possibly significant margin erosion as revenues are lost faster than costs can be reduced. US West, for example, expects ultimately to face two broadband and 3-4 wired/wireless narrowband network competitors as well as 6-8 nonnetwork service providers in its service area. We believe that BT and US West appear best positioned to protect the dividend in the near term and cope in the very competitive market that may develop.

- **Regulation**--LEC markets are highly regulated by the FCC at the Federal level; 50 state Public Utility Commissions (PUCs) and the RBOCs are under the additional restrictions of the MFJ (Modified Final Judgment). A detailed discussion of these very complex regulations is beyond the scope of this report. However, in summary, we believe there are major uncertainties surrounding the shape and scope of future regulation.

    -- **Fiber-to-the-Home**--fiber-optic hookups are likely to be widely deployed in the next decade. Uncertainty exists around timing of deployment and public policy concerns such as "universal service" (the requirement that service be offered on a nonselective basis). Policy decisions by the Clinton Administration on this subject could determine the winners and losers among cable and telephone companies for the next decade.

    -- **Cable/Telco Competition**--currently, LECs can only offer video dial tone services as a "common carrier" and CATV companies have not been allowed into voice telephony. There appears to be widespread support for a competitive solution to the cable/telco confrontation.

    -- **Cable Reregulation**--the recent FCC rules under the cable reregulation law may reduce the free cash flows of the cable companies, which could slow down the investment needed by the cable companies for entry into telco.

    -- **MFJ**--the RBOCs want to enter video services, manufacturing and information services, all of which were prohibited under the ruling that broke up AT&T in the early 1980s. The courts have now ruled the RBOCs may enter information services and we expect them to be allowed eventually into long-distance and video services. Manufacturing appears to us to constitute the most likely restriction to remain in place.

    -- **Local Access Competition**--state PUCs are aggressively moving to allow competition in the Local Access Market by CAPs that provide private-line and switched services to large users, which bypass the LEC.

The FCC is also committed to introducing new LEC competition by:

-- requiring physical co-location for CAP interconnection to the LEC;
-- licensing new wireless service providers; and
-- permitting the ownership of CAPs by cable companies.

- **Broadband Competition**--We expect to begin to see significant broadband competition to the home by 1995. The CATV companies expect to be able to begin offering telephony and several of the LECs expect to have significant video transmission capability by that time. On the other hand, share prices may fall well in advance if investors believe this new competition is likely to be negative for service providers.

- **Cable Competition**--The cable television companies have been the most vocal about upgrading their systems to provide voice telephony and about the competitive threat the cable poses to the telcos. We would make a few observations: we suspect that share prices may already reflect the possibility of competition from the cable companies, and we also believe that the competitive threat posed to the telco customer base by cable may be overblown.

  The most significant advantage that the CATV providers have over the LECs appears to be access to programming.

  - We do not believe there is a significant network cost advantage to the CATV companies over the LECs in building a broadband video/telephony network. The telcos can build video to the home as cheaply as they can build new POTS (Plain Old Telephone Service), about $1000 per subscriber. If so, to offer video service to the same number of homes as currently get cable would be substantially less expensive than the $200 billion that some have speculated;

  - CATV has significant reliability and customer-service problems to overcome that the RBOCs don't generally encounter;

  - At this time, it doesn't appear that CATV has a time-to-market lead in offering telephony over some LEC plans to offer video services.

- **Competitive Access Providers**--The threat posed by the CAPs to LEC business customers is much more significant in the near term than CATV to the LEC in residential customers. CAP revenues have grown rapidly in recent years; in response, the RBOCs have dramatically reduced prices and improved service offerings and provisioning times.

- **PCS (Personal Communications Services)**--We are convinced that regulators intend to move aggressively to license new wireless PCS services as a way to introduce competition into the local loop. While we believe that new PCS services pose the most significant threat to the existing and potential cellular customer base, in the longer term PCS could allow new service providers significant inroads into the LEC customer base. We would not be surprised to see PCS service providers licensed by the FCC later this year for commercial operations by 1995.

  -- The biggest resistance to cellular is the high airtime cost that could make much of the future growth of cellular vulnerable to lower priced/lower function PCS services. While many of the cellular service providers dispute this, GTE, US West and Pactel are preparing to compete against new PCS service providers by using their existing cellular spectrum and CDMA Digital Technology. Cellular operations of several LECs, including Pactel, are quite profitable.

  -- PCS is likely to be the biggest threat to the LEC if only a few licenses are issued in each area with a large amount of spectrum. MCI is proposing three national licenses with 40 Mhz of spectrum. It's not surprising that the LECs prefer five local licenses in each area with 20 Mhz. If there are few PCS competitors with a large amount of spectrum allied with a national IXC (Interexchange Carrier), CATV network or CAP, we believe this combination could pose a significant competitive threat to the LEC customer base over time.

APPENDIX A

AMERITECH CORPORATION
(NYSE: AIT)

Price 4/7/93	52-Week Price Range	EPS (FY: Dec.) 1992A	1993E	1994E	Cal. Yr. P/E 1993E	1994E	Indicated Div.	Yield
77 3/8	79 - 56	$5.00**	$5.28	$5.58	14.7x	13.9x	$3.68	4.8%

Shares Outstanding: 269.2 million
Market Value of Common: $20.8 billion
Average Daily Volume: 282,915 shares
Estimated Float: 267.5 million shares

DJIA: 3397.02
S&P 500: 442.73
Est. 3-5 Year Growth Rate: 7%
HQ: Chicago, IL

**Excluding extraordinary and one-time items.

INVESTMENT CONCLUSION: NEUTRAL

COMPANY DESCRIPTION

Ameritech is the fourth-largest RBOC with estimated 1993 revenues of $11.5 billion. The Company is expected to serve over 17 million access lines by year-end 1993 in the U.S. Midwestern territories of Wisconsin, Michigan, Illinois, Indiana, and Ohio. Ameritech also has significant cellular and paging operations in these same markets. Internationally, Ameritech's most significant investment has been in Telecom Corporation, New Zealand, which was purchased jointly by Ameritech and Bell Atlantic in 1990 (for about $2.5 billion). According to an agreement with the New Zealand government, Ameritech and Bell Atlantic will reduce their ownership to about 25% each by year-end 1993. Additionally, Ameritech is a joint investor in Sky Network Television of New Zealand, which is a satellite pay-TV operator with about 50,000-60,000 subscribers.

Management has adopted a strategy of preparing for full competition in the local loop and is moving aggressively toward pushing both new broadband and wireless services into Ameritech's markets in anticipation of market demand instead of reacting to it.

The Company has made good progress towards instituting incentive regulation in many of its states. It has incentive regulation in place in over 50% of its markets, with incentive plans under review everywhere but Indiana, which accounts for about 8% of its telephone wireline revenues.

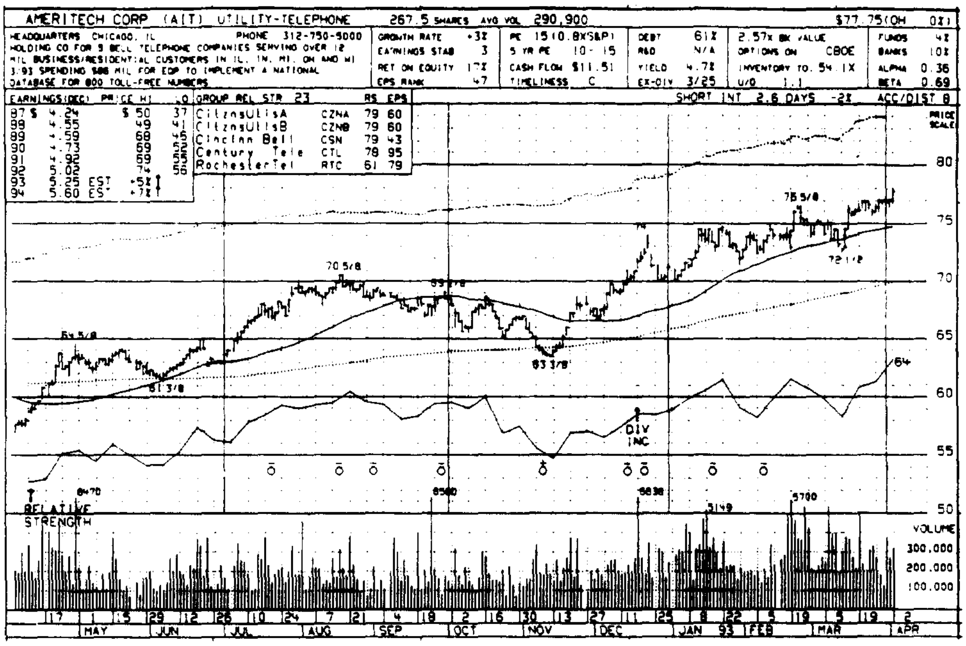

Chart Courtesy of William O'Neil & Co.
April 2, 1993

EARNINGS PER SHARE (FY: DEC.)

	1990A	Y/Y CHG	1991A	Y/Y CHG	1992A	Y/Y CHG	1993E	Y/Y CHG	1994E	Y/Y CHG
1Q	NA	NM	$1.07	NM	$1.26	18%	$1.25	-1%	$1.36	9%
2Q	NA	NM	1.15	NM	1.28	11%	1.33	4%	1.39	5%
3Q	NA	NM	1.43	NM	1.23	-14%	1.33	8%	1.41	6%
4Q	NA	NM	0.75	NM	1.25	67%	1.37	10%	1.42	4%
FY	$3.38	NM	$4.39	30%	$5.00 *	14%	$5.28	6%	$5.58	6%

* excludes ordinary items

ANNUAL FINANCIAL DATA

($ billions)

	1990A	1991A	1992A	1993E	1994E
Total Revenues	$10.6	$10.8	$11.2	$11.5	$11.9
Net Income	$1.3	$1.2	$1.3	$1.4	$1.5
Cash Flow	$2.8	$2.8	$3.3	$3.6	$3.8
Pretax Margin	17.0%	15.3%	17.7%	18.1%	18.6%
Return on Avg. Equity	16.3%	14.7%	17.8%	19.5%	19.0%
Return on Avg. Assets	6.0%	5.3%	6.0%	6.2%	6.5%

FINANCIAL POSITION AS OF 12/31/92

($ billions)

Total Assets	$22.8
Working Capital	($2.7)
Long-Term Debt (LTD)	$4.6
LTD/Tot. Capitalization	40%
Cash Flow/LTD	70%
Current Ratio	0.5:1.0
Shareholders' Equity	$6.9

INSTITUTIONAL HOLDINGS

Common Shrs Held (mil.):	20.5
% Total Outstanding:	7.6%

SOURCES OF PROFIT	1992A	1993E
Telecommunications Products and Services		
Total	100%	100%

MEASURES OF VALUE	Price: $77.38
Book Value Per Share (12/31/92)	$27.92
Price-to-Book Value	2.8 x
P/E CY 1993E/3-5 Yr. Est. Growth Rate	209 %
Market Cap./FY 1993 Est. Revenue	1811.4 x
P/E-to-S&P 500 P/E Calendar Year 1993E	0.8 x
P/E-to-S&P 500 P/E Calendar Year 1994E	0.9 x
4-Year P/E Range	16-3

BELL ATLANTIC CORPORATION
(NYSE: BEL)

Price 4/7/93	52-Week Price Range	EPS (FY: Dec.) 1992A	1993E	1994E	Cal. Yr. P/E 1993E	1994E	Indicated Div.	Yield
54 7/8	57 - 40	$3.19**	$3.45	$3.81	15.9x	14.4x	$2.68	4.9%

Shares Outstanding: 432.9 million
Market Value of Common: $23.7 billion
Average Daily Volume: 478,250 shares
Estimated Float: 430.0 million shares

DJIA: 3397.02
S&P 500: 442.73
Est. 3-5 Year Growth Rate: 7%
HQ: Philadelphia, PA

**Excluding extraordinary and one-time items.

INVESTMENT CONCLUSION: NEUTRAL

COMPANY DESCRIPTION

Bell Atlantic's major geographic wireline territories are in the high-density population areas of Pennsylvania, New Jersey, Delaware, Maryland, Washington, D.C., West Virginia and Virginia. Bell Atlantic is the third largest RBOC with expected 1993 revenues of $13.2 billion and about 18.5 million estimated access lines by the end of 1993. Bell Atlantic Mobile Systems, its wireline cellular service provider, also operates cellular wireless communication systems in these same areas, representing over 22 million POPs. Additionally, Bell Atlantic acquired Metro Mobile for just under $2.5 billion in the second quarter of 1992. The Metro Mobile acquisition added about 11.5 million pops to Bell Atlantic's wireless service area, mostly in markets in the Northeast, Southeast and Southwest. Internationally, Bell Atlantic's major investment has been in Telecom Corporation of New Zealand, Ltd., where it is a partner of Ameritech. Bell Atlantic and Ameritech acquired Telecom New Zealand from the New Zealand government in 1990 for about $2.5 billion and by the end of 1993 are expected to reduce their ownership to just under 25% each. Bell Atlantic is also an investor in Sky Network Television, a satellite-based pay television company in New Zealand.

Bell Atlantic, under the leadership of Ray Smith, has been among the most vocal and most aggressive in the experimentation and deployment of new technologies, as well as pilot projects to demonstrate delivery of video programming over telephone wires and joint venturing with cable companies to provide competition for cable service in selected markets.

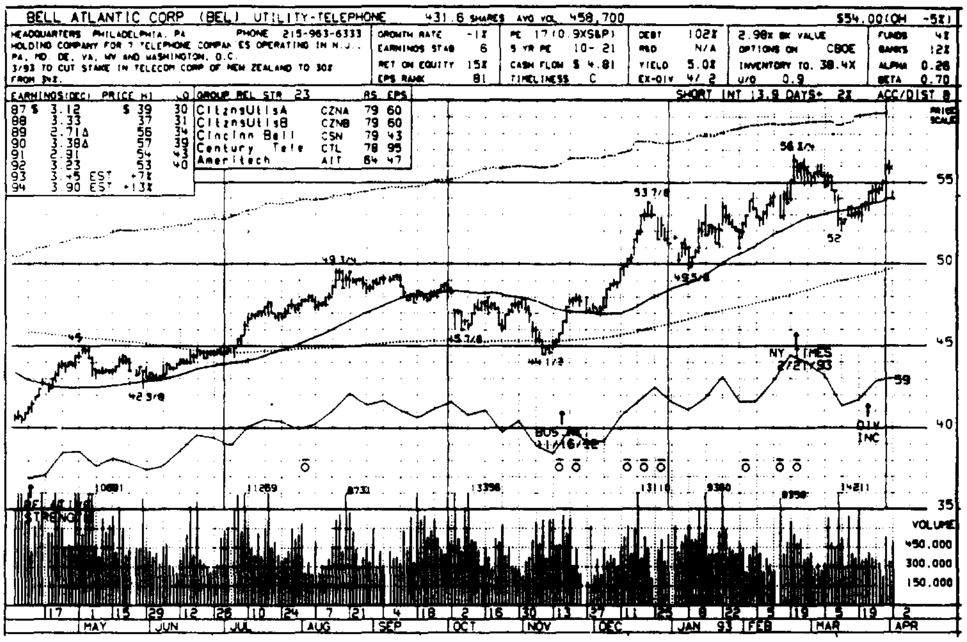

Chart Courtesy of William O'Neil & Co.
April 2, 1993

EARNINGS PER SHARE (FY: DEC.)
* Excluding extraordinary items

	1990A	Y/Y CHG	1991A	Y/Y CHG	1992A	Y/Y CHG	1993E	Y/Y CHG	1994E	Y/Y CHG
1Q	NA	*NM*	$0.77	*NM*	$0.81	*5%*	$0.85	*5%*	$0.91	*7%*
2Q	NA	*NM*	0.77	*NM*	0.74	*-4%*	0.87	*18%*	0.94	*8%*
3Q	NA	*NM*	0.75	*NM*	0.82	*9%*	0.87	*6%*	0.96	*10%*
4Q	NA	*NM*	0.77	*NM*	0.82	*6%*	0.88	*7%*	1.00	*14%*
FY	$3.36	*NM*	$3.06	*-9%*	$3.19	*4%*	$3.45	*8%*	$3.81	*10%*

ANNUAL FINANCIAL DATA
($ millions)

	1990A	1991A	1992A	1993E	1994E
Total Revenues	$12,298	$12,280	$12,647	$13,200	$13,830
Net Income	1,313	1,332	1,382	1,495	1,655
Cash Flow	3,535	3,756	4,747	4,100	$4,400
Pretax Margin	16.1%	16.3%	16.0%	17.3%	18.3%
Return on Avg. Equity	15.0%	15.9%	17.7%	18.7%	19.7%
Return on Avg. Assets	4.8%	4.8%	4.9%	5.3%	5.9%

FINANCIAL POSITION AS OF 12/31/92
($ millions)

Total Assets	$28,100
Working Capital	($1,881)
Long-Term Debt (LTD)	$7,348
LTD/Tot. Capitalization	5%
Cash Flow/LTD	6%
Current Ratio	0.7:1.0
Shareholders' Equity	$7,816

SOURCES OF PROFIT

	1992A	1993E
Telecommunications Products and Services		
Total	100%	100%

MEASURES OF VALUE

	Price: $54.88
Book Value Per Share (12/31/92)	$18.07
Price-to-Book Value	3.0 x
P/E CY 1993E/3-5 Yr. Est. Growth Rate	227 %
Market Cap./FY 1993 Est. Revenue	1.8 x
P/E-to-S&P 500 P/E Calendar Year 1993E	0.9 x
P/E-to-S&P 500 P/E Calendar Year 1994E	0.9 x
4-Year P/E Range	16-3

INSTITUTIONAL HOLDINGS

Common Shrs Held (mil.):	132.0
% Total Outstanding:	30.5%

BELLSOUTH CORPORATION
(NYSE: BLS)

Price 4/7/93	52-Week Price Range	EPS (FY: Dec.) 1992A	1993E	1994E	Cal. Yr. P/E 1993E	1994E	Indicated Div.	Yield
55 3/4	58 - 43	$3.36**	$3.62	$3.85	15.4x	14.5x	$2.76	5.0%

Shares Outstanding: 493.6 million
Market Value of Common: $27.5 billion
Average Daily Volume: 372,275 shares
Estimated Float: 488.9 million shares

DJIA: 3397.02
S&P 500: 442.73
Est. 3-5 Year Growth Rate: 4%
HQ: Atlanta, GA

**Excluding extraordinary and one-time items.

INVESTMENT CONCLUSION: NEUTRAL

COMPANY DESCRIPTION

BellSouth is the largest RBOC with expected 1993 revenues of nearly $16 billion and over 19 million access lines by the year-end 1993. BellSouth's wireline service territory is generally in the Southeast, covering the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee.

BellSouth has been among the most aggressive in making acquisitions and investments outside its wireline service territory. In January 1992, BellSouth formed a joint venture with RAM Broadcasting Corporation to operate mobile data communications, cellular and paging networks. BellSouth agreed to contribute approximately $300 million in return for a 49% interest in the mobile data operations and a 90% interest in all foreign mobile data operations except the United Kingdom. Additionally, BellSouth is about a 25% participant in Optus Communications pty Ltd. an international consortium selected by the Australian government to build and operate a second telecommunications network in Australia. BellSouth expects to invest up to $300 million in Optus in 1993. BellSouth has also aggressively acquired cellular licenses, or interests in cellular licenses, outside its geographic service territory. Besides its 60% interest in L.A. Cellular, BellSouth has made wireless investments in Argentina, Chile and Mexico, totalling less than $500 million. The Company has additional wireless investments in Australia, Chile, Denmark, Germany, New Zealand, Uruguay and Venezuela. The Company owns 100% of the available wireless licenses in Chile and New Zealand. BellSouth is also one of the largest paging service suppliers, with approximately 1.5 million paging customers in the United States, Australia, and the United Kingdom under its MobileComm subsidiary.

We believe the management of BellSouth is among the least likely of its peers to continue to grow the dividend and is most likely to invest aggressively in businesses outside its geographic region in an effort to replace the likely losses of revenue in its home geographic territory.

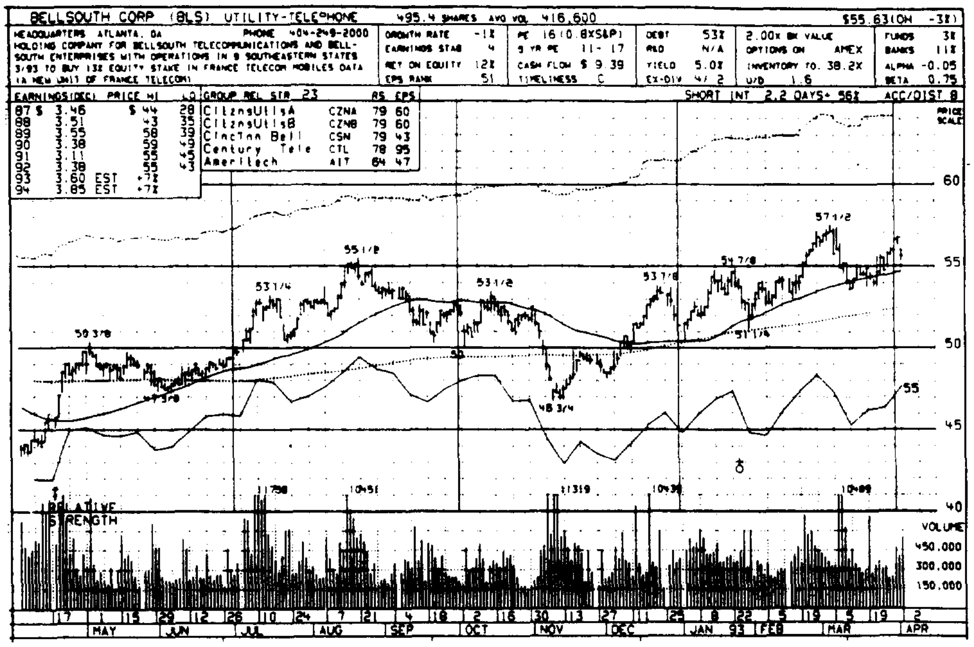

Chart Courtesy of William O'Neil & Co.
April 2, 1993

EARNINGS PER SHARE (FY: DEC.)

	1990A	Y/Y CHG	1991A	Y/Y CHG	1992A	Y/Y CHG	1993E	Y/Y CHG	1994E	Y/Y CHG
1Q	NA	NM	$0.76	NM	$0.86	13%	$0.90	5%	$0.96	7%
2Q	NA	NM	0.76	NM	0.94	24%	0.90	-4%	0.96	7%
3Q	NA	NM	0.73	NM	0.78	7%	0.90	15%	0.96	7%
4Q	NA	NM	0.80	NM	0.78	-3%	0.92	18%	0.97	5%
FY	$3.38	NM	$3.04	-10%	$3.36	11%	$3.62	8%	$3.85	6%

ANNUAL FINANCIAL DATA
($ millions)

	1990A	1991A	1992A	1993E	1994E
Total Revenues	$14,345	$14,446	$15,202	$15,980	$16,815
Net Income	$1,632	$1,472	$1,658	$1,785	$1,930
Cash Flow	$4,527	$4,390	$4,810	$4,980	$5,290
Pretax Margin	16.8%	15.6%	17.0%	17.4%	17.9%
Return on Avg. Equity	12.7%	11.4%	12.3%	12.6%	12.9%
Return on Avg. Assets	5.4%	4.8%	5.3%	5.6%	6.0%

FINANCIAL POSITION AS OF 12/31/92
($ millions)

Total Assets	$31,463
Working Capital	($1,351)
Long-Term Debt (LTD)	$7,360
LTD/Tot. Capitalization	4%
Cash Flow/LTD	6%
Current Ratio	0.7:1.0
Shareholders' Equity	$13,799

SOURCES OF PROFIT

	1992A	1993E
Telecommunications Products and Services		
Total	100%	100%

MEASURES OF VALUE Price: $55.75

Book Value Per Share (12/21/92)	$27.41
Price-to-Book Value	2.0 x
P/E CY 1993E/3-5 Yr. Est. Growth Rate	385 %
Market Cap./FY 1993 Est. Revenue	1.7 x
P/E-to-S&P 500 P/E Calendar Year 1993E	0.9 x
P/E-to-S&P 500 P/E Calendar Year 1994E	0.9 x
4-Year P/E Range	16-13

INSTITUTIONAL HOLDINGS

Common Shrs Held (mil.):	127.0
% Total Outstanding:	25.7%

GTE CORPORATION
(NYSE: GTE)

Price 4/7/93	52-Week Price Range	EPS (FY: Dec.) 1992A	1993E	1994E	Cal. Yr. P/E 1993E	1994E	Indicated Div.	Yield
37 1/8	38 - 28	$1.95**	$2.20	$2.49	16.9x	14.9x	$1.82	4.0%

Shares Outstanding: 930.7 million
Market Value of Common: $34.5 billion
Average Daily Volume: 10.3 million shares
Estimated Float: 919.9 million shares

DJIA: 3397.02
S&P 500: 442.73
Est. 3-5 Year Growth Rate: 5%
HQ: Stamford, CT

**Excluding extraordinary and one-time items.

INVESTMENT CONCLUSION: NEUTRAL

COMPANY DESCRIPTION

GTE is the largest U.S.-based local telephone company and the second-largest cellular service provider in the U.S. GTE also has telecommunications operations in British Columbia and Quebec, Canada, the Dominican Republic, and Venezuela. GTE is not subject to the MFJ restriction and has investments in: government electronics and communications systems; satellite services; GTE Airfone, and AG Communications, a manufacturer of digital, central-office switching systems.

GTE's access lines are widely diversified and serve a disproportionate number of rural areas. In 1991, GTE merged with Contel, which added about three million access lines. It is possible that GTE may not face the urgency to prepare for competition and to rapidly deploy broadband because many of GTE's customers may be more economically served by satellite, or other technologies. However, we believe GTE has among the best geographically situated cellular properties and at year-end had 1.1 million customers. GTE's cellular properties generally are not in the same area as its wireline properties, which could provide it with a significant opportunity to introduce new PCS services, and it has among the most aggressive PCS deployment strategies of which we are aware.

Traditionally, GTE has maintained among the highest dividend payout ratios and annual dividend increases of any of the LECs. However, we would not be surprised to see it decide, at some point, to keep the dividend flat--which we would view as positive for investors interested in total returns because--

- We believe the company can make better use of the cash by investing in new wireless opportunities;
- Competition from new entrants may force higher investment than investors currently expect; and,
- GTE's higher debt leverage makes borrowing to pay the dividend less acceptable.

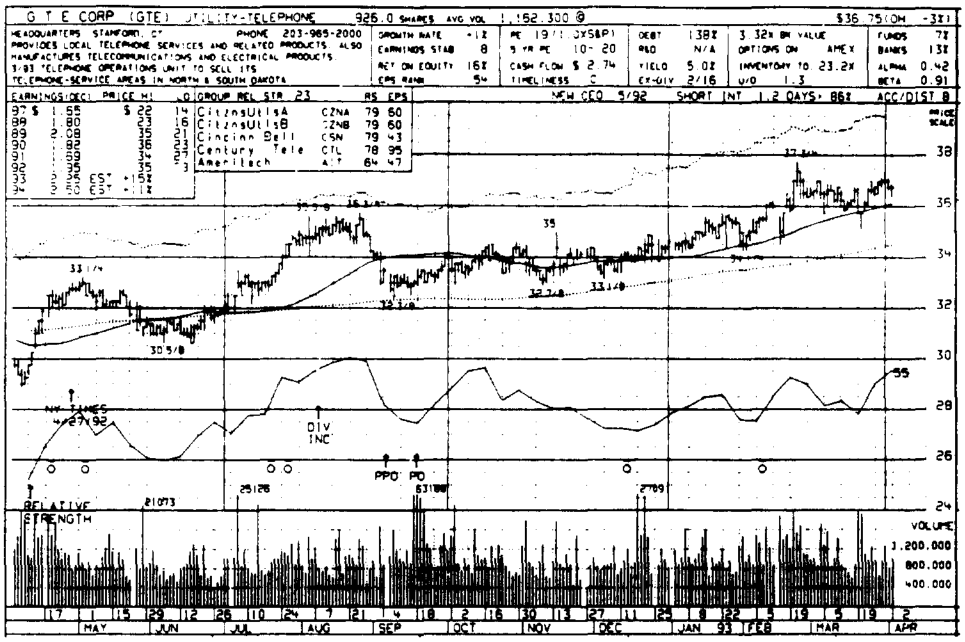

Chart Courtesy of William O'Neil & Co.
April 2, 1993

EARNINGS PER SHARE (FY: DEC.)

	1990A	Y/Y CHG	1991A	Y/Y CHG	1992A	Y/Y CHG	1993E	Y/Y CHG	1994E	Y/Y CHG
1Q	NA	NM	$0.23	NM	$0.47	104%	$0.50	6%	$0.60	20%
2Q	NA	NM	0.44	NM	0.49	11%	0.53	8%	0.63	19%
3Q	NA	NM	0.51	NM	0.55	8%	0.56	2%	0.66	18%
4Q	NA	NM	0.57	NM	0.44	-23%	0.61	39%	0.68	11%
FY	$1.73	NM	$1.75	1%	$1.95	11%	$2.20	13%	$2.49	13%

ANNUAL FINANCIAL DATA
($ billions)

	1990A	1991A	1992A	1993E	1994E
Total Revenues	$18.4	$19.6	$20.0	$20.6	$21.3
Net Income	$1.5	$1.5	$1.8	$2.1	$2.3
Cash Flow	$3.7	$4.8	$3.1	$5.6	$6.0
Pretax Margin	12.1%	11.2%	13.8%	15.7%	17.4%
Return on Avg. Equity	NM	NM	16.8%	20.3%	NA
Return on Avg. Assets	4.6%	4.0%	41.7%	48.0%	54.0%

FINANCIAL POSITION AS OF 9/30/92
($ billions)

Total Assets	$4.2
Working Capital	($1.0)
Long-Term Debt (LTD)	$1.4
LTD/Tot. Capitalization	50%
Cash Flow/LTD	20%
Current Ratio	0.9:1.0
Shareholders' Equity	$1.2

SOURCES OF PROFIT

	1992A	1993E
Telecom Ops.	95.6%	94.8%
Telecom Prod.	5.2%	5.3%
Electrical	-8.0%	-1.0%
Total	100%	100%

MEASURES OF VALUE Price: $37.13

Book Value Per Share (9/03/92)	$13.68
Price-to-Book Value	0.0 x
P/E CY 1993E/3-5 Yr. Est. Growth Rate	0 %
Market Cap./FY 1993 Est. Revenue	0.0 x
P/E-to-S&P 500 P/E Calendar Year 1993E	0.0 x
P/E-to-S&P 500 P/E Calendar Year 1994E	0.0 x
4-Year P/E Range	18-15

INSTITUTIONAL HOLDINGS

Common Shrs Held (mil.):	20.5
% Total Outstanding:	7.7%

NYNEX CORPORATION
(NYSE: NYN)

Price 4/7/93	52-Week Price Range	EPS (FY: Dec.) 1992A	1993E	1994E	Cal. Yr. P/E 1993E	1994E	Indicated Div.	Yield
89 7/8	93 - 69	$6.36**	$6.72	$6.98	13.4x	12.9x	$4.72	5.3%

Shares Outstanding: 206.2 million
Market Value of Common: $18.5 billion
Average Daily Volume: 258,320 shares
Estimated Float: 204.0 million shares

DJIA: 3397.02
S&P 500: 442.73
Est. 3-5 Year Growth Rate: 5%
HQ: New York, NY

**Excluding extraordinary and one-time items.

INVESTMENT CONCLUSION: NEUTRAL

COMPANY DESCRIPTION

NYNEX is the second largest RBOC, with estimated 1993 revenues of over $13 billion and estimated access lines of about 16 million. The Company services the basic geographic region of New York, Massachusetts, Maine, Vermont, New Hampshire and Rhode Island. NYNEX has the most geographically dense region and, therefore, is likely to feel the effects of new competition sooner than any of the other RBOCs. NYNEX Mobile Communications Company, NYNEX's wireless subsidiary, has wireless licenses in generally the same geographic region as its wireline licenses with equity-weighted POPs of about 18.6 million. NYNEX has made some limited investments internationally, including a 15% equity stake in Telecom Asia, mainly to construct a two-million-line network expansion in Bangkok, Thailand. NYNEX Cable Communications, Ltd in the United Kingdom has 14 franchises with a total service area of about two million households and businesses.

NYNEX management is likely to feel increasing competitive pressure and is already under heavy pressure from competition access providers (CAPs) for its business traffic in the New York area. This pressure is expected to increase over time.

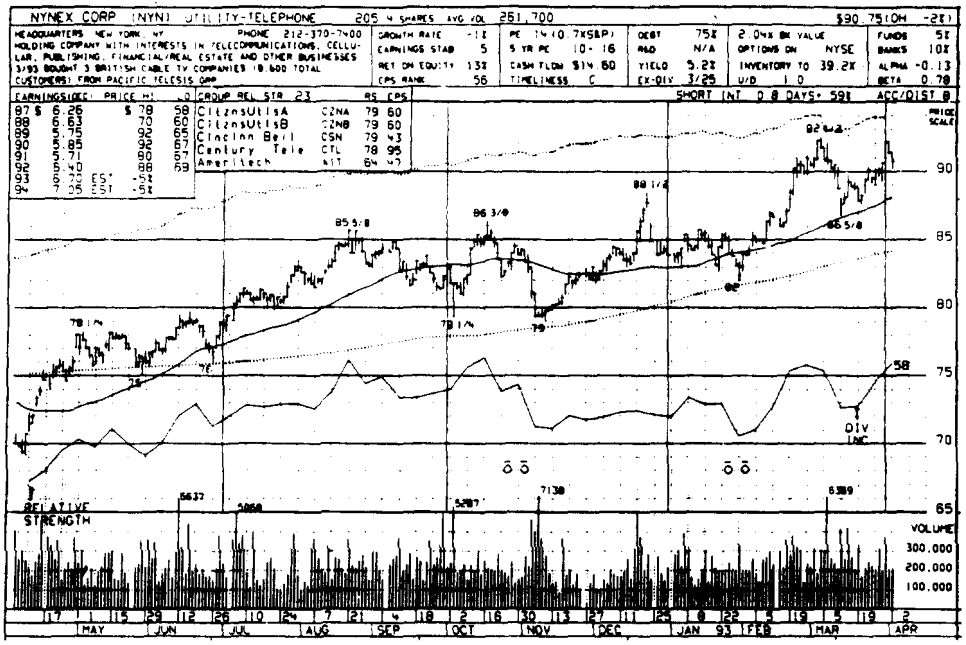

Chart Courtesy of William O'Neil & Co.
April 2, 1993

EARNINGS PER SHARE (FY: DEC.)

	1990A	Y/Y CHG	1991A*	Y/Y CHG	1992A	Y/Y CHG	1993E	Y/Y CHG	1994E	Y/Y CHG
1Q	NA	NM	$1.34	NM	$1.55	16%	$1.65	6%	$1.74	5%
2Q	NA	NM	1.44	NM	1.62	13%	1.70	5%	1.74	2%
3Q	NA	NM	1.44	NM	1.55	8%	1.68	8%	1.74	4%
4Q	NA	NM	1.47	NM	1.64	12%	1.70	4%	1.76	4%
FY	$3.38	NM	$2.98	-12%	$6.36	113%	$6.72	6%	$6.98	4%

* Excludes one-time charges

ANNUAL FINANCIAL DATA
($ millions)

	1990A	1991A	1992A	1993E	1994E
Total Revenues	$13,585	$13,229	$13,155	$13,248	$13,366
Net Income	$949	$601	$1,311	$1,385	$1,440
Cash Flow	$2,875	$3,246	$3,510	$4,030	$4,190
Pretax Margin	10.0%	6.0%	14.3%	15.0%	15.5%
Return on Avg. Equity	NM	NM	13.9%	13.9%	NE
Return on Avg. Assets	3.6%	2.2%	4.8%	5.0%	5.2%

FINANCIAL POSITION AS OF 12/31/92
($ millions)

Total Assets	$27,537
Working Capital	($1,193)
Long-Term Debt (LTD)	$7,096.0
LTD/Tot. Capitalization	4%
Cash Flow/LTD	5%
Current Ratio	0.7:1.0
Shareholders' Equity	$9,724

SOURCES OF PROFIT

	1992A	1993E
Telecommunications	95.9%	94.0%
Cellular	2.2%	2.4%
Publishing	2.1%	2.3%
Fin. & RE	2.3%	2.2%
Other	-2.4%	-0.9%
Total	100%	100%

MEASURES OF VALUE

	Price: $89.88
Book Value Per Share (12/31/92)	$45.98
Price-to-Book Value	2.0 x
P/E CY 1993E/3-5 Yr. Est. Growth Rate	2.7 %
Market Cap./FY 1993 Est. Revenue	1.4 x
P/E-to-S&P 500 P/E Calendar Year 1993E	0.8 x
P/E-to-S&P 500 P/E Calendar Year,1994E	0.8 x
4-Year P/E Range	27-22

INSTITUTIONAL HOLDINGS

Common Shrs Held (mil.):	777.7
% Total Outstanding:	377.2%

PACIFIC TELESIS GROUP
(NYSE: PAC)

Price 4/7/93	52-Week Price Range	EPS (FY: Dec.) 1992A	1993E	1994E	Cal. Yr. P/E 1993E	1994E	Indicated Div.	Yield
47 1/2	49 - 36	$2.82**	$2.94	$3.07	16.2x	15.5x	$2.18	4.6%

Shares Outstanding: 404.4 million
Market Value of Common: $19.2 billion
Average Daily Volume: 516,865 shares
Estimated Float: 400.0 million shares

DJIA: 3397.02
S&P 500: 442.73
Est. 3-5 Year Growth Rate: 5%
HQ: San Francisco, CA

**Excluding extraordinary and one-time items.

INVESTMENT CONCLUSION: NEUTRAL

COMPANY DESCRIPTION

Pacific Telesis (Pactel) is the smallest of the RBOCs, based on estimated 1993 revenues of about $10 billion. The Company services about 15 million access lines in California and Nevada. The majority of Pactel's U.S. wireless properties are also in the same geographic region (20.2 million pops), which include two of the top cellular markets, Los Angeles and San Francisco. The Company has additional cellular licenses in Atlanta, Cincinnati, Cleveland, Dallas and Detroit and the surrounding metropolitan areas. The Company is also the fourth-largest provider of paging services, with more than 820,000 paging units in Arizona, California, Florida, Georgia, Kentucky, Michigan, Missouri, Nevada, Oregon, Texas and Washington. The Company owns a start-up subsidiary called Pactel Teletrac, which intends to develop and operate a network of control centers to track stolen vehicles and offer fleet-monitoring services. Internationally, Pactel is an aggressive investor in wireless owning a 26% stake in the world's largest digital cellular system in Germany (20.8 million pops), a 23% interest in nationwide cellular and paging services in Portugal (2.4 million pops), and a 17.5% interest in a digital-paging system in Spain. The Company has also made several small investments in Asia, and an important cellular franchise in Japan (about 10.4 million pops).

Pacific Telesis is the only management group to plan a strategy of divestiture and, accordingly, expects to spin off its nonregulated wireless subsidiaries into a separate company sometime in 1993 in an effort to escape the consent decree barriers of the MFJ (Modified Final Judgment). Pacific Telesis appears to be particularly focused on a wireless strategy for future growth, based on the Company's announcement regarding the spin-off of the wireless operations into an unregulated subsidiary. Chairman, Sam Ginn, has announced an intention to move to the unregulated wireless subsidiary.

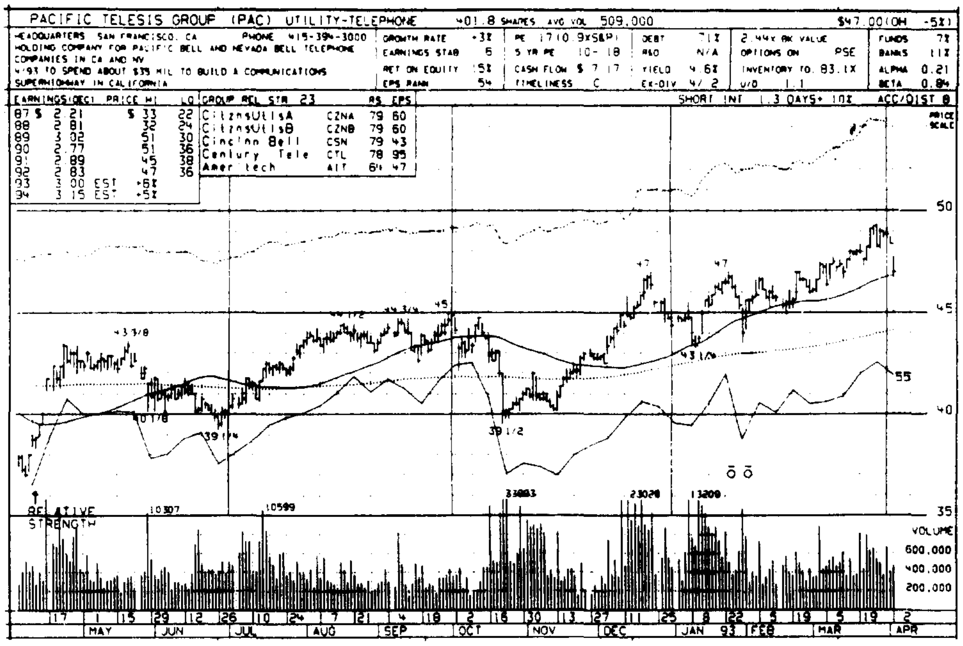

Chart Courtesy of William O'Neil & Co.
April 2, 1993

EARNINGS PER SHARE (FY: DEC.)

	1990A	Y/Y CHG	1991A	Y/Y CHG	1992A	Y/Y CHG	1993E	Y/Y CHG	1994E	Y/Y CHG
1Q	NA	NM	$0.64	NM	$0.68	6%	$0.71	4%	$0.79	11%
2Q	NA	NM	0.80	NM	0.71	-11%	0.73	3%	0.79	8%
3Q	NA	NM	0.70	NM	0.71	1%	0.74	4%	0.79	7%
4Q	NA	NM	0.40	NM	0.71	77%	0.75	6%	0.80	7%
FY	$2.55	NM	$2.54	-0%	$2.82	11%	$2.94	4%	$3.07	4%

ANNUAL FINANCIAL DATA
($ millions)

	1990A	1991A	1992A	1993E	1994E
Total Revenues	$9,716	$9,895	$9,935	$10,025	$10,170
Net Income	$1,030	$1,015	$1,142	$1,190	$1,251
Cash Flow	$2,760	$2,659	$2,523	$3,065	$3,150
Pretax Margin	17.4%	17.0%	18.2%	18.8%	19.4%
Return on Avg. Equity	13.5%	13.4%	14.2%	14.3%	14.3%
Return on Avg. Assets	4.8%	4.7%	5.1%	5.3%	5.5%

FINANCIAL POSITION AS OF 12/31/92
($ millions)

Total Assets	$22,516
Working Capital	($1,142)
Long-Term Debt (LTD)	$5,299.0
LTD/Tot. Capitalization	4%
Cash Flow/LTD	5%
Current Ratio	0.7:1.0
Shareholders' Equity	$8,251

SOURCES OF PROFIT

	1992A	1993E
Telecommunications Products and Services		
Total	100%	100%

MEASURES OF VALUE

	Price: $47.50
Book Value Per Share (12/31/92)	$19.83
Price-to-Book Value	2.4 x
P/E CY 1993E/3-5 Yr. Est. Growth Rate	323 %
Market Cap./FY 1993 Est. Revenue	1.9 x
P/E-to-S&P 500 P/E Calendar Year 1993E	0.9 x
P/E-to-S&P 500 P/E Calendar Year 1994E	0.0 x
4-Year P/E Range	19-15

INSTITUTIONAL HOLDINGS

Common Shrs Held (mil.):	145.3
% Total Outstanding:	35.9%

SOUTHWESTERN BELL CORPORATION
(NYSE: SBC)

Price 4/7/93	52-Week Price Range	EPS (FY: Dec.) 1992A	1993E	1994E	Cal. Yr. P/E 1993E	1994E	Indicated Div.	Yield
77	78 - 57	$4.34**	$4.77	$5.24	16.1x	14.7x	$3.82	3.9%

Shares Outstanding: 299.6 million
Market Value of Common: $23.1 billion
Average Daily Volume: 294,255 shares
Estimated Float: 29.7 million shares

DJIA: 3397.02
S&P 500: 442.73
Est. 3-5 Year Growth Rate: 6%
HQ: St. Louis, MO

**Excluding extraordinary and one-time items.

INVESTMENT CONCLUSION: NEUTRAL

COMPANY DESCRIPTION

Southwestern Bell is a $10 billion+ company with an estimated 13 million access lines in 1993. The Company services the geographic area of Missouri, Arkansas, Kansas, Oklahoma, and Texas, of which about 85% of the business is now under some form of incentive regulation. Southwestern Bell also services wireless cellular customers in its same geographic territory, in addition to six metropolitan markets that were purchased from Metro Media in 1987: Chicago, Illinois; Gary, Indiana; Boston, Massachusetts; Worcester, Massachusetts; and Washington, D.C./Baltimore. In total, the Company has access to over 35 million POPS through its various service territories. Southwestern Bell recently agreed to sell Metro Media Paging, one of the largest paging companies in the country, servicing almost a million customers in 31 states to LOCATE. The Company also has a substantial publishing segment that amounts to about 10% of its total revenues. Internationally, Southwestern Bell owns a controlling interest in Telefonos de Mexico along with Grupo Carso and France Telecom, as well as eight cable TV franchises in the United Kingdom. We believe a substantial portion of the premium valuation of Southwestern Bell versus its peer group may be due to its interest in Telefonos de Mexico.

Southwestern Bell appears to be among the most aggressive in executing an acquisition strategy. Besides its previous investment in Telefonos de Mexico, Southwestern Bell recently announced it intends to purchase two cable TV systems servicing the Washington, D.C. suburbs for approximately $650 million.

On December 10, 1990, Southwestern Bell, France Telecom and Grupo Carso won a 50.1% controlling interest in Telmex. Southwestern Bell's original investment was about $485 million, as well as an exercise of an option for an additional 5% for about $470 million. Total investment in Telmex stock appears to be about $950 million with a current market value of nearly $3 billion.

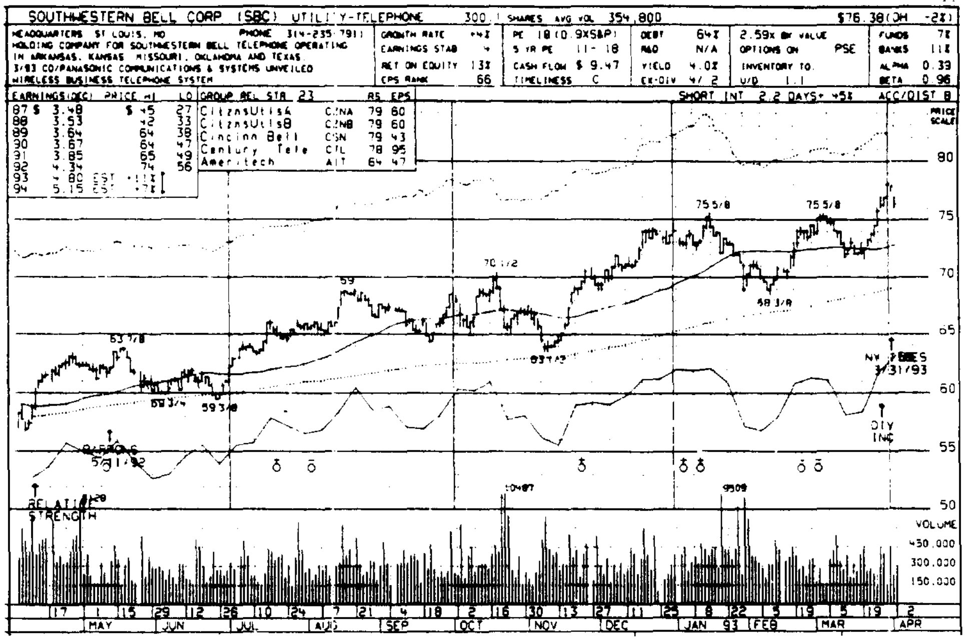

Chart Courtesy of William O'Neil & Co.
April 2, 1993

EARNINGS PER SHARE (FY: DEC.)

	1990A	Y/Y CHG	1991A	Y/Y CHG	1992A	Y/Y CHG	1993E	Y/Y CHG	1994E	Y/Y CHG
1Q	NE	NM	$0.75	NM	$0.87	16%	$1.04	20%	$1.29	24%
2Q	NE	NM	0.84	NM	1.01	20%	1.11	10%	1.29	16%
3Q	NE	NM	0.94	NM	1.29	37%	1.30	1%	1.30	0%
4Q	NE	NM	1.05	NM	1.17	11%	1.31	12%	1.30	-1%
FY	$3.67	NM	$3.58	-2%	$4.34	21%	$4.77	10%	$5.24	10%

ANNUAL FINANCIAL DATA
($ millions)

	1990A	1991A	1992A	1993E	1994E
Total Revenues	$9,113	$9,332	$10,015	$10,290	$10,580
Net Income	$1,101	$1,076	$1,302	$1,430	$1,572
Cash Flow	$2,671	$2,893	$3,609	$3,328	$3,520
Pretax Margin	16.9%	17.6%	18.7%	20.0%	21.3%
Return on Avg. Equity	13.0%	12.3%	14.3%	14.9%	15.5%
Return on Avg. Assets	5.1%	4.7%	5.5%	6.0%	6.5%

FINANCIAL POSITION AS OF 12/31/92
($ millions)

Total Assets	$23,810
Working Capital	($929)
Long-Term Debt (LTD)	$5,716
LTD/Tot. Capitalization	4%
Cash Flow/LTD	5%
Current Ratio	0.8:1.0
Shareholders' Equity	$9,304

SOURCES OF PROFIT	1992A	1993E
Telecommunications Products and Services		
Total	100%	100%

INSTITUTIONAL HOLDINGS

Common Shrs Held (mil.):	112.8
% Total Outstanding:	37.7%

MEASURES OF VALUE	Price: $77.00
Book Value Per Share (12/21/92)	$30.26
Price-to-Book Value	2.5 x
P/E CY 1993E/3-5 Yr. Est. Growth Rate	269 %
Market Cap./FY 1993 Est. Revenue	2.2 x
P/E-to-S&P 500 P/E Calendar Year 1993E	0.9 x
P/E-to-S&P 500 P/E Calendar Year 1994E	0.9 x
4-Year P/E Range	17-13

US WEST CORPORATION
(NYSE: USW)

Price 4/7/93	52-Week Price Range	EPS (FY: Dec.) 1992A	1993E	1994A	Cal. Yr. P/E 1993E	1994E	Indicated Div.	Yield
43 5/8	44 - 33	$2.85**	$3.22	$3.37	13.5x	12.9x	$2.14	4.9%

Shares Outstanding: 413.4 million
Market Value of Common: $18.0 billion
Average Daily Volume: 479,790 shares
Estimated Float: 40.9 million shares

DJIA: 3397.02
S&P 500: 442.78
Est. 3-5 Year Growth Rate: 6%
HQ: Englewood, CO

**Excluding extraordinary and one-time items.

INVESTMENT CONCLUSION: BUY

COMPANY DESCRIPTION

US West is expected to have 1993 revenues of about $10.6 billion with about 13.7 million access lines. US West serves about 25 million residential and business customers in 14 Western and Midwestern states: Washington, Colorado, Arizona, Minnesota, Oregon, Iowa, Utah, New Mexico, Nebraska, Idaho, Montana, South Dakota, North Dakota and Wyoming. The Company still has traditional rate regulation in about 30% of its service territory. The Company's wireless subsidiary, US West New Vector group has about 247,300 paging subscribers and cellular licenses servicing about 18 million equity adjusted pops and 415,000 subscribers. The Company has cable television investments in the United Kingdom, France, Hungary, Norway and Sweden for a total expected investment of approximately $500 million. In the United Kingdom, US West owns the cable franchises jointly with Telecommunications, Inc (TCI). They are partners in eight operating entities owning sixteen cable franchises. They offer telephone service as well in six of the eight entities. In Hungary, US West is partnered with United International Holdings and Time Warner. The Company is expected to invest approximately $208 million in a PCN Network currently under construction in the United Kingdom through a partnership with Cable & Wireless. The Company currently has cellular licenses in Hungary, St. Petersburg, Moscow, and Russia, as well as operating telecommunications gateway switches in Russia and Lithuania, all of which require investments of less than $50 million. Additionally, US West has joined with several partners in an investment in a digital cellular system in Japan.

While management has made selective international investments, its major focus is on retaining its current customer base in a highly competitive environment within its geographic region. US West, along with BellSouth, has the lowest density of population per square mile, which tends to be a barrier to entry to new competitors. US West management appears to be among the most aggressive in the deployment of new broadband and wireless technologies into its geographic region. Management has identified three value drivers that are focusing its strategies: (1) retention of the customer base; (2) significant cost reductions; and (3) new product revenues.

US West management also has the most pessimistic view of any of the RBOCs in terms of how competitive the telecommunications market is likely to become. We believe that this viewpoint--of a highly competitive market between 1995 and the year 2000--is likely to enable US West to better prepare for whatever competition does develop. The Company has announced an aggressive deployment of broadband capability into its market place and has alternative plans prepared to convert as much as one million lines per year, depending on the competitive forecast in its specific geographic areas. Management has indicated that, regardless of how quickly competition develops, it intends to have 100,000 commercial customers on its new broadband network by the end of 1994 and will begin adding 500,000 customers per year to the network for the remainder of the decade, unless competition forces faster deployment. Management appears convinced that it can deliver a broadband network to the home in a similar time frame and at a competitive cost compared to what some of the large cable networks have estimated that it will cost them to rebuild their network to offer voice telephony and switched-video services.

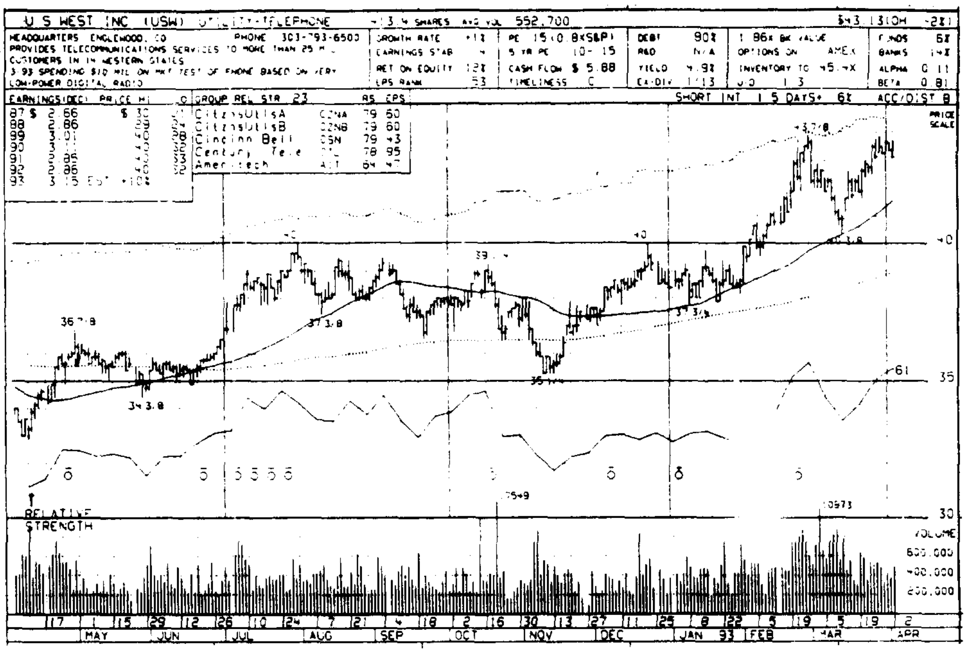

Chart Courtesy of William O'Neil & Co.
April 2, 1993

EARNINGS PER SHARE (FY: DEC.)

	1990A	Y/Y CHG	1991A*	Y/Y CHG	1992A	Y/Y CHG	1993E	Y/Y CHG	1994E	Y/Y CHG
1Q	NA	*NM*	$0.73	*NM*	$0.73	*0%*	$0.78	*7%*	$0.83	*6%*
2Q	NA	*NM*	0.70	*NM*	0.71	*1%*	0.80	*13%*	0.84	*5%*
3Q	NA	*NM*	0.66	*NM*	0.65	*-2%*	0.79	*22%*	0.85	*8%*
4Q	NA	*NM*	0.86	*NM*	0.76	*-12%*	0.85	*12%*	0.86	*1%*
FY	$3.38	*NM*	$2.85	*-16%*	$2.85	*0%*	$3.22	*13%*	$3.37	*5%*

** Excludes one-time items*

ANNUAL FINANCIAL DATA
($ millions)

	1990A	1991A	1992A	1993E	1994E
Total Revenues	$9,957	$10,577	$10,281	$10,595	$10,954
Net Income	$1,199	$553	$1,179	$1,330	$1,396
Cash Flow	$2,822	$3,030	$3,325	$3,293	$3,428
Pretax Margin	17.7%	7.0%	16.7%	18.2%	18.5%
Return on Avg. Equity	13.9%	5.9%	13.2%	15.6%	15.6%
Return on Avg. Assets	4.6%	2.0%	4.2%	4.7%	4.9%

FINANCIAL POSITION AS OF 12/31/92
($ millions)

Total Assets	$27,964
Working Capital	($2,455)
Long-Term Debt (LTD)	$6,737
LTD/Tot. Capitalization	5%
Cash Flow/LTD	5%
Current Ratio	0.5:1.0
Shareholders' Equity	$8,268

SOURCES OF PROFIT

	1992A	1993E
Telecommunications Products and Services		
Total	100%	100%

MEASURES OF VALUE Price: $43.63

Book Value Per Share (12/21/92)	$21.64
Price-to-Book Value	2.0 x
P/E CY 1993E/3-5 Yr. Est. Growth Rate	226 %
Market Cap./FY 1993 Est. Revenue	1.7 x
P/E-to-S&P 500 P/E Calendar Year 1993E	0.8 x
P/E-to-S&P 500 P/E Calendar Year 1994E	0.8 x
4-Year P/E Range	30-24

INSTITUTIONAL HOLDINGS

Common Shrs Held (mil.):	170.8
% Total Outstanding:	41.3%

APPENDIX B

TELECOMMUNICATIONS REGIONAL HOLDING COMPANY OVERVIEW

Comparative Valuation Tables

(in millions, except for per-share data & ratios)

VALUATION MEASURES:

		4/6/93 Price	Cur. O/S Shares	*Market Cap.*	Cal. 1992 Div.P/S	Cal. 1993E Div.P/S	*Cal. 1993E Yield*	Cal. 1992 EPS (6)	Cal. 1993E EPS (6)	*Cal. 1992 P/E Ratio*	*Cal. 1993E P/E Ratio*	*Cal. 1993E EBITD Mult.*	*AMC (3)/ Acc. Line*
Ameritech	AIT	$78.38	269.2	*$21,095.4*	$3.52	$3.68	*4.7%*	$5.00	$5.28	*15.7*	*14.9*	*5.6*	*$1,460.58*
Bell Atlantic	BEL	$55.13	432.9	*$23,864.2*	$2.60	$2.68	*4.9%*	$3.19	$3.45	*17.3*	*16.0*	*5.7*	*$1,640.77*
BellSouth	BLS	$56.50	493.6	*$27,889.9*	$2.76	$2.76	*4.9%*	$3.36	$3.62	*16.8*	*15.6*	*5.3*	*$1,803.58*
NYNEX	NYN	$90.88	206.2	*$18,738.6*	$4.64	$4.72	*5.2%*	$6.36	$6.72	*14.3*	*13.5*	*4.9*	*$1,609.73*
Pacific Telesis	PAC	$48.25	404.4	*$19,511.6*	$2.17	$2.18	*4.5%*	$2.82	$2.94	*17.1*	*16.4*	*6.1*	*$1,655.68*
Southwestern Bell	SBC	$78.00	299.6	*$23,372.5*	$2.92	$3.02	*3.9%*	$4.34	$4.77	*18.0*	*16.3*	*6.7*	*$2,169.64*
US West	USW	$43.75	413.4	*$18,086.3*	$2.12	$2.14	*4.9%*	$2.85	$3.22	*15.3*	*13.6*	*5.5*	*$1,803.71*
GTE	GTE	$37.38	930.7	*$34,785.8*	$1.73	$1.82	*4.9%*	$1.90	$2.20	*19.7*	*17.0*	*6.2*	*$2,409.66*

Note 3: Adjusted Market Cap. = Market Cap. + Debt-Cash

Note 4: Free Cash Flow = Net Income + Depreciation & Amortization - Net Cap. Exp. - Dividends

Note 5: Implied Growth Rate = Return on Equity (ROE) x (1- Dividend Payout)

Note 6: Excludes Extraordinary Items. & One-time Adj.

Source: Alex. Brown & Sons

TELECOMMUNICATIONS REGIONAL HOLDING COMPANY OVERVIEW

Comparative Valuation Tables

(in millions, except for per-share data & ratios)

PROFITABILITY MEASURES:

		Cal. 1992 Revenues	Cal. 1992 Op. Income	*Operating Margin*	Cal. 1993E Revenues	Cal. 1993E Op. Income	*Operating Margin*	Cal. 1992 Net Inc. (6)	Cal. 1993E Net Inc. (6)	Cal. 1993E FCF (4)	*FCF (4) Per Share*	Cal. 1992 End Cash	Cal. 1993E Acc. Lines
Ameritech	AIT	$11,153.0	$2,344.0	*21.0%*	$11,520.0	$2,421.0	*21.0%*	$1,346.0	$1,420.0	$179.5	*$0.67*	$92.4	17.4
Bell Atlantic	BEL	$12,647.0	$2,506.2	*19.8%*	$13,200.0	$2,750.0	*20.8%*	$1,382.2	$1,495.0	$434.8	*$1.00*	$329.7	18.7
BellSouth	BLS	$15,201.6	$3,160.7	*20.8%*	$15,980.0	$3,320.0	*20.8%*	$1,658.4	$1,785.0	$272.6	*$0.55*	$346.1	19.2
NYNEX	NYN	$13,155.0	$2,527.5	*19.2%*	$13,248.0	$2,621.3	*19.8%*	$1,311.2	$1,385.0	$311.7	*$1.51*	$88.9	15.9
Pacific Telesis	PAC	$9,935.0	$2,123.0	*21.4%*	$10,025.0	$2,200.0	*21.9%*	$1,142.0	$1,190.0	$108.4	*$0.27*	$91.0	14.9
Southwestern Bell	SBC	$10,015.4	$2,197.4	*21.9%*	$10,290.0	$2,360.0	*22.9%*	$1,301.7	$1,430.0	$275.1	*$0.92*	$505.2	13.1
US West	USW	$10,281.1	$2,404.4	*23.4%*	$10,595.0	$2,530.0	*23.9%*	$1,179.4	$1,330.0	$170.3	*$0.41*	$205.8	13.6
GTE	GTE	$19,983.7	$4,216.4	*21.1%*	$20,580.0	$4,675.0	*22.7%*	$1,764.4	$2,050.0	$131.1	*$0.14*	$475.0 E	21.2

Note 3: Adjusted Market Cap.= Market Cap.+ Debt-Cash

Note 4: Free Cash Flow= Net Income + Depreciation & Amortization - Net Cap. Exp. - Dividends

Note 5: Implied Growth Rate= Return on Equity (ROE) x (1- Dividend Payout)

Note 6: Excludes Extraordinary Items. & One-time Adj.

Source: Alex. Brown & Sons

TELECOMMUNICATIONS REGIONAL HOLDING COMPANY OVERVIEW
Comparative Valuation Tables

UTILIZATION MEASURES:

		Cal. 1992 Rev./Assets	Cal. 1993E Rev./Assets	Cal. 1992 Debt Lever.	Cal. 1993E Debt Lever.	Cal. 1992 ROE	Cal. 1993E ROE	Cal. 1992 ROTC	Cal. 1993E ROTC	*Cal. 1992 Div. Payout*	*Cal. 1993E Div. Payout*	*Cal. 1992 IGR (5)*	*Cal. 1993E IGR (5)*
Ameritech	AIT	0.495	0.501	0.388	0.377	17.8%	19.5%	7.7%	9.9%	*70.4%*	*69.8%*	*5.3%*	*5.9%*
Bell Atlantic	BEL	0.452	0.469	0.495	0.472	17.7%	18.7%	8.1%	8.8%	*81.4%*	*77.6%*	*3.3%*	*4.2%*
BellSouth	BLS	0.487	0.505	0.360	0.334	12.3%	12.6%	4.6%	5.4%	*82.2%*	*76.3%*	*2.2%*	*3.0%*
NYNEX	NYN	0.478	0.480	0.425	0.412	13.9%	13.9%	8.0%	8.1%	*73.0%*	*70.3%*	*3.8%*	*4.1%*
Pacific Telesis	PAC	0.448	0.443	0.403	0.385	14.3%	14.2%	8.0%	8.1%	*76.8%*	*74.1%*	*3.3%*	*3.7%*
Southwestern Bell	SBC	0.426	0.430	0.385	0.367	14.3%	14.9%	9.3%	9.7%	*67.2%*	*63.3%*	*4.7%*	*5.5%*
US West	USW	0.368	0.376	0.446	0.439	13.2%	15.6%	7.0%	7.6%	*74.3%*	*66.5%*	*3.4%*	*5.2%*
GTE	GTE	0.471 E	0.483	0.612 E	0.624	16.8%	20.3%	8.0%	8.9%	*91.3%*	*82.6%*	*1.5%*	*3.5%*

Note 3: Adjusted Market Cap.= Market Cap.+ Debt-Cash

Note 4: Free Cash Flow= Net Income + Depreciation & Amortization - Net Cap. Exp. - Dividends

Note 5: Implied Growth Rate= Return on Equity (ROE) x (1- Dividend Payout)

Note 6: Excludes Extraordinary Items. & One-time Adj.

Source: Alex. Brown & Sons