Report of Management

Management of NYNEX Corporation and its subsidiaries (the "Company") has the responsibility for preparing the accompanying consolidated financial statements and for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles and, in Management's opinion, are fairly presented. The consolidated financial statements include amounts that are based on Management's best estimates and judgments. Management also prepared the other information in this report and is responsible for its accuracy and consistency with the consolidated financial statements.

The consolidated financial statements have been audited by Coopers & Lybrand, independent accountants, whose appointment was ratified by the Company's stockholders. Management has made available to Coopers & Lybrand all of the Company's financial records and related data, as well as the minutes of stockholders' and directors' meetings. Furthermore, Management believes that all representations made to Coopers & Lybrand during its audit were valid and appropriate.

Management of the Company has established and maintains an internal control structure that is designed to provide reasonable assurance as to the integrity and reliability of the consolidated financial statements, the protection of assets from unauthorized use or disposition, and the prevention and detection of fraudulent financial reporting. The concept of reasonable assurance recognizes that the cost of the internal control structure should not exceed the benefits to be derived. The internal control structure provides for appropriate division of responsibility and is documented by written policies and procedures that are communicated to employees with significant roles in the financial reporting process. Management monitors the internal control structure for compliance, considers recommendations for improvement from both the internal auditors and Coopers & Lybrand and updates such policies and procedures as necessary. Monitoring includes an internal auditing function to independently assess the effectiveness of the internal controls and recommend possible improvements thereto. Management believes that the internal control structure of the Company is adequate to accomplish the objectives discussed herein.

The Audit Committee of the Board of Directors, which is comprised of Directors who are not employees, meets periodically with Management, the internal auditors and Coopers & Lybrand to review the manner in which they are performing their responsibilities and to discuss matters relating to auditing, internal controls and financial reporting. Both the internal auditors and Coopers & Lybrand periodically meet privately with the Audit Committee and have access to the Audit Committee at any time.

Management also recognizes its responsibility for conducting Company activities under the highest standards of personal and corporate conduct. This responsibility is accomplished by fostering a strong ethical climate as characterized in the Codes of Business Conduct of the Company, which are publicized throughout the Company. These codes of conduct address, among other things, standards of personal conduct, potential conflicts of interest, compliance with all domestic and foreign laws, accountability for Company property, and the confidentiality of proprietary information.

William C. Ferguson

William C. Ferguson
Chairman and Chief Executive Officer

Peter M. Ciccone

Peter M. Ciccone
Vice President and Comptroller

Consolidated Statements of Income

For the year ended December 31, in millions, except per share amounts	1992	1991	1990
OPERATING REVENUES			
Local service	$6,307.6	$6,097.0	$5,651.0
Long distance	1,113.4	1,171.5	1,365.0
Network access	3,355.8	3,294.8	3,292.3
Other	2,378.2	2,665.5	3,273.8
Total operating revenues	**13,155.0**	**13,228.8**	**13,582.1**
OPERATING EXPENSES			
Maintenance and support	2,778.6	2,973.9	3,053.6
Depreciation and amortization	2,518.0	2,397.5	2,337.3
Marketing and customer services	1,281.0	1,287.6	1,326.5
Taxes other than income [Note K]	1,054.6	1,122.6	1,091.3
Selling, general and administrative	2,163.9	2,778.5	2,075.1
Other	831.4	1,078.5	1,683.0
Total operating expenses	**10,627.5**	**11,638.6**	**11,566.8**
Operating income	2,527.5	1,590.2	2,015.3
Other income (expense)—net	38.7	(71.3)	2.4
Earnings before Interest expense and Income taxes	2,566.2	1,518.9	2,017.7
Interest expense	684.6	726.0	700.0
Earnings before Income taxes	1,881.6	792.9	1,317.7
Income taxes [Note B]	570.4	192.1	368.3
Net Income	$1,311.2	$ 600.8	$ 949.4
Earnings per share	$ 6.40	$ 2.98	$ 4.78
Weighted average number of shares outstanding	204.9	201.5	198.7

See accompanying notes to consolidated financial statements

Consolidated Balance Sheets

December 31, in millions	1992	1991
ASSETS		
Current assets:		
Cash and temporary cash investments	$ 88.9	$ 158.0
Receivables (net of allowance of $190.3 and $169.9, respectively)	2,382.2	2,490.0
Inventories	186.5	237.9
Prepaid expenses	321.0	343.1
Deferred charges and other current assets	545.7	589.1
Total current assets	3,524.3	3,818.1
Property, plant and equipment—net [Note D]	19,973.2	19,914.9
Deferred charges and other assets	4,216.4	3,769.6
Total Assets	$27,713.9	$27,502.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable [Note K]	$ 2,564.1	$ 3,040.2
Short-term debt [Note F]	1,419.4	1,573.4
Other current liabilities [Note K]	811.0	786.6
Total current liabilities	4,794.5	5,400.2
Long term debt [Notes E and J]	7,018.2	6,833.1
Deferred income taxes	3,306.0	3,122.5
Unamortized investment tax credits	426.1	496.0
Other long-term liabilities and deferred credits [Notes B and C]	2,445.4	2,530.9
Total Liabilities	17,990.2	18,382.7
Commitments and contingencies [Notes [illegible], M and N]		
Stockholders' equity:		
Preferred stock—$1 par value, 70,000,000 shares authorized	—	—
Preferred stock—Series A Junior Participating—$1 par value, 5,000,000 shares authorized [Note G]	—	—
Common stock—$1 par value, 750,000,000 shares authorized	214.2	211.1
Additional paid-in capital	6,520.0	6,282.3
Retained earnings	3,958.7	3,614.8
Treasury stock—7,375,946 shares, at cost	(572.9)	(572.9)
Deferred compensation—LESOP Trust [Note G]	(396.3)	(415.4)
Total Stockholders' Equity	9,723.7	9,119.9
Total Liabilities and Stockholders' Equity	$27,713.9	$27,502.6

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Stockholders' Equity

In millions	Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Deferred Compensation-LESOP Trust	Total Stockholders' Equity
Balance, December 31, 1989	204.6	$204.6	$5,791.9	$3,869.4	$(496.8)	$ —	$9,369.1
Employee benefit and dividend reinvestment plans [Notes G and H]	1.9	1.9	216.7	.1	(76.1)	(438.4)	(295.8)
Dividends ($4.56 per common share)	—	—	—	(908.6)	—	—	(908.6)
Other	1.0	1.0	8.1	25.6	—	—	34.7
Net income	—	—	—	949.4	—	—	949.4
Balance, December 31, 1990	207.5	$207.5	$6,016.7	$3,935.9	$(572.9)	$(438.4)	$9,148.8
Employee benefit and dividend reinvestment plans [Notes G and H]	3.6	3.6	265.5	—	—	23.0	292.1
Dividends ($4.56 per common share)	—	—	—	(923.0)	—	—	(923.0)
Other	—	—	.1	1.1	—	—	1.2
Net income	—	—	—	600.8	—	—	600.8
Balance, December 31, 1991	211.1	$211.1	$6,282.3	$3,614.8	$(572.9)	$(415.4)	$9,119.9
Employee benefit and dividend reinvestment plans [Notes G and H]	3.1	3.1	237.2	(.1)	—	19.1	259.3
Dividends ($4.64 per common share)	—	—	—	(954.3)	—	—	(954.3)
Other	—	—	.5	(12.9)	—	—	(12.4)
Net income	—	—	—	1,311.2	—	—	1,311.2
Balance, December 31, 1992	214.2	$214.2	$6,520.0	$3,958.7	$(572.9)	$(396.3)	$9,723.7

At December 31, 1992 there were 1,005,137 stockholders of record of common shares.
See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the year ended December 31, in millions	1992	1991	1990
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	[illegible]	$ 600.8	$ 949.4
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	[illegible]	2,397.5	2,337.3
Amortization of unearned lease income—net	(67.1)	(57.8)	(47.6)
Deferred income taxes—net	48.9	(222.1)	(23.2)
Deferred tax credits—net	(63.8)	(68.0)	(60.4)
Allowance for funds used during construction—equity component	(30.6)	(28.6)	(40.6)
Changes in operating assets and liabilities:			
Receivables	107.8	152.1	(143.6)
Inventories	51.4	198.8	(35.3)
Prepaid expenses	22.1	(16.4)	(29.4)
Deferred charges and other current assets	43.4	(202.9)	(69.8)
Accounts payable	(483.6)	56.5	51.8
Other current liabilities	24.4	(257.9)	326.4
Other—net	24.2	693.7	(340.1)
Total adjustments	2,195.1	2,644.9	1,925.5
Net cash provided by operating activities	3,506.3	3,245.7	2,874.9
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(2,449.6)	(2,499.3)	(2,493.2)
Investment in leased assets	(198.6)	(133.5)	(172.2)
Cash received from leasing activities	62.8	68.9	65.9
Other investing activities—net	(308.0)	17.8	(74.3)
Net cash used in investing activities	(2,893.4)	(2,546.1)	(2,673.8)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in commercial paper	249.5	(314.4)	594.7
Issuance of long-term debt	573.0	521.2	680.5
Repayment of long term debt and capital leases	(795.8)	(219.2)	(306.6)
Issuance of common stock	146.9	170.3	89.5
Purchase of treasury stock	—	—	(446.1)
Dividends paid	(855.6)	(821.2)	(846.4)
Net cash used in financing activities	(682.0)	(663.3)	(234.4)
Net (decrease) increase in Cash and temporary cash investments	(69.1)	36.3	(33.3)
Cash and temporary cash investments at beginning of year	158.0	121.7	155.0
Cash and temporary cash investments at end of year	$ 88.9	$ 158.0	$ 121.7

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

A ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of NYNEX Corporation and its subsidiaries ("NYNEX"). The 1991 and 1990 consolidated financial statements have been reclassified to conform to the current year's format.

These consolidated financial statements have been prepared in conformity with generally accepted accounting principles including certain accounting practices prescribed by the Federal Communications Commission (the "FCC") and certain state regulatory commissions for New York Telephone Company ("New York Telephone") and New England Telephone and Telegraph Company ("New England Telephone") (collectively, the "telephone subsidiaries").

Property, Plant and Equipment

Property, plant and equipment is stated at its original cost.

When depreciable plant is disposed of by the telephone subsidiaries, the amount at which such plant has been carried in telephone plant in service, as well as salvage and the cost to remove such plant, is charged to accumulated depreciation. Gains or losses on disposal of property, plant and equipment by all other subsidiaries are recognized in the year of disposition and are included in Other income (expense)—net.

Temporary Cash Investments

Temporary cash investments are short-term, highly liquid investments with maturities of three months or less at the time of acquisition. Temporary cash investments are stated at cost, which approximates market value.

NYNEX maintains a cash management policy that requires that funds be available in certain banking institutions only when checks are presented for clearance. As such, checks outstanding at a given time may actually exceed cash in bank accounts as the funds are not currently required to meet obligations. At December 31, 1992 and 1991, NYNEX had recorded in Accounts payable checks outstanding but not yet presented for payment of $266.0 and $219.1 million, respectively. Management anticipates having sufficient funds available to meet obligations at such time as checks are presented for payment.

Inventories

The telephone subsidiaries' inventories consist of materials and supplies that are stated principally at average cost. Inventories purchased for resale are calculated using weighted average cost and are stated at the lower of cost or market. Certain other inventories are carried on a last-in, first-out basis and are stated at the lower of cost or market.

Depreciation

Depreciation rates used by the telephone subsidiaries are prescribed by the FCC for interstate operations and by the various state public service commissions for intrastate operations. All rates are calculated on a straight-line basis using the concept of "remaining life."

Property, plant and equipment for all other subsidiaries is depreciated on a straight-line basis over its useful life.

Allowance for Funds Used During Construction

Regulatory authorities allow the telephone subsidiaries to accrue interest, including an allowance on their respective share owner's equity, as a cost of constructing certain plant and as an item of income, which is included in Other income (expense)—net. Such income is not realized in cash currently, but will be realized over the service life of the plant as the resulting higher depreciation expense is recovered through the rate-making process.

Income Taxes

NYNEX adopted the provisions of Statement of Financial Accounting Standards No. 96, "Accounting for Income Taxes" ("Statement No. 96") effective January 1, 1988.

Deferred income taxes are provided to reflect the effect of temporary differences in the recognition of revenues and expenses for financial reporting and income tax purposes.

Deferred income tax provisions of the telephone subsidiaries are based upon amounts recognized for rate-making purposes. The telephone subsidiaries recognize a deferred tax liability and establish a corresponding regulatory asset for tax benefits that are flowed through to ratepayers when temporary differences originate. The major temporary difference that gave rise to the net deferred tax liability is depreciation, which for income tax purposes is determined based on accelerated methods and shorter lives.

The Tax Reform Act of 1986 decreased the statutory federal income tax rate to 34%, effective January 1, 1988. Statement No. 96 required that deferred tax liabilities be adjusted to reflect the tax liability based upon the tax rates that will be in effect in the years in which temporary differences are expected to reverse. For the telephone subsidiaries, the treatment of excess deferred taxes resulting from the reduction of tax rates is subject to federal income tax and regulatory rules. In accordance with the normalization provisions of the Tax Reform Act of 1986, the telephone subsidiaries will reverse the excess deferred taxes relating to depreciation of regulated assets over the regulatory lives of those assets that gave rise to deferred taxes. For other excess deferred taxes, the regulatory agencies

generally allow the amortization of excess deferred taxes over the reversal period of the temporary difference giving rise to the deferred taxes.

The Tax Reform Act of 1986 repealed the investment tax credit ("ITC"), effective January 1, 1986. As required by tax law, ITC for the telephone subsidiaries was deferred and is amortized as a reduction to tax expense over the estimated service lives of the related assets giving rise to the credits.

8 INCOME TAXES

The components of income tax expense are as follows:

In millions	1992	1991	1990
Federal			
Current	$553.8	$436.0	$493.2
Deferred—net	13.2	(212.3)	(149.5)
Deferred tax credits—net	(63.8)	(68.0)	(60.4)
	503.2	157.7	283.3
State and local			
Current	25.8	44.7	47.2
Deferred—net	35.7	(9.8)	31.4
	61.5	34.9	78.6
Foreign	[illegible]	(.5)	6.4
Total	$5[illegible]	$192.1	$368.3

Income tax expense for each of the years ended December 31, 1992, 1991 and 1990 was less than the amount computed by applying the statutory federal income tax rate to pretax income.

A reconciliation between the statutory federal income tax rate and NYNEX's effective tax rate is as follows:

	1992	1991	1990
Statutory rate	34.0%	34.0%	34.0%
• Amortization of investment tax credits over the lives of the assets which gave rise to the credits	(3.7)	(9.0)	(5.7)
• Amortization of excess deferred federal income tax [illegible] the tax rate	(3.0)	(9.7)	(7.0)
State and local income taxes net of federal tax benefit	2.2	2.9	3.9
• Depreciation of certain taxes and tax related depreciation costs capitalized for financial statement purposes, but deducted in income tax purposes in prior year	2.0	4.7	3.0
• Other items—net	(1.2)	1.3	(.3)
Effective tax rate	30.3%	24.2%	27.9%

The amortization of investment tax credits was $70.1, $75.3 and $74.6 million in 1992, 1991 and 1990, respectively.

Instead of a state income tax, New York Telephone is subject to a gross receipts tax that is not included in "c" above.

Temporary differences for which deferred income taxes have not been provided are represented principally by "d" above. The telephone subsidiaries do not provide for deferred income taxes for certain temporary differences for which only taxes currently payable are recognized by regulators in the rate-making process.

At December 1992 and 1991, the telephone subsidiaries recorded approximately $579 and $654 million, respectively, in deferred taxes representing the cumulative amount of income taxes on temporary differences that were previously flowed through to ratepayers. The telephone subsidiaries recorded a corresponding regulatory asset in deferred charges on the balance sheet for these items, representing amounts that will be recovered through the rate-making process. These deferrals have been increased for the tax effect of future revenue requirements and will be amortized over the lives of the related depreciable assets concurrently with their recovery in rates.

The telephone subsidiaries have recorded a regulatory liability as of December 31, 1992 and 1991 of approximately $954 and $1,134 million, respectively, which is recorded in Other long-term liabilities and deferred credits and in Other current liabilities. A substantial portion of the regulatory liability relates to the reduction in the statutory federal income tax rate and unamortized ITC (see Note A). These liabilities have been increased for the tax effect of future revenue requirements.

Prior to 1984, the telephone subsidiaries were included in American Telephone and Telegraph Company's ("AT&T") consolidated federal income tax return. During 1987, the Internal Revenue Service ("IRS") made a summary assessment relating to certain contested issues included in AT&T's consolidated federal income tax returns for 1979 and 1980. The telephone subsidiaries paid $51.4 million in taxes and interest related to these contested issues and recorded this payment as a deferred charge. In 1992, the IRS resolved the contested issues and refunded the taxes and interest paid plus interest on the refund.

In accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("Statement No. 109"), issued by the Financial Accounting Standards Board (the "FASB") in February 1992, NYNEX will implement Statement No. 109

effective January 1, 1993. Statement No. 109 supersedes Statement No. 96. The effect of Statement No. 109 on NYNEX's results of operations and financial position will not be significant.

C EMPLOYEE BENEFITS

Pensions

Substantially all NYNEX employees are covered by one of two noncontributory defined benefit pension plans (the "Plans"). Benefits for management employees are based on a modified career average pay plan while benefits for nonmanagement employees are based on a nonpay related plan. Contributions are made, to the extent deductible under the provisions of the Internal Revenue Code, to an irrevocable trust for the sole benefit of pension plan participants. Total pension expense for 1992, 1991 and 1990 was $22.8, $27.9 and $13.4 million, respectively, and is comprised of the following components:

In millions	1992	1991	1990
Estimated return on plan assets			
Actual	$ (757)	$(2,518)	$ 232
Deferred portion	(350)	1,485	(1,229)
Net	(1,107)	(1,033)	(997)
Service cost	213	228	204
Interest cost on projected benefit obligation	997	895	854
Other—net	(77)	(71)	(72)
Statement No. 87 pension cost (benefit)	26	19	(11)
Deferred (costs) benefits principally due to state regulatory decisions	(3)	9	24
Total pension expense	$ 23	$ 28	$ 13

The following table sets forth the Plans' funded status and amounts recognized in the consolidated balance sheets:

In millions	December 31, 1992	1991
Actuarial present value of accumulated benefit obligation, including vested benefits of $9,367 and $9,514, respectively	$10,473	$10,277
Plan assets at fair value, primarily listed stocks, corporate and governmental debt and real estate	$13,515	$14,081
Less: Actuarial present value of projected benefit obligation	11,459	11,897
Excess of plan assets over projected benefit obligation	2,056	2,184
Unrecognized prior service cost	(674)	22
Unrecognized net gain	(2,244)	(2,833)
Unrecognized transition asset	(609)	(669)
Accrued pension cost	$(1,471)	$(1,296)

The assumptions used to determine the projected benefit obligation as of December 31, 1992 and 1991 include a discount rate of 8.5% in both years, and an increase in future compensation levels of 4.5% and 5.5%, respectively, for management employees and 4.0% in both years for nonmanagement employees. The expected long-term rate of return on pension plan assets used to calculate pension expense was 8.9% in 1992 and 8.5% in 1991 and 1990. Periodically, the Plans have been amended to increase the level of plan benefits. The actuarial projections included herein anticipate similar action in the future.

In 1992, NYNEX amended its management pension plan to provide early retirement incentives, which increased the projected benefit obligation by $11.7 million, of which $5.8 million was expensed and $5.9 million was deferred. In addition, management employees who left NYNEX in 1992 under the Force Management Plan could elect to receive their pension benefit in a lump sum distribution, or as a monthly annuity beginning when they left the company. The reduction in the number of management employees and the lump sum option were accounted for as a curtailment and a settlement, respectively, and reduced pension costs by $75.3 million in 1992, of which $42.9 million was recognized as a reduction to expense and $32.4 million was deferred.

In April 1991, NYNEX offered a voluntary management early retirement program which had an insignificant impact on the projected benefit obligation. In October 1991, as part of agreements ratified by NYNEX and its unions extending collective bargaining agreements until August 5, 1995, NYNEX amended its nonmanagement pension plan to provide an early retirement incentive, which increased the projected benefit obligation in 1991 by $491.8 million, of which $150.0 million was expensed and $341.8 million was deferred. The expense associated with the nonmanagement early retirement incentive was included in the charges for force reduction programs in the fourth quarter of 1991 (see Organizational Restructuring included in Management's Discussion and Analysis of Financial Condition and Results of Operations).

Postretirement Benefits Other Than Pensions

NYNEX provides certain health care and life insurance benefits for retired employees and their families. Substantially all of NYNEX's employees may become eligible for these benefits if they reach pension eligibility while working for NYNEX. Total costs of providing benefits for retired employees and their families were $198.5, $153.9 and $133.8 million in 1992, 1991 and 1990, respectively.

During 1992 and 1991, under the provisions of the Omnibus Budget Reconciliation Act of 1990, a portion of excess pension assets, totalling $205 million and $281 million, respectively, were transferred from the two NYNEX pension plans to health care benefit accounts established within the respective pension plans. The funds were used for reimbursement of retiree health care benefits paid by NYNEX during the 1992, 1991, and 1990 tax years. In 1991, NYNEX established two separate Voluntary Employees' Beneficiary Association Trusts ("VEBA Trusts"), one for management and the other for nonmanagement, to begin prefunding postretirement health care benefits. In 1992 and 1991, amounts equal to the excess pension assets transferred were contributed to the VEBA Trusts. The assets in the VEBA Trusts consist primarily of equity securities and fixed income securities. The transfer of excess pension assets and the establishment of the VEBA Trusts had an insignificant impact on the Company's results of operations and financial position.

NYNEX will adopt Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("Statement No. 106") effective January 1, 1993. Statement No. 106 will change the current practice of accounting for postretirement benefits from recognizing costs as benefits are paid to accruing the expected cost of providing these benefits during an employee's working life. Upon adoption of Statement No. 106, NYNEX intends to recognize the transition obligation for retired employees and the earned portion for active employees over a 20-year period. It is estimated that 1993 annual cost under Statement No. 106 will be $470 million, an incremental cost increase of approximately $230 million over the current methodology, and the initial unfunded accumulated postretirement benefit obligation will be $2.9 billion. Amortization of the initial unfunded transition obligation, together with the ongoing annual expense recognized under Statement No. 106 in excess of costs recognized under the current methodology, will be offset by the effect of actuarial assumption changes made under Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions" ("Statement No. 87").

A substantial portion of the expense recognized under Statement No. 106 will relate to the telephone subsidiaries, which are subject to rate regulation. With respect to interstate treatment, the FCC released an order in January 1992 stating that costs recognized under Statement No. 106 are not exogenous costs and, therefore, do not warrant an upward rate adjustment under price caps at this time. New York Telephone has filed a plan with the NYSPSC for regulatory accounting and rate-making treatment seeking immediate adoption of both Statement No. 106 and Statement No. 87 on a revenue requirement neutral basis, providing for the amortization of existing deferred pension costs within a ten-year period and eliminating the need for additional deferrals of Statement No. 106 and Statement No. 87 costs. New England Telephone has also discussed a similar plan with regulatory commissions in each of the states in which it operates. The plan will be implemented in the States of Massachusetts and Vermont and is still pending in the States of Maine, New Hampshire and Rhode Island. Management is unable to predict with any certainty what effects the future regulatory environment may have on the ultimate financial impact of the new standard.

Postemployment Benefits

In November 1992, the FASB issued Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" ("Statement No. 112"). NYNEX is required to adopt this standard no later than January 1, 1994. Statement No. 112 applies to postemployment benefits provided to former or inactive employees, their beneficiaries, and covered dependents after employment but before retirement. Statement No. 112 will change NYNEX's current method of accounting for postemployment benefits from a combination of recognizing costs as benefits are paid and accruing them upon termination of employment to accruing the expected costs of providing these benefits if certain conditions are met. In the year of adoption, the initial effect of Statement No. 112 should be recognized immediately and reported as an accounting change. The effect of Statement No. 112 on NYNEX's results of operations and financial position has not yet been determined. Management is unable to predict with any certainty what effects the future regulatory environment may have on the financial impact of this standard.

D PROPERTY, PLANT AND EQUIPMENT—NET

The components of property, plant and equipment—net are as follows:

In millions	December 31, 1992	1991
Buildings	$ 2,725.8	$ 2,574.4
Outside aerial and underground facilities	12,275.1	11,665.4
Other telephone equipment	15,584.9	14,983.4
Furniture and office equipment	1,442.4	1,256.8
Capital leases	167.7	186.5
Total depreciable property, plant and equipment	32,195.9	30,666.5
Less: accumulated depreciation	13,105.2	11,738.7
	19,090.7	18,927.8
Add: Land	166.0	158.9
Plant under construction	716.5	828.2
Total property, plant and equipment—net	$19,973.2	$19,914.9

E LONG-TERM DEBT

Interest rates and maturities on long-term debt outstanding are as follows:

In millions	Interest Rates	Maturities	December 31, 1992	1991
Refunding Mortgage Bonds	3⅛%–7⅛%	1993–2006	$ 675.0	$ 740.0
	6%–9%	2007–2014	1,075.0	1,075.0
Debentures:	4%–8⅛%	1993–2006	625.0	670.0
	6⅛%–9⅛%	2007–2018	1,630.2	1,926.5
	7⅛%–9⅛%	2022–2031	2,000.0	1,900.0
Notes	3⅛%–14⅛%	1993–2009	779.3	416.6
Other			151.4	62.2
Unamortized discount—net			(49.8)	(47.4)
			6,936.3	6,742.9
Long-term lease obligations			81.9	90.2
Total long-term debt			$7,018.2	$6,833.1

The annual requirements for principal payments on long-term debt, excluding capital leases, are $308.5, $106.1, $86.0, $464.0 and $323.0 million for the years 1993 through 1997, respectively.

The telephone subsidiaries' Refunding Mortgage Bonds and $3,550.0 million of Debentures outstanding at December 31, 1992 are callable, upon 30 days' notice, by the respective telephone subsidiary. Additionally, $350 million of Debentures are repayable on November 15, 1996, in whole or in part, at the option of the holder.

At December 31, 1992, New York Telephone had $300 million of unissued, unsecured debt securities registered with the Securities and Exchange Commission ("SEC"). On December 18, 1992, New York Telephone filed a registration statement for an additional $200 million of debt securities, that became effective on January 19, 1993. On January 28, 1993, New York Telephone issued $100 million of its Thirty Year 7⅛% Debentures due February 1, 2023 and callable on and after February 1, 2003. Net proceeds of the offering were used to repay short-term borrowings from NYNEX. NYNEX used the amount received from New York Telephone to repay commercial paper borrowings and, accordingly, $97.7 million of Short-term debt has been classified as Long-term debt at December 31, 1992 and is presented in "Other" in the table above.

On February 25, 1993, New York Telephone issued $200 million of its Twelve Year 6½% Debentures due March 1, 2005. The net proceeds will be used to redeem, on April 8, 1993, $200 million of New York Telephone's 9% Series X Refunding Mortgage Bonds due May 1, 2014. This reduces to $200 million the remaining unissued, unsecured debt securities registered with the SEC.

At December 31, 1992, New England Telephone had $325 million of unissued, unsecured debt securities registered with the SEC. On March 2, 1993, New England Telephone issued $225 million of its Ten Year 6⅛% Notes due March 15, 2003. On March 22, 1993, New England Telephone used a significant portion of the net proceeds to redeem its Thirty Three Year 8.2% Debentures due June 1, 2004, outstanding in the principal amount of $200 million. This reduces to $100 million the remaining unissued, unsecured debt securities registered with the SEC.

Substantially all of New York Telephone's assets are subject to lien under New York Telephone's Refunding Mortgage Bond indenture. At December 31, 1992, New York Telephone's total assets were approximately $15.6 billion.

At December 31, 1992, NYNEX Capital Funding Company had $169 million of unissued medium-term debt securities registered with the SEC. These securities are guaranteed by NYNEX.

F SHORT-TERM DEBT

At December 31, 1992, NYNEX had unused lines of credit with various financial institutions amounting to approximately $1.2 billion. These lines of credit, together with cash and temporary cash investments, are used to support outstanding commercial paper.

NYNEX's short-term borrowings and related weighted average interest rates are as follows:

In millions	December 31, 1992	1991	1990	Weighted average interest rates December 31, 1992	1991	1990
Commercial paper **	$1,100.9	$ 949.1	$1,263.5	3.5%	4.9%	8.2%
Debt maturing within one year #	308.5	613.5	187.5	8.1%	9.4%	6.2%
Current portion of long-term lease obligations	10.0	10.8	16.7			
Total short-term debt	$1,419.4	$1,573.4	$1,467.7			

In millions	1992	1991	1990	1992	1991	1990
Average amount of commercial paper outstanding during the year*	$1,022.7	$1,454.9	$1,193.1	4.2%*	6.4%*	8.2%*
Maximum amount of commercial paper outstanding at any month's end during the year	$1,211.8	$1,807.4	$1,332.3			

* *Computed by dividing the sum of the aggregate principal amounts outstanding each day during the year by the total number of calendar days in the year.*

* *Computed by dividing the aggregate related interest expense by the average daily face amount.*

** *At December 31, 1992, $97.7 million of commercial paper borrowings were classified as Long-term debt because of their repayment by long-term borrowings in January 1993.*

\# *At December 31, 1992, $175 million of New England Telephone's Thirty-Nine Year 8¼% Debentures due September 1, 2009 were classified as Short-term debt because of their redemption on January 19, 1993.*

G STOCKHOLDERS' EQUITY

Shareholder Rights Agreement

In October 1989, NYNEX adopted a Shareholder Rights Agreement, pursuant to which shareholders received a dividend distribution of one right for each outstanding share of NYNEX's common stock. Each right entitles the shareholder to buy 1/100 of a share of $1.00 par value Series A Junior Participating Preferred Stock from NYNEX at an exercise price of $250 per right. Five million shares of this Preferred Stock have been authorized, with three million shares reserved for exercise of the rights. The rights, which are subject to adjustment, will not be exercisable or separable from the common stock until ten days following a public announcement that a person or group has acquired beneficial ownership of 15% or more of NYNEX's outstanding shares of common stock or ten business days following the commencement of, or the first public announcement of the intent of any person to commence, a tender or exchange offer by a beneficial owner of 15% or more of the outstanding common stock.

If any person becomes the beneficial owner of 15% or more of the outstanding common stock, each holder of a right will receive, upon exercise at the right's then current exercise price, common stock having a value equal to twice the exercise price of the right. If NYNEX is acquired in a merger or business combination transaction, or if 50% or more of NYNEX's assets or earning power is sold, each right holder will receive, upon exercise at the right's then current exercise price, common stock in the new company having a value equal to twice the exercise price of the right.

NYNEX may exchange rights at an exchange ratio of one share of common stock per right or redeem the rights in whole at a price of $.01 per right at any time prior to their expiration on October 31, 1999.

Leveraged Stock Ownership Plan

In February 1990, NYNEX established a leveraged employee stock ownership plan ("LESOP") and loaned $450 million to the LESOP Trust ("internal LESOP note"). The LESOP Trust used the proceeds to purchase, at fair market value, 5.625 million shares of NYNEX's common stock held in treasury. NYNEX issued and guaranteed $450 million of 9.55% Debentures, principally used to repurchase 5.446 million shares in the open market, completing the stock repurchase plan. The Debentures require payments of principal annually and are due May 1, 2010. Interest payments are due semiannually.

The Debentures and the internal LESOP note are recorded as long-term debt and as deferred compensation, respectively, in NYNEX's consolidated balance sheets. Deferred compensation represents a reduction of stockholders' equity and will be reduced as shares are released and allocated to participants.

NYNEX maintains savings plans that cover substantially all of its employees. Under these plans, NYNEX matches a certain percentage of eligible contributions made by employees. The Savings Plan for Salaried Employees was amended February 15, 1990 to provide for the LESOP and to increase NYNEX's contribution percentage, effective July 1, 1990. Under these provisions, NYNEX's matching contributions are allocated to employees in the form of NYNEX stock. NYNEX stock from the LESOP Trust is allocated to employees based on the proportion of principal and interest paid by the LESOP Trust in a year to the remaining principal and interest due over the life of the internal LESOP note. Compensation expense is recognized based on the shares allocated method.

NYNEX's matching contributions to the plans and any change in the required contributions as a result of leveraging this obligation are recorded as compensation expense. Compensation expense applicable to the savings plans recorded by NYNEX for 1992, 1991 and 1990 was $[illegible], $[illegible] and $[illegible] million, respectively. Compensation expense for 1992, 1991 and 1990 was reduced by $26.1, $[illegible] and $19.2 million, respectively, for the dividends paid on LESOP shares used to service the internal LESOP note.

H STOCK OPTION PLANS

NYNEX maintains stock option plans for key management employees under which options to purchase shares of NYNEX common stock are granted at a price equal to or greater than the market price of the stock at the date of grant. In November 1989, NYNEX established the 1990 Stock Option Plan, approved by shareholders in May 1990, that permits the grant of options to purchase up to 4 million shares of common stock. Options may be granted no later than December 1994 and may not be exercisable for a period less than one year or greater than ten years from date of grant.

The NYNEX stock option plans for key management employees allow for the granting of stock appreciation rights ("SARs") in tandem with any options granted. Upon exercise of a SAR, the holder may receive shares of common stock and/or cash equal to the excess of the market price of the common stock at the date of exercise over the option price. SARs may be exercised in lieu of the underlying option only when those options become exercisable.

In August 1990, NYNEX acquired Stockholder Systems, Inc. ("SSI"). Under the terms of the SSI Acquisition Agreement, the employees of SSI are entitled to receive NYNEX common stock upon exercise of SSI stock options at a conversion rate that allows the SSI stock option price to remain unchanged. The SSI option holders are not entitled to any SARs.

Effective March 31, 1992, NYNEX established stock option plans for nonmanagement employees and for management employees other than those who are eligible to participate in the 1990 Stock Option Plan. Pursuant to the plans, employees were granted stock options, with the number of options varying according to employee level. The plans give employees the right to purchase a fixed number of shares of NYNEX common stock at the market price of the stock on the date of grant. Fifty percent of the options granted may be exercised after one year from the date of grant, with the remaining fifty percent exercisable after two years from the date of grant. All of these options expire after ten years from the date of grant.

NYNEX implemented programs in 1993 to repurchase shares of its common stock related to the employee stock option plans established in 1992 and to repurchase common shares in connection with employee savings plans and the Dividend Reinvestment and Stock Purchase Plan.

The following summarizes the activity for those shares under option under the various stock option plans and the SSI Acquisition Agreement, including the related SARs:

Stock Options	Shares	Price Range Per Share
Outstanding at December 31, 1989	709,249	$ 31.35 to $71.50
Granted	374,791	$ [illegible] to $88.13
Exercised	(82,294)	$ 31.35 to $69.88
Canceled	(126,077)	$ 31.35 to $88.13
SSI Net Activity	8,011	$ 27.60 to $37.95
Outstanding at December 31, 1990	1,043,680	$ 27.60 to $88.13
Granted	609,039	$ 69.13 to $72.25
Exercised	(72,916)	$ 31.35 to $69.88
Canceled	(188,174)	$ 43.82 to $88.13
SSI Net Activity	(16,003)	$ 27.60 to $37.95
Outstanding at December 31, 1991	1,476,526	$ 27.60 to $88.13
Granted	8,316,058	$ 70.63 to $88.13
Exercised	(200,827)	$ 31.35 to $75.57
Canceled	(103,021)	$ 49.38 to $88.13
SSI Net Activity	(35,596)	$ 27.60 to $37.95
Outstanding at December 31, 1992	9,453,140	$ 27.60 to $88.13

Number of shares	For the year ended December 31, 1992	1991	1990
Stock appreciation rights:			
Outstanding at beginning of year	97,343	182,154	235,856
Granted	2,232	—	6,796
Exercised	(19,579)	(56,927)	(17,981)
Canceled	(50,749)	(27,884)	(42,517)
Outstanding at end of year	29,247	97,343	182,154

There were 704,241 and 557,613 stock options exercisable at December 31, 1992 and 1991, respectively.

8 LEASES

NYNEX leases certain facilities and equipment used in its operations. Rental expense was $362.6, $371.7 and $371.4 million for 1992, 1991 and 1990, respectively.

At December 31, 1992, the minimum lease commitments under noncancelable leases for the periods shown were as follows:

In millions Year	Operating	Capital
1993	$ 151.6	$ 22.5
1994	104.0	20.9
1995	88.8	18.8
1996	80.2	18.2
1997	129.9	12.8
Thereafter	452.2	415.7
Total minimum lease payments	$1,006.7	508.9
Less: executory costs		17.6
Net minimum lease payments		491.3
Less: interest		399.7
Present value of net minimum lease payments		$ 91.6

NYNEX Credit Company ("Credit Company") is the lessor in leveraged and direct financing lease agreements under which commercial aircraft, railroad cars, industrial equipment, power generators, residential real estate, telecommunications and computer equipment are leased for terms of 6 to 30 years. Minimum lease payments receivable represent unpaid rentals, less principal and interest on third-party nonrecourse debt relating to leveraged lease transactions. Since Credit Company has no general liability for this debt, the related principal and interest have been offset against the minimum lease payments receivable. Minimum lease payments receivable are subordinate to the debt, and the debt holders have a security interest in the leased equipment.

At December 31, 1992, the net investment in leveraged leases was $283.1 million and in direct financing leases was $85.6 million for a total of $368.7 million. At December 31, 1991, the net investment in leveraged leases was $222.2 million and in direct financing leases was $88.0 million for a total of $310.2 million. The components of Credit Company's net investment in these leases were as follows:

In millions	December 31, 1992	1991
Net rentals receivable	$904.2	$777.3
Unguaranteed residual value	616.4	471.4
Less: Unearned income	592.5	528.1
Deferred income taxes	559.4	410.4
Net investment	$368.7	$310.2

Gross rentals receivable, in millions, in excess of debt service requirements on nonrecourse debt related to leveraged leases and direct financing leases, are collectible as follows: $50.8 in 1993; $32.4 in 1994; $18.4 in 1995; $12.2 in 1996; $13.0 in 1997; and $787.8 thereafter, for a total of $914.6.

9 FINANCIAL INSTRUMENTS

Off-Balance-Sheet Risk and Concentrations of Credit Risk

NYNEX has entered into transactions in financial instruments with off-balance-sheet risk, in order to reduce its exposure to market and interest rate risk in its short term and long term securities.

NYNEX entered into various interest rate swap transactions involving the exchange of variable rates for fixed rates, to hedge against a total of $352 million in commercial paper. Of this amount, there were $187 million of foreign exchange hedges to counter risks associated with foreign currency fluctuations in connection with foreign investments funded with commercial paper. These hedges and swaps mature at various dates from 1993 through 1997.

Risk in these transactions involves both the risk of counterparty nonperformance under the terms of the contract and the risk associated with changes in market values and interest rates. The counterparties to these contracts consist of major financial institutions and organized exchanges. NYNEX continually monitors its positions and the credit ratings of its counterparties and limits the amount of contracts it enters into with any one party. While NYNEX may be exposed to credit losses in the event of nonperformance by these counterparties, it does not anticipate losses, due to the aforementioned control procedures. The settlement of these transactions is not expected to have a material effect upon NYNEX's financial position or results of operations.

Fair Value of Financial Instruments

In December 1991, the FASB issued Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments" ("Statement No. 107"), effective for financial statements issued after December 15, 1992. Statement No. 107 requires disclosures about fair values of all financial instruments, except those specifically excluded, for which estimation is practicable.

The following methods and assumptions were used to estimate the fair value of each type of financial instrument, for which it was practicable to estimate their value:

Long-term debt The estimated fair value of medium-term debt is based on discounted future cash flows using the weighted average coupon rate or current interest rates. The estimated fair value of all other long-term debt is based on quoted market prices or based on discounted future cash flows using current interest rates.

Interest rate swaps/Foreign exchange hedges The estimated fair value is based on amounts NYNEX would receive or pay to terminate such agreements taking into account current interest rates.

Estimated fair values of financial instruments, where different than the carrying amounts, are as follows:

(In millions) Financial Instruments on the Balance Sheet	At December 31, 1992 Carrying Amount	Fair Value
Long-term debt	$6,936.3	$7,122.1

(In millions) Financial Instruments with Off-Balance Sheet Risk	At December 31, 1992 Fair Value receive/(pay)
Interest rate swaps/Foreign exchange hedges	$(7.4)

K ADDITIONAL FINANCIAL INFORMATION

In millions	1992	1991	1990
Taxes other than income:			
Property	$ 432.8	$ 515.4	$ 576.9
Gross receipts	492.0	476.0	403.3
Payroll related	53.9	57.4	49.7
Other	75.9	73.8	61.4
Total	$1,054.6	$1,122.6	$1,091.3

In millions	December 31, 1992	1991
Accounts payable:		
Trade	$ 979.5	$1,071.9
Taxes	165.2	154.5
Compensated absences	271.0	273.5
Dividends	240.0	232.4
Payroll	173.3	151.6
Interest	136.9	138.1
Other	578.2	1,018.2
Total	$2,564.1	$3,040.2
Other current liabilities:		
Advance billings and customers' deposits	$ 291.6	$ 284.6
Deferred income taxes	101.3	106.5
Other	418.1	395.5
Total	$ 811.0	$ 786.6

Total research and development costs charged to expense for 1992, 1991 and 1990 were $131.7, $108.4, and $107.1 million, respectively.

In 1992, 1991 and 1990, AT&T provided approximately 17%, in each year, of NYNEX's total operating revenues, primarily Network access revenues and Other operating revenues from billing and collection services performed by the telephone subsidiaries for AT&T.

Bell Communications Research, Inc. furnishes technical and support services to NYNEX relating to exchange telecommunications and exchange access services. For 1992, 1991 and 1990, NYNEX recorded charges of $142.1, $137.9 and $148.1 million, respectively, in connection with these services.

L SUPPLEMENTAL CASH FLOW INFORMATION

The following information is provided in accordance with Statement of Financial Accounting Standards No. 95, "Statement of Cash Flows":

In millions	1992	December 31, 1991	1990
Income tax payments	$ 533.5	$ 441.9	$ 508.6
Interest payments	$ 659.2	$ [illegible]	$ [illegible]
Additions to property, plant and equipment under capital lease obligations	$ [illegible]	$ [illegible]	$ [illegible]
Noncash items excluded from the Statement of Cash Flows:			
Sale of Treasury Stock to the LESOP Trust (see Note G)	$	$	$ 143.3
Common Stock issued for dividend reinvestment and stock compensation plans	$ [illegible]	$ [illegible]	$ [illegible]
Short-term debt classified as Long-term debt (see Note F)	$ [illegible]	$	$

M REVENUES SUBJECT TO POSSIBLE REFUND

There exist several state and federal regulatory matters, which may possibly require the refund of a portion of the revenues collected in the current and prior periods, including affiliate transaction issues in New York Telephone's 1990 intrastate rate case, overearnings complaints by interstate access customers, and other matters. As of December 31, 1992, the aggregate amount of such revenues which was estimated to be subject to possible refund was approximately $174.2 million, plus related interest. The outcome of each pending matter, as well as the time frame within which each will be resolved, is not presently determinable.

N LITIGATION AND OTHER CONTINGENCIES

The NYSPSC's October 1990 Fifth Stage decision, confirming New York Telephone's right to retain in 1990 revenues $152 million of cost savings, was challenged in two separate suits in September 1991. The outcome of this matter, as well as the time frame within which it will be resolved, is not presently determinable.

In addition, New York Telephone is threatened by various state and local tax claims and it is probable that claims aggregating approximately $175 million in tax, plus associated interest, will be asserted for the period 1983 through 1992. While counsel cannot give assurance as to the outcome, counsel believes that New York Telephone has strong legal positions in these matters.

Various other legal actions and regulatory proceedings are pending or threatened that may affect NYNEX, including Racketeer Influenced and Corrupt Organizations Act, antitrust, tort, contract and tax deficiency claims. While counsel cannot give assurance as to the outcome of any of these matters, in the opinion of Management based upon the advice of counsel, the ultimate resolution of all such matters is not expected to have a material adverse effect on NYNEX's financial position.

O SEGMENT INFORMATION

A description of NYNEX's key business segments and Management's Discussion and Analysis of operating revenues and operating income by segment are presented on pages 20, 21 and 23, respectively.

Identifiable assets, depreciation expense and capital expenditures by business segment are as follows:

In millions	1992	1991	1990
Identifiable Assets:			
Telecommunications	$24,325.5	$24,658.5	$23,900.5
Cellular	523.4	419.8	317.7
Publishing	492.4	501.1	478.2
Financial Services	1,244.8	1,080.4	1,014.6
Other Diversified Operations	1,675.1	1,600.4	1,830.2
Total identifiable assets	$28,261.2	$28,260.2	$27,541.2
Depreciation and Amortization Expense:			
Telecommunications	$ 2,374.8	$ 2,215.5	$ 2,200.0
Cellular	67.3	46.2	38.4
Publishing	12.3	16.3	15.9
Financial Services	.5	8.3	6.7
Other Diversified Operations	63.1	111.2	76.3
Total depreciation and amortization expense	$ 2,518.0	$ 2,397.5	$ 2,337.3
Capital Expenditures:			
Telecommunications	$ 2,119.7	$ 2,255.4	$ 2,267.4
Cellular	164.5	156.5	84.2
Publishing	17.5	7.1	23.9
Financial Services	16.7	24.5	60.5
Other Diversified Operations	131.2	55.3	57.2
Total capital expenditures	$ 2,449.6	$ 2,498.8	$ 2,493.2

Total intersegment sales in 1992, 1991 and 1990 were $358.1, $416.1 and $365.1 million, respectively, principally in the Telecommunications segment. The Financial Services segment had total outstanding debt of $565.2, $499.9 and $504.4 million at December 31, 1992, 1991 and 1990, respectively.

A reconciliation of total segment identifiable assets to consolidated assets is as follows:

In millions	1992	1991	1990
Segment identifiable assets	$28,261.2	$28,260.2	$27,541.2
Adjustments and eliminations	(872.6)	(1,043.3)	(1,058.9)
Corporate assets	295.7	256.3	138.6
Investment in unconsolidated subsidiary	29.6	29.4	29.8
Consolidated assets	$27,713.9	$27,502.6	$26,650.7

Supplementary Information

Quarterly Financial Data (Unaudited)

All adjustments (consisting only of normal recurring accruals) necessary for a fair statement of income for each period have been included in the following table.

	For the quarter ended			
In millions, except per share amounts	March 31,	June 30,	September 30,	December 31,
1992				
Operating revenues	$3,237.9	$3,294.1	$3,324.[illegible]	$[illegible],308.3
Operating income	$ 629.4	$ 657.1	$ 62[illegible]	$ 615.9
Net income	$ 336.[illegible]	$ 331.1	$ 319.[illegible]	$ 324.2
Per share:				
Earnings	$ 1.6[illegible]	$ 1.62	$ 1.[illegible]	$ 1.58
Dividends	$ 1.16	$ 1.16	$ 1.16	$ 1.16
Market price *				
High	82[illegible]	[illegible]	8[illegible]	88½
Low	70[illegible]	69[illegible]	[illegible]	79
1991				
Operating revenue	$3,356.[illegible]	$3,362.0	$3,2[illegible]	$ [illegible]36.8
Operating income	$ 579.9	$ 602.[illegible]	$ 599.[illegible]	$ 191.3[illegible]
Net income	$ 269.[illegible]	$ 290.8	$ 291.8	$ 251.3[illegible]
Per share:				
Earnings	$ 1.34	$ 1.44	$ 1.44	$ 1.24[illegible]
Dividends	$ 1.1[illegible]	$ 1.14	$ 1.14	$ 1.14
Market price *				
High	[illegible]	7[illegible]	[illegible]	80[illegible]
Low	6[illegible]	68	[illegible]	[illegible]

* *Market price obtained from the New York Stock Exchange Composite Transaction Index*

Results for the fourth quarter of 1991 reflect the effect of charges for force reduction programs and business [illegible]. The total pretax effect of these charges was distributed as follows: $21 million was reflected in operating revenues, $[illegible] million was reflected as operating expenses and $71 million was reflected in Other income (expense) – net. The after tax effect of these charges was to reduce 1991 net income by approximately $250 million. See the section entitled Organizational Restructuring included in Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion of these charges.

Upstate Partners

FCC Form 490

Exhibit 7

Anti-Drug Abuse Act Certification

The applicant certifies that, to the best of its knowledge, information and belief, neither the applicant nor any party to this application has been convicted of drug possession or trafficking, such that this application is subject to a denial of federal radio licenses under section 5301 of the Anti-Drug Abuse Act.

On behalf of
UPSTATE PARTNERS (to be formed)

NEW YORK CELLULR GEOGRAPHIC
SERVICE AREA, INC.

By _____

Title President

RTMC HOLDING, INC.

By _____

Title President

PAGECO, INC.

By _____

Title President

UTICA-ROME CELLULAR PARTNERSHIP

By _____

Title Authorized Representative

Its Partners

NMCC-3167 1

Upstate Partners

FCC Form 490

Exhibit 8

By Memorandum Opinion and Order adopted April 23, 1991 and released April 30, 1991, (File No. 27414-CL-P-152-B-86), the Commission vacated its grant of the B Band Cellular license for Portland, Maine to the Portland Cellular Partnership. NYNEX Mobile Communications Company, the parent company of New York Cellular Geographic Service Area, Inc. is a partner in Portland Cellular Partnership. The Commission affirmed its decision in Memorandum Opinion and Order adopted and released on June 4, 1993, (File No. 27414-CL-P-152-B-86).

MKT 614(B)
05/99-CL-TC-95

Personal
Communications Services

245 Perimeter Center Parkway
Atlanta GA 30346
404 391-8000

May 26, 1995

Ms. Rosalind Allen
Commercial Radio Division
Wireless Telecommunications Bureau
Federal Communications Commission
1919 M Street NW, Room 644
Washington, DC 20554-1600

Re: FCC Form 490 for Transfer of Control
Pennsylvania 3 - Potter RSA,
Call Sign KNKQ412; Market No. 614; Block B-2
FCC File No. 06821-CL-CP-94
Permittee: Pennsylvania 3 Sector 2 Limited Partnership

Dear Ms. Allen:

Transmitted herewith, on behalf of Contel Cellular Inc., are an original and the required microfiche of an FCC Form 490 application requesting Commission consent to the transfer of control of the permit referenced above from Contel Cellular Inc. to NYNEX Mobile of New York, Inc.

If there are any questions regarding this matter, please contact Suzanne Carmel, Manager-Regulatory Affairs, GTE Service Corporation in Washington, DC at (202) 463-5295.

Sincerely,

Beverly F. Lebeuf

Beverly F. Lebeuf
Administrator - Regulatory

Enclosures

BFL\FCC94.837

FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

Approved by OMB
3060-0319
Expires 02/28/96

FCC Use Only - File No.

APPLICATION FOR ASSIGNMENT OR TRANSFER OF CONTROL UNDER PART 22

Read Instructions Before Completing and For Information Regarding Public Burden Estimate

1 - To Be Completed By Assignor or Transferor

Name of Transferor or Assignor
Contel Cellular Inc.

Mailing Street Address or P.O. Box, City, State, and ZIP Code
245 Perimeter Center Parkway, Atlanta, Georgia 30346

2. Name of Permittee or Licensee Appearing on Commission's Records
Pennsylvania 3 Sector 2 Limited Partnership

Mailing Street Address or P.O. Box, City, State, and ZIP Code
245 Perimeter Center Parkway, Atlanta, Georgia 30346

3. Application is for:

a [ ] Assignment b.[X] Transfer of Control

4. Name of Assignee or Transferee
NYNEX Mobile of New York, Inc.

5. Provide the following information for the facilities authorized to the assignor or transferor to construct and operate for which assignment or transfer of control is sought.

(a) Nature of Service	(b) Call Sign	c) Date of Authorization	(d) Attach as Exhibit 1 a copy of the current authorization and subsequent associated notifications (FCC 489)
a. [X] Cellular b. [ ] Other	KNKQ412	Granted 12/20/94	

6. Give the file numbers, location numbers and frequencies of any locations of facilities (covered by the call sign shown in item 5) being assigned or transferred presently under construction or operational for less than one year.

None

7(a) Assignment or Transfer of Control will be accomplished by:

1. [ ] Sale or other transfer or assignment of stock (complete item 7(b)).
2. [X] Other (e.g., voting trust agreement, management contract, court order, etc.)

(b) Shares	Number of Shares	Classification (Common, Preferred, etc.)
Shares to be transferred	DNA	DNA
Shares issued and outstanding	DNA	DNA
Shares authorized	DNA	DNA

8. Certification
The undersigned represents that stock will not be delivered, or that the license will not be assigned, or that control will not be transferred until the Commission's consent had been received; that all the attached exhibits are a material part hereof and are incorporated herein as if set out in full in this application; and that all the statements made in Part 1 of this application are true, complete and correct to the best of his (her) knowledge and belief.

I request that the Commission grant its written consent to the foregoing assignment or transfer of control.

Date
05-26-95

Signature of Authorized Officer or Agent (if signed by an agent other than the authorized officer or assignor/transferor, power of attorney or other authority of agent to sign must be attached).
Laura E. Binion

Typed Name of person Signing
Laura E. Binion, Assistant Secretary

Mailing street Address or P.O. Box, City, State and ZIP Code
Contel Cellular Inc., 245 Perimeter Center Parkway, Atlanta, Georgia 30346

WILLFUL FALSE STATEMENTS MADE ON THIS APPLICATION ARE PUNISHABLE BY FINE AND IMPRISONMENT (U.S. CODE, TITLE 18, SECTION 1001) AND/OR REVOCATION OF ANY STATION LICENSE OR CONSTRUCTION PERMIT (U.S. CODE, TITLE 47, SECTION 312(a)(1)), AND/OR FORFEITURE (U.S. CODE, TITLE 47, SECTION 503).

Completed by Assignee or Transferee

of Assignee or Transferee (If a corporation, state corporate name; if a partnership, state names of all partners and the name under which ownership does business; if an unincorporated association, state the name of an executive officer, the office held by him, and the name of association. The same name or names should be signed in the place provided at the end of application, except that in the case of a partnership application may be signed in the name of the partnership by one of the partners.) See Exhibit 6 & Exhibit VI of Form 430

EX Mobile of New York, Inc., 2000 Corporate Drive, Orangeburg, NY 10962

Mailing Street Address or P.O. Box, City, State and ZIP Code

10. (a) Is this application made for consent to voluntary or involuntary assignment of permit or license?

1. [X] Voluntary 2. [ ] Involuntary (Complete Items 10(b) and (c))

(b) If name of licensee will change as a result of the proposed assignment or transfer, indicate name of new licensee.

(c) Attach as Exhibit _____ a copy of court order or other legal instrument by which assignee or transferee has obtained the legal right to construct or to control the use and operation of station as a result of involuntary act of assignor. N/A

	Place an "X" in the appropriate column.	YES	NO
11.	Does the applicant certify that it complies with Section 301(b) of the Communications Act of 1934, as amended, and Section 22.4 of the Commission's Rules regarding alien ownership and control? If "NO", attach as Exhibit _____ a statement describing applicant's ownership or control by aliens.	X	
12.	If applicant is a corporation, is applicant directly or indirectly controlled by any other corporation? If "YES", give name and address of such controlling corporations, including organization having ultimate control, in Exhibit _____ See Exhibit 5 Form 430	X	
	(a) Has the applicant been finally adjudged guilty by any federal court of unlawfully monopolizing, or attempting unlawfully to monopolize, radio communication directly or indirectly through control or manufacture or sale of radio apparatus, exclusive traffic arrangements, or any other means, or of unfair methods of competition?		X
	(b) Is applicant directly or indirectly controlled by any party finally adjudged guilty as above stated?		X
	Has the applicant or any party to this application had any station license or permit revoked or had any application for construction permit, license, or renewal denied by this Commission? If "YES", attach as Exhibit _____ a statement relating the facts. See Exhibit 3		X
15.	Has the applicant, or any party to this application, or any person directly or indirectly controlling the applicant ever been convicted of a felony by any state or federal court? If "YES", attach as Exhibit _____ a statement relating the facts.		X
16.	Is the applicant, or any person directly or indirectly controlling the applicant, presently a party in any pending matter referred to in Items 13, 14, 15? If "YES", attach as Exhibit _____ a statement relating the facts.		X
17.	Does local or state law require any authorization to transfer the control of the facilities and/or operations involved herein? See Exhibit 4		X

18. Attach as Exhibit 5 FCC 430 (Common Carrier and Satellite Radio Licensee Qualification Report) unless a current one is on file with the Commission.

19. List below the Exhibits that are attached to this application.

Exhibit Number	Item No. of Form	Exhibit Number	Item No. of Form	Exhibit Number	Item No. of Form
1	5 (b)(c)(d)	4	17		
2	7 (a),10,12	5	18		
3	14	6	9		

20. Certification

- The applicant waives any claim to the use of any particular frequency or of the electromagnetic spectrum as against the regulatory power of the United States because of the previous use of the same, whether by license or otherwise, and requests that written consent be granted to assign the construction permit or license herein mentioned to him(her).
- The assignee or transferee assumes all the obligations and agrees to abide by all the conditions imposed upon the assignor or transferor under the subject construction permit or license except that he/she shall not be liable for any act done by, or any right accrued or any suit or proceeding had or commenced against, the assignor or transferor prior to said assignment or transfer of control.
- I certify that the statements in Part 2 are true, complete, and correct to the best of my knowledge and belief.

Date: MAY 22 1995

Signature: [signature]

Designate Appropriate Classification: [ ] Individual Applicant [ ] Member of Applicant Partnership [X] Officer of Applicant Corporation or Association

Typed Name of Person Signing: Francis D. Malnati, Jr.

WILLFUL FALSE STATEMENTS MADE ON THIS APPLICATION ARE PUNISHABLE BY FINE AND IMPRISONMENT (U.S. CODE, TITLE 18, SECTION 1001) AND/OR REVOCATION OF ANY STATION LICENSE OR CONSTRUCTION PERMIT (U.S. CODE, TITLE 47, SECTION 312(a)(1)), AND/OR FORFEITURE (U.S. CODE, TITLE 47, SECTION 503).

Response to FCC Form 490, Items 5(d) & 6 - FCC Authorization

Included herewith is a copy of the authorization for Pennsylvania 3 Sector 2 Limited Partnership for the Block B-2 cellular system for the Pennsylvania 3 - Potter RSA, Call Sign KNKQ412.

UNITED STATES OF AMERICA
FEDERAL COMMUNICATIONS COMMISSION

RADIO STATION AUTHORIZATION

MOBILE RADIO AUTHORIZATION
FCC FORM 463

COMMON CARRIER
DOMESTIC PUBLIC CELLULAR RADIO
TELECOMMUNICATIONS SERVICE

PENNSYLVANIA 3 SECTOR 2 LIMITED PARTNERSHIP
245 PERIMETER CENTER PARKWAY
ATLANTA, GA 30346

CALL SIGN: KNK9412
FILE NO: 06821-CL-CP-94
MARKET: 0614 PENNSYLVANIA 3 - POTTER

Page 01
OPERATOR:

ORIGINAL GRANT DATE: DECEMBER 28, 1994
DATE OF ISSUE: JANUARY 20, 1995
EXPIRATION DATE: DECEMBER 28, 1997

AUTHORIZATION IS GRANTED FOR CELLULAR FREQUENCY BLOCK B 2
BASE: 880.020 THROUGH 889.980 MHZ
MOBILE: 835.020 THROUGH 844.980 MHZ

LOCATION NO. 001:

LATITUDE: 41 51 00 N LONGITUDE: 077 50 26 W
NEWFIELD CELL SITE APPROX. 1.5 MILES S OF INTERSECTION
OF SR 49 & 449
CITY: GOLD COUNTY: POTTER
STATE: PENNSYLVANIA

ANTENNA MARKINGS: 1,3,4,13,21,22

THE LICENSEE FILED NAD83 COORDINATES FOR THIS LOCATION. IN ORDER TO MAINTAIN COMMISSION RECORDS NAD27 COORDINATES HAVE BEEN ENTERED FOR THIS LOCATION.

WAIVERS AND CONDITIONS

THIS AUTHORIZATION DOES NOT CONVEY TO THE LICENSEE THE RIGHT TO RECEIVE PROTECTION FROM THE CAPTURE OF SUBSCRIBER TRAFFIC, CO-CHANNEL INTERFERENCE OR FIRST-ADJACENT-CHANNEL INTERFERENCE IN ANY AREA OUTSIDE OF THE AUTHORIZED CELLULAR GEOGRAPHIC SERVICE AREA (CGSA) OF THE SYSTEM. MOREOVER, ANY FACILITY AUTHORIZED HEREIN WITH A SERVICE AREA BOUNDARY (SAB) EXTENDING INTO THE CGSA OF ANY OTHER OPERATING CELLULAR SYSTEM ON THE SAME CHANNEL BLOCK, REGARDLESS OF WHEN SUCH OTHER CELLULAR SYSTEM WAS/IS AUTHORIZED, IS SUBJECT TO THE FOLLOWING CONDITION: IN THE EVENT THAT THE LICENSEE OF THE OTHER CELLULAR SYSTEM REQUESTS THAT THE SAB OF THE FACILITIES AUTHORIZED HEREIN BE REMOVED FROM ITS CGSA, THE LICENSEE HEREIN MUST REDUCE TRANSMITTING POWER OR ANTENNA HEIGHT (OR BOTH) AS NECESSARY TO REMOVE THE SAB FROM THE CGSA, UNLESS WRITTEN CONSENT FROM THE LICENSEE OF THE OTHER CELLULAR SYSTEM, ALLOWING THE SAB EXTENSION, IS OBTAINED.

FEDERAL
COMMUNICATIONS
COMMISSION

FCC Form 490
Exhibit No. 2

Pennsylvania 3 Sector 2 Limited Partnership
Pennsylvania 3 - Potter RSA, Block B-2

Response to item 7(a)(2)

DESCRIPTION OF TRANSACTION

Pennsylvania 3 Sector 2 Limited Partnership ("PA3B2LP") is the current permittee. The PA3B2LP Partnership is comprised of:

Contel Cellular Inc.	27.78%	(General)
Centel Cellular Company	27.78%	(Limited)
North Penn Cellular, Inc.	27.78%	(Limited)
Commonwealth Cellular Telephone Services, Inc.	16.66%	(Limited)

This transaction is one of a number of planned transactions. In this transaction, Contel Cellular, Inc. ("CCI") will transfer its 27.78% controlling interest in the PA3B2LP Partnership to NYNEX Mobile of New York, Inc. ("NMNY"), a wholly-owned subsidiary of New York Cellular Geographic Service Area, Inc., ("NYCGSA"), which at the time of transfer will be, in turn a wholly-owned subsidiary of NYNEX Mobile Communications Company[1].

NYCGSA has applied to the FCC for approval to transfer control of NMNY to Upstate Cellular Network ("UCN"), a partnership in which NYCGSA directly and indirectly holds a 50% interest. This application is pending FCC approval.

Also pending before the FCC is NYCGSA's application to transfer its 50% interest in the UCN partnership from NYCGSA to Cellco in exchange for a partnership interest in Cellco.

After all of the transfer of control applications are approved and effectuated, UCN will indirectly hold the 27.78% General Partner interest in the PA3B2LP Partnership and, as a UCN Partner, Cellco will hold an indirect 13.89% interest in the PA3B2LP Partnership. The PA3B2LP Partnership will remain the permittee.

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[1]This transaction is contingent upon consummation of the transfer of control of Contel Cellular of New York, Inc. ("CCNY") to New York Cellular Geographic Service Area, Inc., ("NYCGSA"). The FCC has approved CCI's application to transfer control of its wholly-owned subsidiary, CCNY to NYCGSA, a wholly-owned subsidiary of NYNEX Mobile Communications Company. Upon consummation of the transaction, the name CCNY will be changed to NYNEX Mobile of New York, Inc. ("NMNY").

FCC Form 490
Exhibit No. 3

Pennsylvania 3 Sector 2 Limited Partnership
Pennsylvania 3 - Potter RSA, Block B-2

Response to item 14

NYNEX Mobile Communications Company, the parent company of New York Cellular Geographic Service Area, Inc., is a partner in Portland Cellular Partnership. In its decision in Portland Cellular Partnership, 6 FCC Rcd 2283 (1991), the Commission, responding to the decision of the United States Court of Appeals for the District of Columbia Circuit in Northern Cellular Telephone Co. L.P. v. FCC, 897 F.2d 1164 (D.C. Cir. 1990), vacated its earlier grant of the B Block Cellular license for Portland, Maine to the Portland Cellular Partnership. The Court of Appeals had reversed the Commission's decision waiving the financial requirement for the Portland Cellular Partnership.

The Commission affirmed its decision in a Memorandum Opinion and Order, adopted and released June 4, 1993. See Portland Cellular Partnership, 8 FCC Rcd 4146 (1993). As of November 29, 1994, all operations conducted by Portland Cellular Partnership, pursuant to its operating authority, on the B block frequencies in the Portland, Maine cellular market (Market No. 152B/Radio Station KNKA744) have terminated.

Pennsylvania 3 Sector 2 Limited Partnership
Pennsylvania 3 - Potter RSA, Block B-2

Response to Item 17

The Omnibus Budget Reconciliation Act of 1993 preempts state entry and rate regulation of commercial mobile services as of August 10, 1994.

The preemption provisions of the Budget Reconciliation Act of 1993 became effective on August 10, 1994. It is the applicant's view that State Commission approval for the Transfer of Control is not required.

FCC Form 430 Licensee Qualification Report
NYNEX Mobile of New York, Inc.

Response to item 18

As described fully in Exhibit 2, this transaction is contingent upon consummation of a number of planned transactions.

The attached FCC Form 430 for NYNEX Mobile of New York, Inc. represents its licensee qualifications upon consummation of all planned transactions.

FCC 430

FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

Approved by OMB
3060-0505
Expires 3/31/93

LICENSEE QUALIFICATION REPORT

See reverse side for information regarding public burden statement.

INSTRUCTIONS

A. The "Filer" of this report is defined to include: (1) An applicant, where this report is submitted in connection with applications for common carrier and satellite radio authority as required for such applications; or (2) A licensee or permittee, where this report is required by the Commission's Rules to be submitted on an annual basis.

B. Submit an original and one copy (sign original only) to the Federal Communications Commission, Washington, DC 20554. If more than one radio service is listed in Item 6, submit an additional copy for each such additional service. If this report is being submitted in connection with an application for radio authority, attach it to that application.

C. Do not submit a fee with this report.

1. Business Name and Address (Number, Street, State and ZIP Code) of Filer's Principal Office:

NYNEX Mobile of New York, Inc.
2000 Corporate Drive
Orangeburg, NY 10962

2. (Area Code) Telephone Number:
(914) 365-7200

3. If this report supercedes a previously filed report, specify its date:
N/A

4. Filer is (check one):
☐ Individual ☐ Partnership ☒ Corporation
☐ Other (Specify):

5. Under the laws of what State (or other jurisdiction) is the Filer organized?
Delaware

6. List the common carrier and satellite radio services in which Filer has applied or is a current licensee or permittee:

See Exhibit V

7(a) Has the Filer or any party to this application had any FCC station license or permit revoked or had any application for permit, license or renewal denied by this Commission? *If "YES", attach as Exhibit I a statement giving call sign and file number of license or permit revoked and relating circumstances.* See Exhibit 3 of attached Form 490 ☐ Yes ☒ No

(b) Has any court finally adjudged the Filer, or any person directly or indirectly controlling the Filer, guilty of unlawfully monopolizing or attempting unlawfully to monopolize radio communication, directly or indirectly, through control of manufacture or sale of radio apparatus, exclusive traffic arrangement, or other means of unfair methods of competition? *If "YES", attach as Exhibit II a statement relating the facts.* ☐ Yes ☒ No

(c) Has the Filer, or any party to this application, or any person directly or indirectly controlling the Filer ever been convicted of a felony by any state or Federal Court? *If "YES", attach as Exhibit III a statement relating the facts.* ☐ Yes ☒ No

(d) Is the Filer, or any person directly or indirectly controlling the Filer, presently a party in any matter referred to Items 7(b) and 7(c)? *If "YES", attach as Exhibit IV a statement relating the facts.* ☐ Yes ☒ No

8. Is the Filer, directly or indirectly, through stock ownership, contract or otherwise, currently interested in the ownership or control of any other radio stations licensed by this Commission? *If "YES", submit as Exhibit V the name of each such licensee and the licensee's relation to the Filer.* ☒ Yes ☐ No

See Exhibit V

If Filer is an individual (sole proprietorship) or partnership, answer the following and Item 11:

9(a) Full Legal Name and Residential Address (Number, Street, State and ZIP Code) of Individual or Partners:
N/A

(b) Is individual or each member of a partnership a citizen of the United States? ☐ Yes ☐ No

(c) Is individual or any member of a partnership a representative of an alien or of a foreign government? ☐ Yes ☐ No

[illegible] a corporate [illegible] answer the following and item [illegible]:

(a) Attach as Exhibit VI the names, addresses, and citizenship of those stockholders owning [illegible] and/or voting 10 percent or more of the Filer's voting stock and the percentage [illegible] case of fiduciary control, indicate the beneficiary(ies) or class of beneficiaries.

See Exhibit VI

(b) List below, or attach as Exhibit VII the names and addresses of the officers and directors of the Filer.

See Exhibit VI

(c) Is the Filer directly or indirectly controlled by any other corporation? ☒ Yes ☐ No

If "YES", attach as Exhibit VIII a statement (including organizational diagrams where appropriate) which fully and completely identifies the nature and extent of control. Include the following: (1) the address and primary business of the controlling corporation and any intermediate subsidiaries; (2) the names, addresses, and citizenship of those stockholders holding 10 percent or more of the controlling corporation's voting stock; (3) the approximate percentage of total voting stock held by each such stockholder; and (4) the names and addresses of the president and directors of the controlling corporation.

See Exhibit VI

(d) Is any officer or director of the Filer an alien? ☐ Yes ☒ No

(e) Is more than one-fifth of the capital stock of the Filer owned of record or voted by aliens or their representatives, or by a foreign government or representative(s) thereof, or by a corporation organized under the laws of a foreign country? ☐ Yes ☒ No

(f) Is the Filer directly or indirectly controlled: (1) by any other corporation of which any officer or more than one-fourth of the directors are aliens, or (2) by any foreign corporation or corporation of which more than one-fourth of the capital stock is owned or voted by aliens or their representatives, or by a foreign government or representatives thereof. ☐ Yes ☒ No

(g) If any answer to questions (d), (e) or (f) is "YES", attach as Exhibit IX a statement identifying the aliens or foreign entities, their nationality, their relationship to the Filer, and the percentage of stock they own or vote. N/A

11. CERTIFICATION

This report constitutes a material part of any application which cross-references it, and all statements made in the attached exhibits are a material part thereof. The ownership information contained in this report does not constitute an application for, or Commission approval of, any transfer of control or assignment of radio facilities. The undersigned, individually and for the Filer, hereby certifies that the statements made herein are true, complete and correct to the best of Filer's knowledge and belief, and are made in good faith.

WILLFUL FALSE STATEMENTS MADE ON THIS APPLICATION ARE PUNISHABLE BY FINE AND IMPRISONMENT (U.S. Code, Title 18, Section 1001) and/or REVOCATION OF ANY STATION LICENSE OR CONSTRUCTION PERMIT (U.S. Code, Title 47, Section 312(a)(1)).	Date MAY 22 1995	Filer (Must correspond with that shown in Item 1) NYNEX Mobile of New York, Inc.	Typed or Printed Name Francis D. Malnati, Jr.
	Signature		Title Asst Vice President, New York Cellular Geographic Service Area, Inc. on behalf of NYNEX Mobile of New York, Inc.

NOTICE TO INDIVIDUALS REQUIRED BY THE PRIVACY ACT OF 1974 AND THE PAPERWORK REDUCTION ACT OF 1980

The solicitation of personal information requested in the form is to determine if you are qualified to become or remain a licensee in a common carrier or satellite radio service pursuant to the Communications Act of 1934, as amended. No authorization can be granted unless all information requested is provided. Your response is required to obtain the requested authorization or retain an authorization.

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Federal Communications Commission, Office of Managing Director, Washington, DC 20554, and to Office of Management and Budget, Paperwork Reduction Project (3060-0105), Washington, DC 20503.

NYNEX Mobile of New York, Inc. ("NMNY") holds cellular and microwave licenses in Elmira, New York MSA, Market 284B and is the general partner in the partnership serving the Binghamton, New York MSA, Market 122B.

NYNEX Mobile of New York, Inc. ("NMNY") is a wholly-owned subsidiary of Upstate Cellular Network ("UCN"). UCN is a partnership whose interests and its partners' interests in numerous cellular, microwave and other wireless licenses have been fully disclosed to the Commission and are a matter of public record.

NAMES AND ADDRESSES OF PARTNERS

Response to item 9

NYNEX Mobile of New York, Inc. ("NMNY") is a wholly-owned subsidiary of Upstate Cellular Network ("UCN"). UCN is a partnership located at 161 Chestnut Street, Rochester, New York 14603 and is comprised of the following partners:

- Cellco Partnership ("Cellco")
  1717 Arch Street, 32nd Floor
  Philadelphia, PA 19103

Cellco is a partnership whose interest is held by wholly-owned subsidiaries of Bell Atlantic and NYNEX. Cellco will hold a fifty percent (46.4%) partnership interest in UCN.

- RTMC Holding, Inc. ("RTMC Holding")
  180 South Clinton Ave.
  Rochester, NY 14646

RTMC Holding is an indirect, wholly-owned subsidiary of Rochester Telephone Corporation. RTMC Holding holds a forty percent (40%) partnership interest in UCN.

- PAGECO, Inc. ("PAGECO")
  180 South Clinton Ave.
  Rochester, NY 14646

PAGECO is an indirect, wholly-owned subsidiary of Rochester Telephone Corporation. PAGECO holds a one and six-tenths percent (1.6%) interest in UCN.

- Utica-Rome Cellular Partnership ("URCP")
  c/o Oneida County Rural Telephone Company
  Main Street
  Holland Patent, NY 13354

Cellco will own thirty percent (30%) partnership interest in URCP and Rochester Tel Telecommunications Holding Corp. ("RTTHC") an indirect, wholly-owned subsidiary of Rochester Telephone Corporation holds a controlling seventy percent (70%) of the partnership interests in URCP. URCP, in turn, owns twelve percent (12%) partnership interest in UCN.

NYNEX Mobile of New York, Inc.
Incorporated: January 22, 1988

Chairman of the Board :

Directors :

Cynthia J. White

Robert F. Stott

David H. Benson

Officers:

Robert F. Stott -	President
David H. Benson -	Treasurer
Katherine Abrams -	Vice President
Francis Malnati, Jr. -	Vice President
Gerald Flynn -	Vice President
Carol Donahue -	Secretary
June Schiffman -	Assistant Secretary

*As currently contemplated

Pennsylvania 3 Sector 2 Limited Partnership
Pennsylvania 3 - Potter RSA, Block B-2

PUBLIC INTEREST STATEMENT

Contel Cellular Inc. ("Contel"), the transferor, submits the following information in accordance with 47 CFR Section 22.107. The requested transfer of control of permit is consistent with the public interest. Contel did not file its application for the Pennsylvania RSA 3 Sector 2 for the purpose of speculation. The Commission policy and rule concerning the transfer of construction permits for RSAs permits the transfer of unbuilt systems as long as the transferor demonstrates that it is not speculating in cellular licenses. See Amendment of Rural Cellular Service Rules, Third Report and Order, (CC Docket 85-388) 64 RR 2nd 1383 (1988), and section 22.40(b) of the Commission's Rules.

By this transaction, subject to prior Commission consent, Contel shall transfer control of its cellular radio license for the Pennsylvania RSA 3 Sector 2 to NMNY. As noted in the description of transaction (see Exhibit 2), after all of the pending transfer of control applications are approved and effectuated, Upstate Cellular Network will indirectly hold the 27.78% general partner interest in the Pennsylvania 3 Sector 2 Limited Partnership.

UCN currently operates the Buffalo, Rochester, Syracuse, Utica-Rome, Franklin NY2 and Jefferson cellular systems, including their associated point-to-point microwave systems and the paging operations in Rochester, New York. All parties have been deemed legally, technically and financially qualified to own and operate the cellular radio and point-to-point microwave service licenses.

The proposed transfer of control is consistent with the objectives of NYCGSA and UCN to ensure provision of quality cellular service to the Pennsylvania 3 Sector 2 RSA. UCN and its operation of the properties that are the subjects of this transaction will yield significant public interest benefits. The alignment of the Pennsylvania 3 Sector 2 and Pennsylvania 4 Sector 2 RSAs with the Elmira, Binghamton, Chautauqua, Franklin NY2, Otsego, Rochester, Buffalo, Rochester, Syracuse, Utica-Rome and Jefferson cellular properties and the Rochester paging operations under common ownership will enable UCN to develop and take advantage of the economies of scale and scope that will exist from integrating the management and operations of these systems. UCN will be able to operate these properties more effectively and efficiently, thereby enabling it to offer innovative and economical cellular and paging services to the public.