

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

12 Months Ended December 2001

(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	268,227	0	0	0	268,227	268,227
Network Access Revenues	322,949	966	(282)	684	323,633	95,950
Long Dist Netwk Revenues	27,392	(184)	0	(184)	27,208	26,579
Miscellaneous Revenues	30,800	47	0	47	30,847	20,471
Uncollectibles	8,767	0	0	0	8,767	6,908
<b>Total Operating Revenues</b>	<b>640,601</b>	<b>829</b>	<b>(282)</b>	<b>547</b>	<b>641,148</b>	<b>404,319</b>
<b>OPERATING EXPENSES</b>						
Plant Specific Operations	62,382	237	0	237	62,619	48,537
Plant Non-Spec Operations	54,115	(48)	0	(48)	54,067	40,048
Customer Operations	68,140	473	0	473	68,613	55,626
Corporate Operations	63,726	(1,035)	(7,902)	(8,936)	54,790	43,196
Depreciation & Amort	161,529	0	0	0	161,529	124,221
Other Income & Expenses	13	0	0	0	13	10
Juris Diff - Depr/IDC	0	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>409,905</b>	<b>(373)</b>	<b>(7,902)</b>	<b>(8,274)</b>	<b>401,631</b>	<b>311,637</b>
Operating Taxes Other than Inc	31,567	1,000	0	1,000	32,567	23,353
<b>Earnings Before Income Taxes</b>	<b>199,129</b>	<b>202</b>	<b>7,620</b>	<b>7,822</b>	<b>206,951</b>	<b>69,329</b>
<b>INCOME TAXES</b>						
State Income Tax	0	0	0	0	0	0
Net Federal Income Tax	59,277	71	2,667	2,738	62,015	16,291
<b>Total Income Taxes</b>	<b>59,277</b>	<b>71</b>	<b>2,667</b>	<b>2,738</b>	<b>62,015</b>	<b>16,291</b>
<b>NET OPERATING INCOME</b>	<b>139,852</b>	<b>131</b>	<b>4,953</b>	<b>5,084</b>	<b>144,936</b>	<b>53,038</b>
<b>INVESTMENT (AVG)</b>						
Telecomm Plant in Service	2,367,146	0	0	0	2,367,146	1,822,417
Other Assets (SFAS 87)	154,663	0	0	0	154,663	122,035
Juris Assets-TPIS	0	0	0	0	0	0
Depr & Amort Reserve	915,350	0	0	0	915,350	706,315
Deferred Income Taxes	339,072	0	0	0	339,072	265,238
Other LT Liab - SFAS 106,112	27,746	0	(17,897)	(17,897)	9,849	7,783
<b>RATE BASE</b>	<b>1,239,641</b>	<b>0</b>	<b>17,897</b>	<b>17,897</b>	<b>1,257,538</b>	<b>965,116</b>
<b>Rate Base ROR</b>	<b>11.28%</b>				<b>11.53%</b>	<b>5.50%</b>

NOTE 1: As reported in the December 31, 2001 Quarterly Compliance Report