

**VERIZON NORTHWEST INC**  
**RESULTS OF OPERATIONS - YEAR TO YEAR COMPARISON**  
**STATE OF WASHINGTON**  
(Dollars in Thousands)

(a)	(b)	(c)	(d)	(e)
Description	2000 Intrastate Restated	2001 Intrastate Restated	Sept. 2002 YTD Annualized Intrastate	Sept. 2002 YTD Annualized Intrastate w/Merger Cost & Depreciation
<b>1 OPERATING REVENUES</b>				
2 Local Network Service	270,875	268,227	258,776	258,776
3 Network Access Revenues	108,410	95,950	88,672	88,672
4 Long Dist Netwk Revenues	27,355	26,579	23,905	23,905
5 Miscellaneous Revenues	11,775	20,471	19,987	19,987
6 Uncollectibles	5,695	6,908	11,000	11,000
7 Total Operating Revenues	412,720	404,319	380,341	380,341
<b>8 OPERATING EXPENSES</b>				
9 Plant Specific Operations	49,315	48,537	51,211	51,211
10 Plant Non-Spec Operations	47,563	40,048	34,562	34,562
11 Customer Operations	60,056	55,626	50,182	50,182
12 Corporate Operations	42,722	43,196	55,048	61,989
13 Depreciation & Amort	115,526	124,221	129,324	208,889
14 Other Income & Expenses	(3)	10	0	0
15 Juris Diff - Depr/IDC	5,845	0	0	0
16 Total Operating Expenses	321,025	311,637	320,326	406,833
17 Operating Taxes Other than Inc	24,100	23,353	24,176	24,176
18 Earnings Before Income Taxes	67,595	69,329	35,839	(50,668)
<b>19 INCOME TAXES</b>				
20 State Income Tax	0	0	0	0
21 Net Federal Income Tax	15,381	16,291	8,339	(21,938)
22 Total Income Taxes	15,381	16,291	8,339	(21,938)
<b>23 NET OPERATING INCOME</b>	<b>52,214</b>	<b>53,038</b>	<b>27,500</b>	<b>(28,730)</b>
<b>24 INVESTMENT (AVG)</b>				
25 Telecomm Plant in Service	1,736,293	1,822,417	1,887,609	1,887,609
26 Other Assets (SFAS 87)	71,932	122,035	125,307	125,307
27 Juris Assets-TPIS	13,806	0	0	0
28 Depr & Amort Reserve	689,601	706,315	744,987	824,821
29 Deferred Income Taxes	197,288	265,238	272,485	244,061
30 Other LT Liab - SFAS 106,112	1,409	7,783	26,253	26,253
31 RATE BASE	933,733	965,116	969,191	917,781
32 Rate Base ROR	5.59%	5.50%	2.84%	-3.13%