

United Telephone Company of the Northwest
Statement of Operations
Twelve Months Ended December 31, 2004
(\$000)

<u>Account Title</u>	<u>Northwest ARMIS Basis</u>	<u>Washington ARMIS Basis</u>
<u>Operating Revenues</u>		
Basic Local Service	\$ 47,863	\$ 24,053
Network Access Service	57,947	30,469
Toll Network Service	1,131	622
Miscellaneous Revenue	2,378	1,092
Non Regulated Revenue	11,716	6,366
Uncollectibles	(2,320)	(936)
Total Operating Revenues	\$ 118,715	\$ 61,667
<u>Operating Expenses</u>		
Plant Specific Operations	\$ 22,938	\$ 11,469
Plant Nonspecific Operations	6,967	3,714
Access Expense	3,710	1,293
Customer Operations	13,149	7,449
Corporate Operations	16,380	8,566
Depreciation/Amortization	29,656	15,205
Total Operating Expenses	\$ 92,801	\$ 47,695
Operating Income	\$ 25,915	\$ 13,972
Operating Taxes	\$ 10,097	
Interest Expense	\$ 3,267	
Other Income & Expense	\$ 643	
Net Income	\$ 13,194	

United Telephone Company of the Northwest
Balance Sheet
As of December 31, 2004
(\$000)

<u>Account Title</u>	<u>ARMIS Basis</u>
<u>Current Assets</u>	
Cash and Equivalents	\$ 44
Receivables-Net	6,544
Other Current Assets	110
Total Current Assets	\$ 6,697
<u>NonCurrent Assets</u>	
Investments	\$ -
Unamortized Debt Issuance Expense	110
Other NonCurrent Assets	15,233
Deferred Charges	410
Total NonCurrent Assets	\$ 15,753
<u>Plant</u>	
Gross Property, Plant and Equipment	\$ 471,319
Accumulated Depreciation	(277,922)
Net Plant	\$ 193,397
Total Assets	\$ 215,847
<u>Current Liabilities</u>	
Accounts Payable	\$ 6,502
Advance Billings	2,987
Customer Deposits	97
Current Maturities	-
Accrued Taxes	807
Other Current Liabilities	4,385
Total Current Liabilities	\$ 14,779
<u>Long-Term Debt</u>	
Funded Debt	\$ 37,150
Other Long-Term Debt	23,050
Total Long-Term Debt	\$ 60,200
<u>Other Liabilities and Deferred Credits</u>	
Other Long-Term Liabilities	\$ 12,017
Net Noncurrent Deferred Income Taxes	31,461
Other Deferred Credits	4,310
Total Other Liabilities and Deferred Credits	\$ 47,789
<u>Stockholders' Equity</u>	
Stockholders' Equity	\$ 93,079
Total Stockholders' Equity	\$ 93,079
Total Liabilities and Stockholders' Equity	\$ 215,847

United Telephone Company of the Northwest
Statement of Cash Flows
Twelve Months Ended December 31, 2004
(\$000)

<u>Account Title</u>	<u>ARMIS Basis</u>
<u>Cash Flows from Operating Activities</u>	
Net Income/Loss	\$ 13,194
Depreciation and Amortization	29,656
Other Net	5,347
Net Cash Provided By/Used in Operating Activities	<u>\$ 48,197</u>
<u>Cash Flows from Investing Activities</u>	
Construction/Acquisition of Property, Plant and Equipment	\$ (23,436)
Other Investing Activities Net	(327)
Net Cash Provided from Investing Activities	<u>\$ (23,763)</u>
<u>Cash Flows from Financing Activities</u>	
Dividends Paid	\$ (16,309)
Other Financing Activities Net	(8,212)
Net Cash Provided by Financing Activities	<u>\$ (24,521)</u>
Net Increase/Decrease in Cash and Cash Equivalents	<u>\$ (87)</u>
Cash and Cash Equivalents-Beginning of Period	131
Cash and Cash Equivalents-End of Period	<u>\$ 44</u>