

FINANCIAL RATIO ANALYSIS							
VERIZON NORTHWEST - WASHINGTON INTRASTATE OPERATIONS							
(Millions of Dollars)							
12 Months-to-Date September 30, 2003							
	(a)	\$29.7 M Revenue	Post Revenue				
	Restated	Reduction	Reduction				
	Amount	Adjustment	Amount	2002	2001	2000	1999
Capital Expenditures	\$84.7	\$0.0	\$84.7	\$106.8	\$134.7	\$165.7	\$115.9
EBIT Interest Coverage							
Net Income From Continuing Operations	(\$4.3)	(\$19.0)	(\$23.3)	\$9.2	\$23.8	\$19.4	\$85.9
Interest Expense	\$20.0	\$0.0	\$20.0	\$22.1	\$26.4	\$27.2	\$27.1
Income Tax	(\$2.3)	(\$10.2)	(\$12.5)	\$4.9	\$12.8	\$10.5	\$46.2
Earnings Before Interest and Taxes (EBIT)	\$13.4	(\$29.2)	(\$15.8)	\$36.2	\$63.0	\$57.1	\$159.2
Gross Interest Paid	\$22.7	\$0.0	\$22.7	\$24.5	\$29.8	\$32.2	\$29.0
EBIT Interest Coverage	0.6		(0.7)	1.5	2.1	1.8	5.5
EBITDA Interest Coverage							
Net Income From Continuing Operations	(\$4.3)	(\$19.0)	(\$23.3)	\$9.2	\$23.8	\$19.4	\$85.9
Interest Expense	\$20.0	\$0.0	\$20.0	\$22.1	\$26.4	\$27.2	\$27.1
Income Tax	(\$2.3)	(\$10.2)	(\$12.5)	\$4.9	\$12.8	\$10.5	\$46.2
Depreciation and Amortization	\$124.7	\$0.0	\$124.7	\$126.8	\$124.2	\$115.5	\$112.7
Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)	\$138.1	(\$29.2)	\$108.9	\$163.0	\$187.2	\$172.6	\$271.9
Gross Interest Paid	\$22.7	\$0.0	\$22.7	\$24.5	\$29.8	\$32.2	\$29.0
EBITDA Interest Coverage	6.1		4.8	6.7	6.3	5.4	9.4
Funds From Operations / Total Debt Ratio							
Net Income From Continuing Operations	(\$4.3)	(\$19.0)	(\$23.3)	\$9.2	\$23.8	\$19.4	\$85.9
Depreciation and Amortization	\$124.7	\$0.0	\$124.7	\$126.8	\$124.2	\$115.5	\$112.7
Change in Deferred Taxes	\$1.0	\$0.0	\$1.0	\$2.8	\$18.7	\$19.2	\$17.3
Funds From Operations	\$121.4	(\$19.0)	\$102.4	\$138.8	\$166.7	\$154.1	\$215.9
Total Debt	\$329.1	\$0.0	\$329.1	\$337.5	\$399.4	\$425.0	\$382.8
Prior Year Total Debt	\$354.9	\$0.0	\$354.9	\$399.4	\$425.0	\$382.8	\$366.3
Average Total Debt	\$342.0	\$0.0	\$342.0	\$368.5	\$412.2	\$403.9	\$374.6
Funds From Operations / Total Debt Ratio	35.5%		29.9%	37.7%	40.4%	38.2%	57.6%