 39302
Skyview TV, Inc.	Broadus, MT 59317
So. Cayaga County Cablevision	Locke, NY 13092
Somerset Communications, Inc.	Bellevue, WA 98006
Southeast Cable TV, Inc.	Boston, GA 31626
Southwest Missouri Cable TV **	Carthage, MO 64836
Spirit Lake Cable TV, Inc. **	Spirit Lake, IA 51360
Star Cable Associates	Pittsburgh, PA 15220
Starpoint Cable **	Thornville, OH 43076
StellaVision	Stella, NE 68442
Stephen Cable TV	Stephen, MN 56757
Summerville Cablevision, Inc.	Montoursville, PA 17754
Summit Communications, Inc.	Bellevue, WA 98006
Sun Cable TV	Manson, WA 98831
Sylvan Valley CATV Co.	Brevard, NC 28712
Taconic Technology Corp.	Chatham, NY 12037

**Board Member

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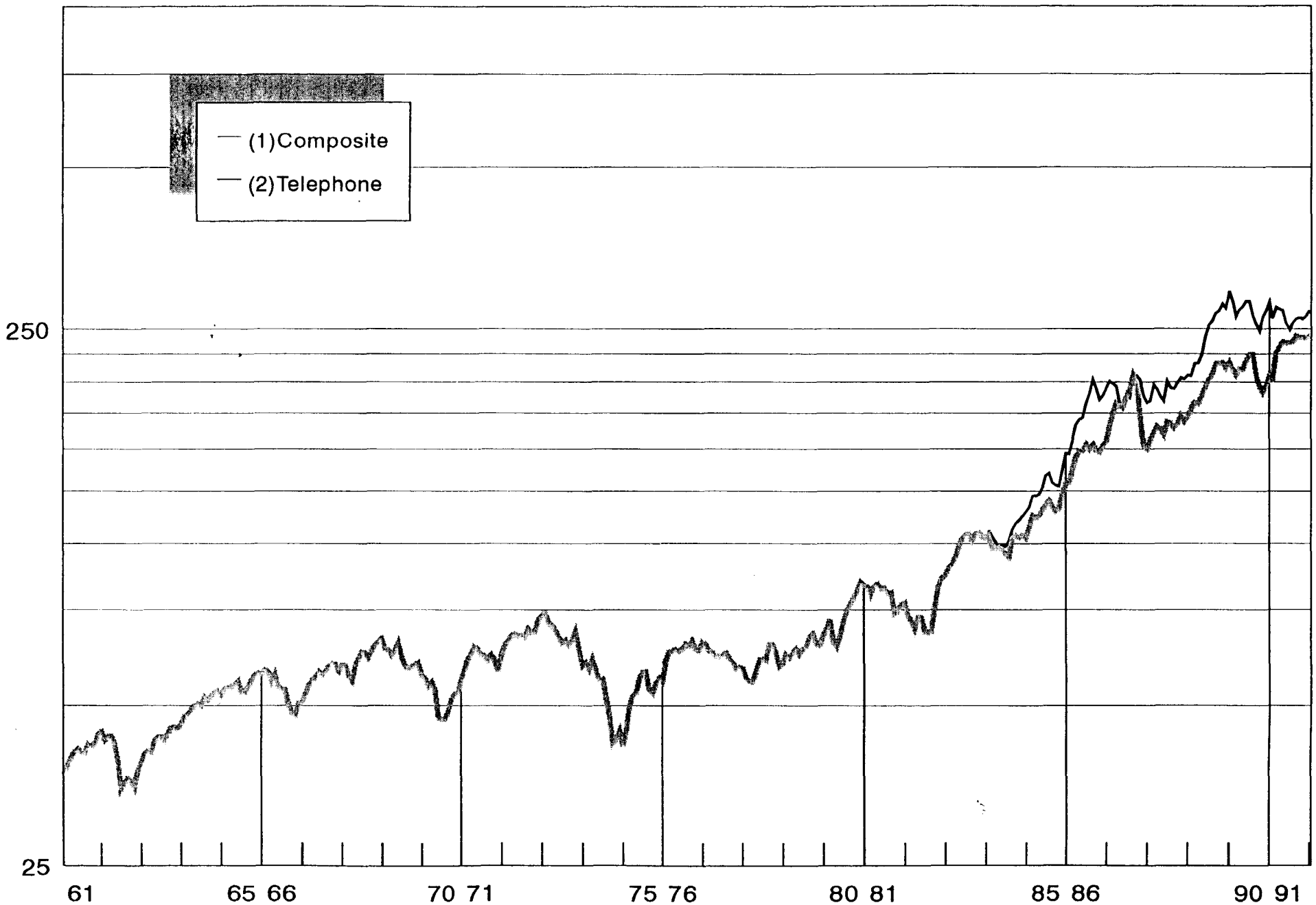
Company	City, State, Zipcode
Tangent TV Cable Co.	Tangent, OR 97389
Tele-Media Corp.	Bellefonte, PA 16823
Teleview Cable Systems	Elgin, IL 60123
Teleview Systems Corp.	Decorah, IA 52101
Televista Cable TV	New Boston, MI 48164-0604
Total TV of Fort Irwin, Inc.	Catherdral City, CA 92234
Triax Communications Corp. **	Denver, CO 80206
TV Cable Company of Andalusia	Andalusia, AL 36420
TV Cable of Grayson Co.	Denison, TX 75020
TV Cable of Rensselaer	Rensselaer, IN 47978
Twin County Cable TV	McCalla, AL 35111
United Cable Co., Inc.	Perry, GA 31069
Valley Cable TV	Ft. Valley, GA 31030
Valley Cablevision Inc.	Glen Fork, WV 25845
W.K. Communications	Icon Mountain, MI 49801
West Alabama Cable Co.	Hamilton, AL 35570
Western Cabled Systems	Redwood City, CA 94063
Western Systems, Inc.	Agana, GU 96910-4996
WFL Cable TV	Morven, NC 28170
Whitehall Cable TV	Whitehall, MT 59759
Wilson Lucas Cable	Wilson, KS 67490
WMW Cable TV Co.	Hartford, SD 57033
Zenith Cable	Santee, SC 29142

**Board Member

B

COMPOSITE vs TELEPHONE

Stock price indexes: Monthly averages 1983=100 Ratio scale



(1) Light blue line; (2) Dark blue line

TELEPHONE

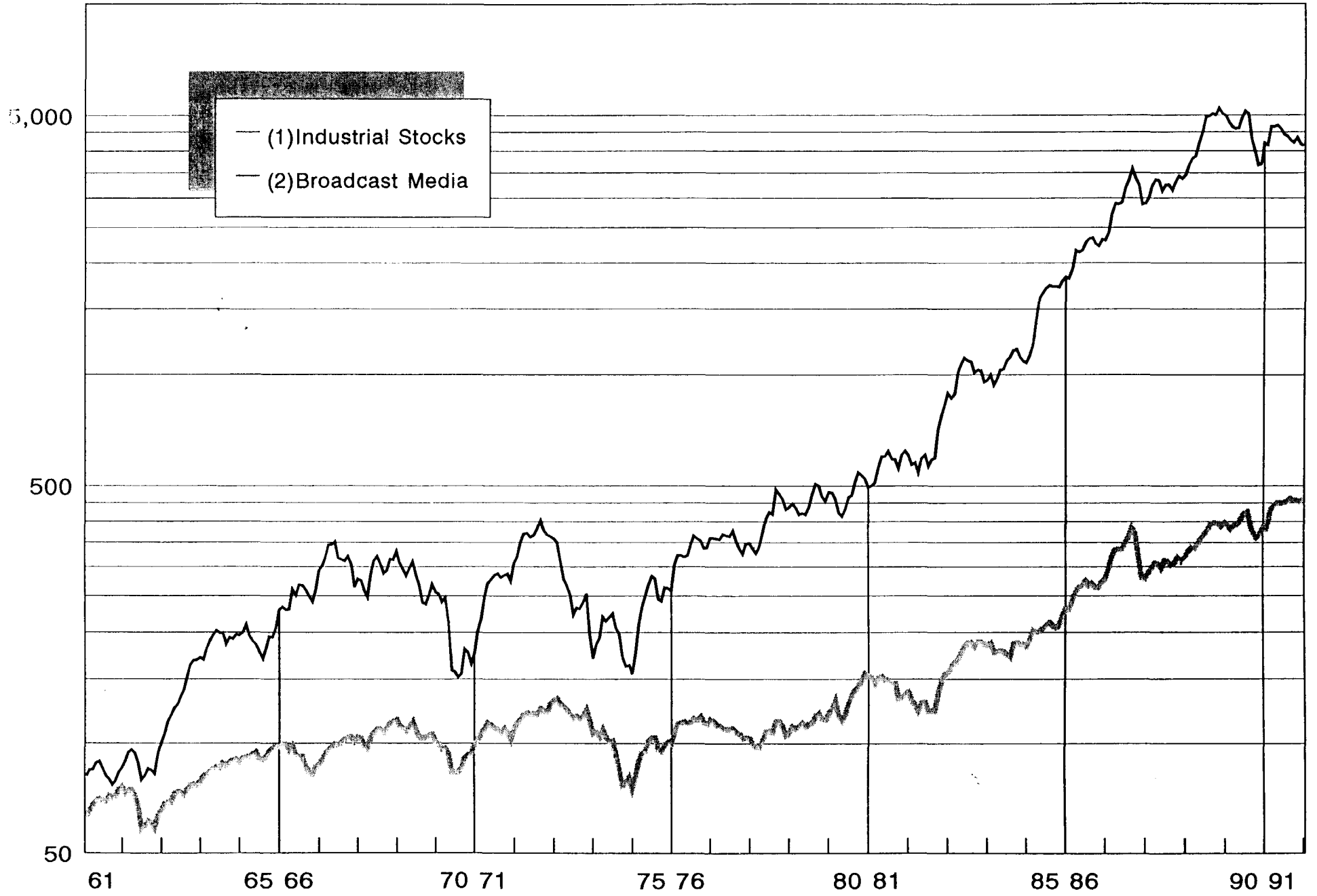
Per Share Data — Adjusted to stock price index level. Average of stock price indexes, 1983=100

	Oper. Revs	Depr.	Income Taxes	Net Oper. Income	Oper. Ratio %	—Earnings— Per Share	% of Oper. Revs.	—Dividends— Per Share	% of Earn.	—Prices— 1983=100 High	Low	Price/Earn. Ratio High	Low	Div. Yields % High	Low	Book Value Per Sh.	% Return	Working Capital	Capital Expend-itures
1984	135.61	19.78	10.60	19.29	85.78	14.71	10.85	8.93	60.71	117.70	95.66	8.00	6.50	9.34	7.59	111.17	13.23	d1.27	31.57
1985	145.91	22.77	10.33	17.96	87.69	13.56	9.29	9.61	70.87	150.72	115.42	11.12	8.51	8.33	6.38	115.22	11.77	d3.24	34.34
1986	150.44	24.34	13.12	21.40	85.78	16.99	11.29	10.35	60.92	197.59	144.23	11.63	8.49	7.18	5.24	121.75	13.95	d3.44	34.20
1987	157.16	29.25	10.22	22.86	85.45	17.43	11.09	11.33	65.00	213.01	168.71	12.22	9.68	6.72	5.32	126.87	13.74	d3.19	35.00
1988	169.81	31.68	8.39	27.59	83.75	18.92	11.14	12.10	63.95	207.55	181.25	10.97	9.58	6.68	5.83	132.64	14.26	d9.03	38.65
1989	174.90	32.37	7.91	27.52	86.80	17.85	10.21	12.85	71.99	305.02	201.60	17.09	11.29	6.37	4.21	131.75	13.55	d10.40	34.95
1990	181.81	32.64	8.69	29.89	83.56	18.50	10.18	13.74	74.27	306.29	243.08	16.56	13.14	5.65	4.49	134.18	13.79	d18.17	41.45
1991	185.05	31.91	7.11	28.54	84.58	15.48	8.37	14.21	91.80	282.16	247.03	18.23	15.96	5.75	5.04	121.78	12.71	d17.77	39.49

C

INDUSTRIAL STOCKS vs BROADCAST MEDIA

Stock price indexes: Monthly averages 1941-43=10 Ratio scale



(1) Light blue line; (2) Dark blue line

BROADCAST MEDIA

Per Share Data — Adjusted to stock price index level. Average of stock price indexes, 1941-1943=10

	Sales	Oper. Profit	Profit Margin %	Depr.	Income Taxes	Cash Flow	Earnings Per Share	Earnings % of Sales	Dividends Per Share	Dividends % of Earn.	Prices 1941-1943=10 High	Prices 1941-1943=10 Low	Price/Earn. Ratio High	Price/Earn. Ratio Low	Div. Yields % High	Div. Yields % Low	Book Value Per Share	Book Value % Return	Working Capital	Capital Expenditures
1961	105.98	13.72	12.95	2.23	6.39		5.57	5.26	3.47	62.30	93.17	74.58	16.73	13.39	4.65	3.72	34.11	16.33	24.70	2.21
1962	110.99	17.80	16.04	2.21	8.61		7.29	6.57	3.48	47.74	101.01	76.68	13.86	10.52	4.54	3.45	35.85	20.33	26.70	2.87
1963	125.91	23.41	18.59	2.62	10.94		10.11	8.03	3.66	36.20	177.40	100.34	17.55	9.92	3.65	2.06	38.76	26.08	31.09	9.46
1964	145.37	27.01	18.58	2.91	12.08		12.15	8.36	4.81	39.59	207.06	165.77	17.04	13.64	2.90	2.32	43.44	27.97	29.03	16.02
1965	158.04	27.84	17.62	3.50	11.81		12.53	7.93	5.54	44.21	233.77	163.65	18.66	13.06	3.39	2.37	46.36	27.03	28.15	11.97
1966	181.52	32.93	18.14	4.17	13.78		15.20	8.37	5.39	35.46	303.39	221.40	19.96	14.57	2.43	1.78	53.09	28.63	42.57	10.55
1967	179.27	28.99	16.17	5.16	10.42		11.89	6.63	5.85	49.20	362.90	253.97	30.52	21.36	2.30	1.61	32.85	36.19	45.38	9.92
1968	193.27	34.84	18.03	6.03	14.55		12.84	6.64	6.00	46.73	343.79	241.85	26.77	18.84	2.48	1.75	39.85	32.22	46.04	6.84
1969	279.32	40.03	14.33	7.81	15.93		14.35	5.14	6.09	42.44	317.79	229.17	22.15	15.97	2.66	1.92	58.25	24.64	68.15	11.09
1970	288.37	36.43	12.63	7.98	13.28		12.97	4.50	6.58	50.73	262.89	143.08	20.27	11.03	4.60	2.50	65.18	19.90	74.17	11.68
1971	290.85	36.59	12.58	8.10	13.08		13.07	4.49	6.65	50.88	315.02	194.44	24.10	14.88	3.42	2.11	57.78	22.62	68.64	11.76
1972	311.37	44.80	14.39	6.90	17.96		18.99	6.10	6.52	34.33	410.44	308.57	21.61	16.25	2.11	1.59	75.68	25.09	73.67	12.71
1973	336.68	51.60	15.33	7.13	21.67		21.92	6.51	6.90	31.48	369.01	168.78	16.83	7.70	4.09	1.87	85.49	25.64	79.41	9.86
1974	370.57	56.35	15.21	6.94	24.63		23.89	6.45	7.09	29.68	232.48	150.74	9.73	6.31	4.70	3.05	98.81	24.18	84.47	15.60
1975	403.68	57.14	14.15	8.23	23.64		22.97	5.69	7.42	32.30	294.20	159.48	12.81	6.94	4.65	2.52	118.88	19.32	100.98	11.22
1976	480.90	84.13	17.49	8.48	38.69		37.78	7.86	8.79	23.27	373.25	282.40	9.88	7.47	3.11	2.35	145.37	25.99	118.90	14.90
1977	603.47	105.96	17.56	11.88	47.81	58.61	46.74	7.75	10.95	23.43	385.41	317.96	8.25	6.80	3.44	2.84	153.59	30.43	120.60	23.78
1978	715.76	R126.85	17.72	R14.47	55.76	69.70	55.26	7.72	13.55	24.52	502.92	325.41	9.10	5.89	4.16	2.69	183.03	30.19	141.53	34.20
1979	812.80	133.85	16.47	16.58	56.54	78.65	62.11	7.64	15.73	25.33	517.22	407.57	8.33	6.56	3.86	3.04	210.63	29.49	145.80	48.91
1980	891.43	131.77	14.78	18.54	55.25	80.97	62.48	7.01	17.87	28.60	567.98	403.37	9.09	6.46	4.43	3.15	242.68	25.75	160.52	58.18
1981	945.29	144.01	15.23	25.70	55.02	90.97	65.33	6.91	18.23	27.90	640.61	494.02	9.81	7.56	3.70	2.86	270.12	24.19	165.11	58.29
1982	1001.65	147.84	14.76	31.21	50.68	102.21	71.01	7.09	19.03	26.80	944.95	508.85	13.31	7.17	3.74	2.01	283.39	25.06	124.44	85.57
1983	1156.73	180.27	15.58	41.96	66.03	122.45	80.53	6.96	20.30	25.21	1141.28	848.73	14.17	10.54	2.39	1.78	347.96	23.14	190.73	67.80
1984	1397.98	227.15	16.25	54.00	77.79	141.23	87.25	6.24	20.09	23.03	1187.39	920.10	13.61	10.55	2.18	1.69	445.69	19.58	209.61	83.79
1985	1018.20	186.88	18.35	50.83	47.61	110.47	59.68	5.86	13.67	22.91	1857.58	1578.44	31.13	26.45	0.87	0.74	18.93	...	168.62	49.59
1986	1833.78	307.86	16.79	85.58	65.09	159.15	74.98	4.09	15.36	20.49	2446.35	1782.76	32.63	23.78	0.86	0.63	def	def	N.A.	471.69
1987	1736.34	375.71	21.64	109.81	82.33	190.52	82.23	4.74	14.67	17.84	3717.72	2410.69	45.21	29.32	0.61	0.39	8.40	...	N.A.	221.85
1988	1731.65	385.19	22.24	112.47	87.03	235.27	125.54	7.25	15.60	12.43	3588.12	2923.42	28.58	23.29	0.53	0.43	257.95	48.67	N.A.	233.50
1989	2101.81	506.94	24.12	158.24	94.68	235.43	79.43	3.78	21.14	26.61	5359.07	3592.72	67.47	45.23	0.59	0.39	36.31	218.76	N.A.	327.21
1990	3042.81	624.81	20.53	238.88	92.02	264.44	25.56	0.84	28.47	111.38	5241.53	3532.03	205.07	138.19	0.81	0.54	def	def	N.A.	279.09
1991	3218.04	618.29	19.21	264.83	71.76	269.75	4.93	0.15	8.37	169.78	4845.15	3858.15	982.79	782.59	0.22	0.17	def	def	N.A.	218.30

D

Selection of Capitalization Rates — Revisited

by JAMES H. SCHILT, ASA, CFA

Nine years ago, in the second issue of Business Valuation News (predecessor to Business Valuation Review) there was published an article by this author entitled "Selection of Capitalization Rates for Valuing A Closely Held Business." As it continues to be referred to, it is time to test its current validity.

Reproduced below is the original table of risk premiums that were intended to be added to the prevailing risk-free rate of return.

Table 1. Risk Premiums for Discounting Projected Income Streams

Category	Description	Risk Premium
1	Established businesses with a strong trade position, are well financed, have depth in management, whose past earnings have been stable and whose future is highly predictable.	6-10%
2	Established businesses in a more competitive industry that are well financed, have depth in management, have stable past earnings and whose future is fairly predictable.	11-15%
3	Businesses in a highly competitive industry that require little capital to enter, no management depth, element of risk is high, although past record may be good.	16-20%
4	Small businesses that depend upon the special skill of one or two people. Larger established businesses that are highly cyclical in nature. In both cases, future earnings may be expected to deviate widely from projections.	21-25%
5	Small "one man" businesses of a personal services nature, where the transferability of the income stream is in question.	26-30%

This "Risk Premium" column was meant to include equity risk, industry risk, and the company-specific risk. The Ibbotson and Sinquefield data on historical stock and bond market returns reported in 1982, the year in which the original article was published, showed that the equity risk premium for common stocks of small publicly traded companies was equal to 15.0 percent over long-term U.S. Treasury bonds based on an arithmetic mean of average annual returns from 1926 through 1981. This is similar to the mid-point between Categories 2 and 4 in the table—subdivisions that cover probably a majority of companies that business appraisers encounter. The latest data published by Ibbotson Associates, successor to Ibbotson and Sinquefield, are for the period 1926-1990, and provide an equity risk premium of 12.0 percent. This is at the lower end