Western Telephone Company is audited in conjunction with the Venture Communications Cooperative audit. These financial statements are the Western portion of the consolidated financial statements. We are also including the management letter that was provided per the 2012 financial audit.

WESTERN TELEPHONE COMPANY BALANCE SHEET AS OF 12/31/2012

	ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD		LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURR	CURRENT LIABILITIES		LIID OI I LINOD	
1.	Cash and Equivalents			25.	Accounts Payable		
2.	Cash-RUS Construction Fund			26.	Notes Payable	=	
:	3 Affiliates:			27.	Advance Billings and Payments		
	a. Telecom, Accounts Receivable	955		28.	Customer Deposits		
	b. Other Accounts Receivable			29.	Current Mat. L/T Debt		
	c. Notes Receivable			30,	Current Mat. L/T Debt-Rur. Dev.	=	=
4.	Non-Affiliates:			31.	Current MatCapital Leases		
	a. Telecom, Accounts Receivable			32.	Income Taxes Accrued	3	
	g. Other Accounts Receivable	—		33.	Other Taxes Accrued		
	c. Notes Receivable			34,	Other Currrent Liabilities		
5.	Interest and Dividends Receivable			35.	Total Current Liabilities (25 thru 34)		
6.	Material-Regulated			LONG	-TERM DEBT		
7.	Material-Nonregulated			36.	Funded Debt-RUS Notes		
8.	Prepayments			37.	Funded Debt-RTB Notes		
9.	Other Current Assets			38.	Funded Debt-FFB Notes	-	ě
10.	Total Current Assets (1 thru 9)			39.	Funded Debt-Other		
	NCURRENT ASSETS			40.	Funded Debt-Rural Develop. Loan		
11.	Investment in Affiliated Companies			41.	Premium (Discount) on L/T Debt		
	a. Rural Development			42.	Reacquired Debt	Sof	
	b. Nonrural Development			43.	Obligations Under Capital Lease		
12,	Other Investments			44.	Adv. From Affiliated Companies		_
	a. Rural Development			45.	Other Long-Term Debt		
	b. Nonrural Development			46.	Total Long-Term Debt (36 thru 45)		التجمي
	Nonregulated investments				R LIAB. & DEF. CREDITS		_
14.	Other Noncurrent Assets			47.	Other Long-Term Liabilities		
15.				48.	Other Deferred Credits		
	Jurisdictional Differences			49.	Other Jurisdictional Differences		
	Total Noncurrent Assets (11 thru 16)			50	Total Other Liabilities and Deferred Credits (47 thru 49)		
	ANT, PROPERTY, AND EQUIPMENT			EQUIT			
18.	Telecom, Plant-in-Service			51,	Cap. Stock Outstand. & Subscribed		
19.				52.	Additional Paid-in-Capital		
20.				53.	Treasury Stock		
21.				54.	Membership and Cap. Certificates		
22.				55.	Other Capital	mu	
23.	•			56.	Patronage Capital Credits		
24	TOTAL A5SETS (10+17+23)			57.	Retained Earnings or Margins		
				58.	Total Equity (51 thru 57)		
				59.	TOTAL LIABILITES AND EQUITY (35+46+50+58)		

WESTERN TELEPHONE COMPANY INCOME STATEMENT FOR YEAR ENDING 12/31/2012

45.

46. 47.

48.

Cash Ratio [(14+20-10-11) / 7]

DSCR [(31+26+10+11 / 44]

TIER [(31+26 / 26]

Operating Accrual Ratio [(14+20+26 / 7]

INCL	DIME STATEMENT FOR TEAR ENDING 12/51/2012
1.	Local Network Services Revenues
2.	Network Access Services Revenues
3.	Long Distance Network Services Revenues
4.	Carrier Billing and Collection Revenues
5.	Miscellaneous Revenues
6.	Uncollectible Revenues
7.	Net Operating Revenues (1 thru 5 less 6)
8.	Plant Specific Operations Expense
9.	Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)
10.	Depreciation Expense
11.	Amortization Expense
12.	Customer Operations Expense
13.	Corporate Operations Expense
14.	Total Operating Expenses (8 thru 13)
15.	Operating Income or Margins (7 less 14)
16.	Other Operating Income and Expenses
17.	State and Local Taxes
18.	Federal Income Taxes
19.	Other Taxes
20.	Total Operating Taxes (17+18+19)
21.	Net Operating Income or Margins (15+16-20)
22.	Interest on Funded Debt
23.	Interest Expense - Capital Leases
24.	Other Interest Expense
25.	Allowance for Funds Used During Construction
26.	Total Fixed Charges (22+23+24-25)
27.	Nonoperating Net Income
28.	Extraordinary Items
29.	Jurisdictional Differences
30.	Nonregulated Net Income
31.	Total Net Income or Margins (21+27+28+29+30-26)
32.	Total Taxes Based on Income
33.	Retained Earnings or Margins Beginning-of-Year
34.	Miscellaneous Credits Year-to-Date
35.	Dividends Declared (Common)
36.	Dividends Declared (Preferred)
37.	Other Debits Year-to-Date
38.	Transfers to Patronage Capital
39.	Retained Earnings or Margins End-of-Period [(31+33+34)-(35+36+37+38)]
40.	Patronage Capital Beginning-of-Year
41.	Transfers to Patronage Capital
42.	Patronage Capital Credits Retired
43.	Patronage Capital End-of-Year (40+41-42)
44.	Annual Debt Service Payments

THIS YEAR

PRIOR YEAR

WESTERN TELEPHONE COMPANY STATEMENT OF CASH FLOWS FOR PERIOD ENDING DECEMBER 2012

1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	
	CASH FLOWS FROM OPERATING ACTIVITIES	
2.	Net Income	
	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
3.	Add: Depreciation	
4.	Add: Amortization	
5.	Other (Explain) CATV Plant Depreciation, Loss on Disposal in Assets, Equity Earnings in Investees	
	Changes in Operating Assets and Liabilities	
6.	Decrease/(Increase) in Accounts Receivable	
7.	Decrease/(Increase) in Materials and Inventory	
8.	Decrease/(Increase) in Prepayments and Deferred Charges	
9.	Decrease/(Increase) in Other Current Assets	
10.	Increase/(Decrease) in Accounts Payable	
11.	Increase/(Decrease) in Advance Billings & Payments	
12.	Increase/(Decrease) in Other Current Liabilities	
13.	Net Cash Provided/(Used) by Operations	
	CASH FLOWS FROM FINANCING ACTIVITIES	
14.	Decrease/(Increase) in Notes Receivable	
15.	Increase/(Decrease) in Notes Payable	
16.	Increase/(Decrease) in Customer Deposits	
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	
19.	Increase/(Decrease) in Capital Stock, Paid-in-Capital, Membership and Capital Certificates	
20.	Less: Payment of Dividends	
21.	Less: Patronage Capital Credits Retired	
22.	Other (Explain) Misc. Adj.	
23.	Net Cash Provided/(Used) by Financing Activities	
	CASH FLOWS FROM INVESTING ACTIVITIES	
24.	Net Capital Expenditures (Property, Plant & Equipment)	
25.	Other Long-Term investments	
26.	Other Noncurrent Assets & Jurisdictional Differences	
27.	Other (Explain Grant Funds Received & Distributions from Equity Investees	
28.	Net Cash Provided/(Used) by Investing Activities	
29.	Net Increase/(Decrease) in Cash	
30.	Ending Cash	



Management Letter

The Board of Directors Venture Communications Cooperative and Subsidiaries Highmore, South Dakota

We have audited the consolidated financial statements of Venture Communications Cooperative and Subsidiaries for the year ended December 31, 2012, and have issued our report thereon dated April 12, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and 7 CFR Part 1773, Policy on Audits of Rural Utilities Service (RUS) Borrowers. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

In planning and performing our audit, we considered Venture Communications Cooperative and Subsidiaries' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide an assurance on the internal control over financial reporting.

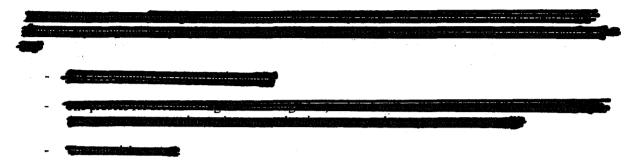
A description of the responsibility of management for establishing and maintaining the internal control over financial reporting and the objectives of and inherent limitations in such a control is set forth in our independent auditor's report on compliance and on the internal control over financial reporting dated [Report Date], and should be read in conjunction with this report.

Code of Federal Regulations 7 CFR Part 1773.33 requires comments on specific aspects of the internal control structure over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters. We have grouped our comments accordingly. In addition to obtaining reasonable assurance about whether the consolidated financial statements are free from material misstatements, at your request, we performed tests of specific aspects of the internal control structure over financial reporting, of compliance with specific RUS loan and security instrument provisions and of additional matters. The specific aspects of the internal control structure over financial reporting, compliance with specific RUS loan and security instrument provisions, and additional matters tested include, among other things, the accounting procedures and records, materials control, compliance with specific RUS loan and security instrument provisions set forth in 7 CFR Part 1773.33(e)(2), related party transactions and investments. The additional matters tested also include a schedule of deferred debits and credits, upon which we express an opinion. In addition, our audit of the consolidated financial statements also included the procedures specified in 7 CFR Part 1773.38-.45. Our objective was not to provide an opinion on these specific aspects of the internal control structure over financial reporting, compliance with specific RUS loan and security instrument provisions, or additional matters and, accordingly, we express no opinion thereon.

In addition to our independent auditor's report and our independent auditor's report on compliance and on internal control over financial reporting, all dated April 12, 2013, we have issued an additional communication letter dated April 12, 2013 to those charged with governance as required by audit standards.

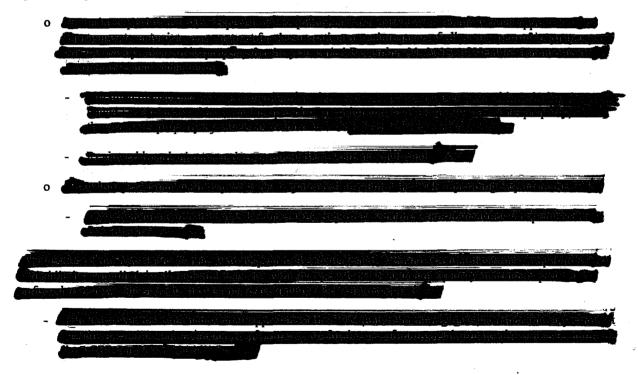
Our comments on specific aspects of the internal control structure over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters as required by 7 CFR Part 1773.33 are presented below.

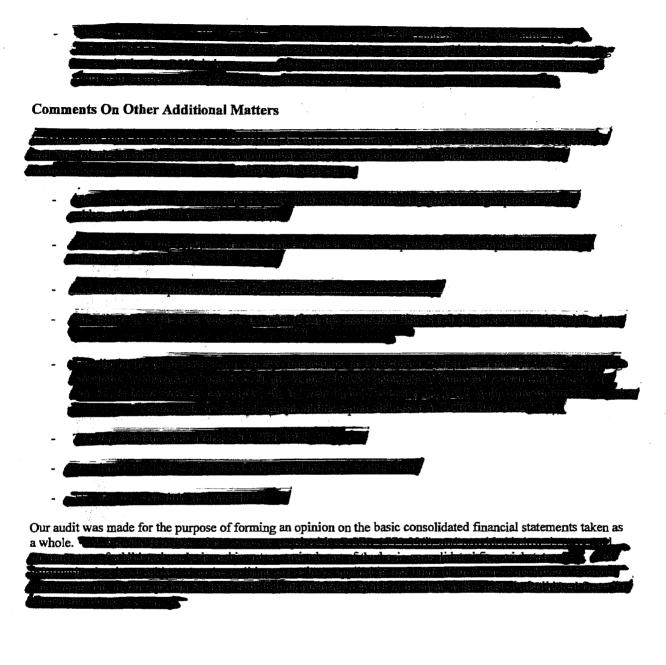
Comments On Certain Specific Aspects Of The Internal Control Structure



Comments On Compliance With Specific RUS Loan Security Instrument Provisions

Management's responsibility for compliance with laws, regulations, contracts, and grants is set forth in our independent auditor's report on compliance dated April 12, 2013. At your request, we have performed the following procedures with respect to compliance with certain provisions of laws, regulations, contracts, and grants. The procedures performed are summarized as follows:





Detailed Schedule Of Investments



This report is intended solely for the information and use of the Board of Directors, management, the Rural Utilities Service and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties.

Sioux Falls, South Dakota April 12, 2013

Este Sailly LLP