

**VERIZON NORTHWEST INC**  
**RESULTS OF OPERATIONS**  
**STATE OF WASHINGTON**  
(Dollars in Thousands)

12 Months Ended December 2000

(a)	(b)	(c1)	(c2)	(c)	(d)	(e)
Description	Total Regulated Adjusted (NOTE 1)	Out-of-Periods	Restatements	Total	Total Regulated Restated	Total Intrastate Restated
<b>OPERATING REVENUES</b>						
Local Network Service	270,875	0	0	0	270,875	270,875
Network Access Revenues	325,193	0	(564)	(564)	324,629	108,410
Long Dist Netwk Revenues	27,806	184	0	184	27,990	27,355
Miscellaneous Revenues	17,235	216	0	216	17,451	11,775
Uncollectibles	6,792	0	0	0	6,792	5,695
<b>Total Operating Revenues</b>	<b>634,317</b>	<b>400</b>	<b>(564)</b>	<b>(164)</b>	<b>634,153</b>	<b>412,720</b>
<b>OPERATING EXPENSES</b>						
Plant Specific Operations	63,739	(59)	0	(59)	63,680	49,315
Plant Non-Spec Operations	58,546	0	0	0	58,546	47,563
Customer Operations	75,868	(476)	0	(476)	75,392	60,056
Corporate Operations	66,819	0	(12,161)	(12,161)	54,658	42,722
Depreciation & Amort	153,103	0	0	0	153,103	115,526
Other Income & Expenses	(4)	0	0	0	(4)	(3)
Juris Diff - Depr/IDC	5,845	0	0	0	5,845	5,845
<b>Total Operating Expenses</b>	<b>423,916</b>	<b>(535)</b>	<b>(12,161)</b>	<b>(12,696)</b>	<b>411,220</b>	<b>321,025</b>
Operating Taxes Other than Inc	34,077	(1,000)	0	(1,000)	33,077	24,100
<b>Earnings Before Income Taxes</b>	<b>176,324</b>	<b>1,935</b>	<b>11,597</b>	<b>13,532</b>	<b>189,856</b>	<b>67,595</b>
<b>INCOME TAXES</b>						
State Income Tax	0	0	0	0	0	0
Net Federal Income Tax	50,821	677	4,059	4,736	55,557	15,381
<b>Total Income Taxes</b>	<b>50,821</b>	<b>677</b>	<b>4,059</b>	<b>4,736</b>	<b>55,557</b>	<b>15,381</b>
<b>NET OPERATING INCOME</b>	<b>125,503</b>	<b>1,258</b>	<b>7,538</b>	<b>8,796</b>	<b>134,299</b>	<b>52,214</b>
<b>INVESTMENT (AVG)</b>						
Telecomm Plant in Service	2,249,250	0	0	0	2,249,250	1,736,293
Other Assets (SFAS 87)	91,765	0	0	0	91,765	71,932
Juris Assets-TPIS	13,806	0	0	0	13,806	13,806
Depr & Amort Reserve	919,778	0	0	0	919,778	689,601
Deferred Income Taxes	250,845	0	(10,503)	(10,503)	240,342	197,288
Other LT Liab - SFAS 106,112	12,304	0	0	0	12,304	1,409
<b>RATE BASE</b>	<b>1,171,894</b>	<b>0</b>	<b>10,503</b>	<b>10,503</b>	<b>1,182,397</b>	<b>933,733</b>
<b>Rate Base ROR</b>	<b>10.71%</b>				<b>11.36%</b>	<b>5.59%</b>

NOTE 1: As reported in the December 31, 2000 Quarterly Compliance Report