

THE UNITED ILLUMINATING COMPANY
UNAUDITED FINANCIAL STATEMENTS
AS OF
JUNE 30, 2016 AND DECEMBER 31, 2015 AND
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015

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THE UNITED ILLUMINATING COMPANY
STATEMENT OF INCOME
(In Thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Operating Revenues	\$ 199,735	\$ 190,434	\$ 428,471	\$ 440,404
Operating Expenses				
Operation				
Purchased power	39,739	36,715	105,414	133,817
Operation and maintenance	69,528	66,261	128,594	126,369
Transmission wholesale	21,558	17,988	43,750	37,697
Depreciation and amortization	19,783	15,308	39,120	33,637
Taxes - other than income taxes	21,880	21,276	45,933	45,385
Total Operating Expenses	<u>172,488</u>	<u>157,548</u>	<u>362,811</u>	<u>376,905</u>
Operating Income	<u>27,247</u>	<u>32,886</u>	<u>65,660</u>	<u>63,499</u>
Other Income and (Deductions), net (Note H), (Note A)				
Other income	2,373	2,582	4,936	5,351
Other (deductions)	32	(243)	(60)	(352)
Total Other Income and (Deductions), net	<u>2,405</u>	<u>2,339</u>	<u>4,876</u>	<u>4,999</u>
Interest Charges, net				
Interest on long-term debt	10,980	10,556	21,837	21,121
Other interest, net	(1,079)	(171)	(2,048)	(363)
	<u>9,901</u>	<u>10,385</u>	<u>19,789</u>	<u>20,758</u>
Amortization of debt expense and redemption premiums	452	370	801	739
Total Interest Charges, net	<u>10,353</u>	<u>10,755</u>	<u>20,590</u>	<u>21,497</u>
Income from Equity Investments	<u>3,374</u>	<u>3,940</u>	<u>6,572</u>	<u>6,876</u>
Income Before Income Taxes	22,673	28,410	56,518	53,877
Income Taxes (Note E)	<u>7,266</u>	<u>10,088</u>	<u>16,932</u>	<u>17,802</u>
Net Income	<u>\$ 15,407</u>	<u>\$ 18,322</u>	<u>\$ 39,586</u>	<u>\$ 36,075</u>

The accompanying Notes to Financial
Statements are an integral part of the financial statements.

THE UNITED ILLUMINATING COMPANY
STATEMENT OF CASH FLOWS
(In Thousands)
(Unaudited)

	Six Months Ended June 30,	
	2016	2015
Cash Flows From Operating Activities		
Net income	\$ 39,586	\$ 36,075
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	39,921	34,376
Deferred income taxes	18,751	6,583
Pension expense	14,832	11,490
Allowance for funds used during construction (AFUDC) - equity	(3,446)	(2,970)
Undistributed (earnings) losses in equity investments	(6,573)	(6,877)
Other regulatory activity, net	(42,426)	(6,171)
Other non-cash items, net	(308)	217
Changes in:		
Accounts receivable, net	2,424	(6,803)
Unbilled revenues	(1,901)	(2,564)
Prepayments	603	(803)
Accounts payable	(10,035)	(17,519)
Cash distribution received from GenConn	6,471	5,578
Taxes accrued and refundable	3,338	(2,446)
Accrued liabilities	(1,940)	6,597
Accrued pension	(9,840)	(4,787)
Accrued post-employment benefits	(127)	(273)
Other assets	1,228	(543)
Other liabilities	4,102	(45)
Total Adjustments	15,074	13,040
Net Cash provided by Operating Activities	54,660	49,115
Cash Flows from Investing Activities		
Plant expenditures including AFUDC debt	(90,799)	(78,211)
Cash distribution from GenConn	2,130	2,581
Deposits in New England West Solution (NEEWS) (Note C)	-	(1,451)
Changes in restricted cash	272	(110)
Intercompany receivable	29,400	15,000
Net Cash used in Investing Activities	(58,997)	(62,191)
Cash Flows from Financing Activities		
Issuance of long term debt	-	50,000
Payment of common stock dividend	-	(35,700)
Other	333	(230)
Net Cash provided by Financing Activities	333	14,070
Unrestricted Cash and Temporary Cash Investments:		
Net change for the period	(4,004)	994
Balance at beginning of period	5,657	96,363
Balance at end of period	\$ 1,653	\$ 97,357
Non-cash investing activity:		
Plant expenditures included in ending accounts payable	\$ 6,561	\$ 11,857

The accompanying Notes to Financial
Statements are an integral part of the financial statements.

THE UNITED ILLUMINATING COMPANY
BALANCE SHEET

ASSETS
(In Thousands)
(Unaudited)

	June 30, 2016	December, 2015
Current Assets		
Unrestricted cash and temporary cash investments	\$ 1,653	\$ 5,657
Restricted cash	1,455	1,727
Utility accounts receivable less allowance of \$3,500 and \$3,500, respectively	104,062	106,186
Unbilled revenues	41,781	39,880
Current regulatory assets (Note A)	55,441	44,469
Materials and supplies, at average cost	4,907	7,619
Refundable taxes	8,581	11,741
Prepayments	1,639	2,242
Intercompany receivable	24,600	54,000
Current portion of derivative assets (Note A), (Note K)	10,447	10,507
Other current assets	103	107
Total Current Assets	<u>254,669</u>	<u>284,135</u>
Other Investments		
Equity investment in GenConn (Note A)	108,274	110,306
Other	9,714	9,702
Total Other Investments	<u>117,988</u>	<u>120,008</u>
Total Property, Plant and Equipment	2,526,454	2,441,295
Less accumulated depreciation	<u>557,419</u>	<u>539,289</u>
	1,969,035	1,902,006
Construction work in progress	<u>158,828</u>	<u>187,212</u>
Net Property, Plant and Equipment (Note A)	<u>2,127,863</u>	<u>2,089,218</u>
Regulatory Assets (Note A)	<u>464,443</u>	<u>431,923</u>
Deferred Charges and Other Assets		
Unamortized debt issuance expenses	317	210
Other long-term receivable	1,481	1,484
Derivative assets (Note A), (Note K)	13,475	18,757
Other	<u>1,222</u>	<u>380</u>
Total Deferred Charges and Other Assets	<u>16,495</u>	<u>20,831</u>
Total Assets	<u>\$ 2,981,458</u>	<u>\$ 2,946,115</u>

The accompanying Notes to Financial
Statements are an integral part of the financial statements.

THE UNITED ILLUMINATING COMPANY
BALANCE SHEET

LIABILITIES AND CAPITALIZATION
(In Thousands)
(Unaudited)

	June 30, 2016	December 31, 2015
Current Liabilities		
Accounts payable	\$ 84,891	\$ 110,955
Accrued liabilities	21,234	23,524
Current regulatory liabilities (Note A)	720	10,079
Interest accrued	10,913	10,888
Taxes accrued	12,458	12,280
Current portion of derivative liabilities (Note A), (Note K)	28,142	28,466
Total Current Liabilities	<u>158,358</u>	<u>196,192</u>
Deferred Income Taxes (Note E)	<u>444,918</u>	<u>465,717</u>
Regulatory Liabilities	<u>278,779</u>	<u>249,827</u>
Other Noncurrent Liabilities		
Pension accrued	157,326	153,636
Other post-retirement benefits accrued	43,662	42,487
Derivative liabilities (Note A), (Note K)	84,374	67,764
Environmental liabilities	32,960	33,011
Other	9,605	5,800
Total Other Noncurrent Liabilities	<u>327,927</u>	<u>302,698</u>
Commitments and Contingencies (Note J)		
Capitalization (Note B)		
Long-term debt, net of unamortized discount and premium	862,946	862,737
Common Stock Equity		
Common stock	1	1
Paid-in capital	709,230	709,230
Retained earnings	199,299	159,713
Net Common Stock Equity	<u>908,530</u>	<u>868,944</u>
Total Capitalization	<u>1,771,476</u>	<u>1,731,681</u>
Total Liabilities and Capitalization	<u><u>\$ 2,981,458</u></u>	<u><u>\$ 2,946,115</u></u>

The accompanying Notes to Financial
Statements are an integral part of the financial statements.

THE UNITED ILLUMINATING COMPANY

NOTES TO FINANCIAL STATEMENTS – UNAUDITED

**THE UNITED ILLUMINATING COMPANY
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**

June 30, 2016
(Thousands of Dollars)
(Unaudited)

	Common Stock			Paid-in	Retained	
	Shares	Amount		Capital	Earnings	Total
Balance as of December 31, 2014	100	\$	1	\$ 704,730	\$ 162,149	\$ 866,880
Net income					57,264	57,264
Cash dividends					(59,700)	(59,700)
Equity infusion from parent				4,500		4,500
Balance as of December 31, 2015	100	\$	1	\$ 709,230	\$ 159,713	\$ 868,944
Net income					39,586	39,586
Cash dividends						-
Balance as of June 30, 2016	100	\$	1	\$ 709,230	\$ 199,299	\$ 908,530

The accompanying Notes to Financial
Statements are an integral part of the financial statements.

CONSOLIDATED FINANCIAL STATEMENTS
OF
THE SOUTHERN CONNECTICUT GAS COMPANY
AS OF JUNE 30, 2016 AND DECEMBER 31, 2015 AND
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015

(UNAUDITED)

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THE SOUTHERN CONNECTICUT GAS COMPANY
CONSOLIDATED STATEMENT OF INCOME
(In Thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Operating Revenues	\$ 64,070	\$ 58,785	\$ 187,543	\$ 202,328
Operating Expenses				
Operation				
Natural gas purchased	23,979	19,379	79,166	90,105
Operation and maintenance	19,826	22,750	46,981	46,772
Depreciation and amortization	6,475	5,774	12,847	11,455
Taxes - other than income taxes	5,082	5,180	13,240	14,039
Total Operating Expenses	55,362	53,083	152,234	162,371
Operating Income	8,708	5,702	35,309	39,957
Other Income and (Deductions), net				
Other income	164	(423)	661	(329)
Other (deductions)	(112)	421	(388)	173
Total Other Income and (Deductions), net	52	(2)	273	(156)
Interest Charges, net				
Interest on long-term debt	3,343	3,343	6,687	6,687
Other interest, net	(14)	143	55	191
	3,329	3,486	6,742	6,878
Amortization of debt expense and redemption premiums	171	77	279	154
Total Interest Charges, net	3,500	3,563	7,021	7,032
Income (Loss) Before Income Taxes	5,260	2,137	28,561	32,769
Income Taxes	1,840	485	10,657	12,372
Net Income (Loss)	\$ 3,420	\$ 1,652	\$ 17,904	\$ 20,397

THE SOUTHERN CONNECTICUT GAS COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(In Thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net Income (Loss)	\$ 3,420	\$ 1,652	\$ 17,904	\$ 20,397
Other Comprehensive Income (Loss), net of income taxes				
Changes in unrealized gains(losses) related to pension and other post-retirement benefit plans	59	57	64	88
Comprehensive Income	\$ 3,479	\$ 1,709	\$ 17,968	\$ 20,485

Connecticut Energy Corporation, a wholly owned subsidiary of UIL Holdings Corporation, is a holding company whose sole business is ownership of the Southern Connecticut Gas Company (SCG). The Consolidated Financial Statements of SCG include the accounts of all variable interest entities where SCG has been determined to be the primary beneficiary including the Milford LNG facility owned by United Resources, Inc., a wholly owned subsidiary of UIL Holdings Corporation.

THE SOUTHERN CONNECTICUT GAS COMPANY
BALANCE SHEET
ASSETS
(In Thousands)
(Unaudited)

	June 30, 2016	December 31, 2015
Current Assets		
Unrestricted cash and temporary cash investments	\$ 2,620	\$ 6,946
Accounts receivable less allowance of \$1,600 and \$1,400, respectively	48,781	53,681
Unbilled revenues	6,844	15,805
Current regulatory assets	18,663	27,272
Natural gas in storage, at average cost	23,903	32,109
Materials and supplies, at average cost	2,038	2,311
Refundable taxes	10,411	10,793
Prepayments	147	523
Other	4	3,005
Total Current Assets	<u>113,411</u>	<u>152,445</u>
Other investments	<u>9,508</u>	<u>9,645</u>
Net Property, Plant and Equipment	<u>651,471</u>	<u>641,071</u>
Regulatory Assets	<u>149,518</u>	<u>156,085</u>
Deferred Charges and Other Assets		
Unamortized debt issuance expenses	190	125
Goodwill	134,931	134,931
Other	348	-
Total Deferred Charges and Other Assets	<u>135,469</u>	<u>135,056</u>
Total Assets	<u><u>\$ 1,059,377</u></u>	<u><u>\$ 1,094,302</u></u>

Connecticut Energy Corporation, a wholly owned subsidiary of UIL Holdings Corporation, is a holding company whose sole business is ownership of the Southern Connecticut Gas Company (SCG). The Consolidated Financial Statements of SCG include the accounts of all variable interest entities where SCG has been determined to be the primary beneficiary including the Milford LNG facility owned by United Resources, Inc., a wholly owned subsidiary of UIL Holdings Corporation.

THE SOUTHERN CONNECTICUT GAS COMPANY

BALANCE SHEET
LIABILITIES AND CAPITALIZATION
(In Thousands)
(Unaudited)

	June 30, 2016	December 31, 2015
Current Liabilities		
Current portion of long-term debt	\$ 2,517	\$ 2,517
Accounts payable	26,756	41,516
Accrued liabilities	16,416	16,148
Current regulatory liabilities	5,419	7,929
Interest accrued	2,158	2,271
Taxes accrued	3,285	3,687
Intercompany payable	1,050	46,000
Total Current Liabilities	<u>57,601</u>	<u>120,068</u>
Deferred Income Taxes	<u>53,891</u>	<u>44,521</u>
Regulatory Liabilities	<u>176,730</u>	<u>170,205</u>
Other Noncurrent Liabilities		
Pension accrued	41,236	42,173
Other post-retirement benefits accrued	15,047	15,913
Other	13,741	13,350
Environmental liabilities	48,820	49,000
Total Other Noncurrent Liabilities	<u>118,844</u>	<u>120,436</u>
Commitments and Contingencies		
Capitalization		
Long-term debt, net of unamortized premium	223,627	224,856
Noncontrolling interest	16,869	20,369
Common Stock Equity		
Common stock	18,761	18,761
Paid-in capital	369,737	369,737
Retained earnings	23,618	5,714
Accumulated other comprehensive income (loss)	(301)	(365)
Net Common Stock Equity	<u>411,815</u>	<u>393,847</u>
Total Capitalization	<u>652,311</u>	<u>639,072</u>
Total Liabilities and Capitalization	<u><u>\$ 1,059,377</u></u>	<u><u>\$ 1,094,302</u></u>

Connecticut Energy Corporation, a wholly owned subsidiary of UIL Holdings Corporation, is a holding company whose sole business is ownership of the Southern Connecticut Gas Company (SCG). The Consolidated Financial Statements of SCG include the accounts of all variable interest entities where SCG has been determined to be the primary beneficiary including the Milford LNG facility owned by United Resources, Inc., a wholly owned subsidiary of UIL Holdings Corporation.

THE SOUTHERN CONNECTICUT GAS COMPANY
STATEMENT OF CASH FLOWS

**(In Thousands)
(Unaudited)**

	Six Months Ended June 30,	
	2016	2015
Cash Flows From Operating Activities		
Net income	\$ 17,904	\$ 20,397
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,046	11,609
Deferred income taxes	10,670	2,588
Pension expense	3,540	2,688
Regulatory activity, net	15,075	18,738
Other non-cash items, net	(38)	(708)
Changes in:		
Accounts receivable, net	5,100	1,914
Unbilled revenues	8,961	15,860
Natural gas in storage	8,206	17,188
Prepayments	376	385
Accounts payable	(10,047)	(17,487)
Interest accrued	(113)	(736)
Taxes accrued/refundable, net	(34)	2,839
Accrued liabilities	268	597
Accrued pension	(3,637)	(5,621)
Accrued other post-employment benefits	(1,706)	(948)
Other assets	2,537	(941)
Other liabilities	262	41
Total Adjustments	52,466	48,006
Net Cash provided by Operating Activities	70,370	68,403
Cash Flows from Investing Activities		
Plant expenditures including AFUDC debt	(26,446)	(27,103)
Net Cash (used in) Investing Activities	(26,446)	(27,103)
Cash Flows from Financing Activities		
Payment of common stock dividend	-	(15,000)
Payment of noncontrolling interest dividend	(3,500)	-
Intercompany payable	(44,950)	(15,000)
Other	200	-
Net Cash (used in) Financing Activities	(48,250)	(30,000)
Unrestricted Cash and Temporary Cash Investments:		
Net change for the period	(4,326)	11,300
Balance at beginning of period	6,946	428
Balance at end of period	\$ 2,620	\$ 11,728
Non-cash investing activity:		
Plant expenditures included in ending accounts payable	\$ 3,470	\$ 4,712

Connecticut Energy Corporation, a wholly owned subsidiary of UIL Holdings Corporation, is a holding company whose sole business is ownership of the Southern Connecticut Gas Company (SCG). The Consolidated Financial Statements of SCG include the accounts of all variable interest entities where SCG has been determined to be the primary beneficiary including the Milford LNG facility owned by United Resources, Inc., a wholly owned subsidiary of UIL Holdings Corporation.

THE SOUTHERN CONNECTICUT GAS COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
June 30, 2016
(Thousands of Dollars)

	Common Stock		Paid-in	Retained	Accumulated	
	Shares	Amount	Capital	Earnings	Other	Total
				(Accumulated	Comprehensive	
				Deficit)	Income (Loss)	
Balance as of December 31, 2015	1,407,072	\$ 18,761	\$ 369,737	\$ 5,714	\$ (365)	\$ 393,847
Net income				17,904		17,904
Other comprehensive loss, net of income taxes					64	64
Payment of common stock dividend						-
Balance as of June 30, 2016	1,407,072	\$ 18,761	\$ 369,737	\$ 23,618	\$ (301)	\$ 411,815

Connecticut Energy Corporation, a wholly owned subsidiary of UIL Holdings Corporation, is a holding company whose sole business is ownership of the Southern Connecticut Gas Company (SCG). The Consolidated Financial Statements of SCG include the accounts of all variable interest entities where SCG has been determined to be the primary beneficiary including the Milford LNG facility owned by United Resources, Inc., a wholly owned subsidiary of UIL Holdings Corporation.

FINANCIAL STATEMENTS
OF
CONNECTICUT NATURAL GAS CORPORATION
AS OF JUNE 30, 2016 AND DECEMBER 31, 2015 AND
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(UNAUDITED)

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CONNECTICUT NATURAL GAS CORPORATION
STATEMENT OF INCOME
(In Thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Operating Revenues	\$ 59,393	\$ 51,757	\$ 175,687	\$ 201,265
Operating Expenses				
Operation				
Natural gas purchased	23,146	18,296	72,668	102,737
Operation and maintenance	20,981	19,175	40,136	39,802
Depreciation and amortization	7,819	6,602	15,541	14,459
Taxes - other than income taxes	4,796	4,737	12,590	13,223
Total Operating Expenses	56,742	48,810	140,935	170,221
Operating Income (Loss)	2,651	2,947	34,752	31,044
Other Income and (Deductions), net				
Other income	285	291	760	576
Other (deductions)	(21)	(12)	(100)	(64)
Total Other Income and (Deductions), net	264	279	660	512
Interest Charges, net				
Interest on long-term debt	2,186	2,186	4,371	4,371
Other interest, net	50	248	64	306
	2,236	2,434	4,435	4,677
Amortization of debt expense and redemption premiums	218	23	272	46
Total Interest Charges, net	2,454	2,457	4,707	4,723
Income (Loss) Before Income Taxes	461	769	30,705	26,833
Income Taxes	(224)	196	10,298	9,477
Net Income (Loss)	685	573	20,407	17,356
Less:				
Preferred Stock Dividends of Subsidiary, Noncontrolling Interests	7	7	14	14
Net Income (Loss) attributable to Connecticut Natural Gas Corporation	\$ 678	\$ 566	\$ 20,393	\$ 17,342

CONNECTICUT NATURAL GAS CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
(In Thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net Income (Loss)	\$ 685	\$ 573	\$ 20,407	\$ 17,356
Other Comprehensive Income (Loss), net of income taxes				
Changes in unrealized gains(losses) related to pension and other post-retirement benefit plans	-	-	-	128
Total Other Comprehensive Income (Loss), net of income taxes	685	573	20,407	17,484
Comprehensive Income				
Less:				
Preferred Stock Dividends of Subsidiary, Noncontrolling Interests	7	7	14	14
Comprehensive Income (Loss)	\$ 678	\$ 566	\$ 20,393	\$ 17,470

CONNECTICUT NATURAL GAS CORPORATION
BALANCE SHEET
ASSETS
(In Thousands)
(Unaudited)

	June 30, 2016	December 31, 2015
Current Assets		
Unrestricted cash and temporary cash investments	\$ 480	\$ 2,835
Accounts receivable less allowance of \$1,500 and \$3,300, respectively	47,599	50,404
Unbilled revenues	8,455	16,904
Current regulatory assets	11,414	17,090
Natural gas in storage, at average cost	20,745	28,837
Materials and supplies, at average cost	1,823	1,395
Refundable taxes	358	-
Prepayments	167	963
Other	175	175
Intercompany receivable	16,650	-
Total Current Assets	<u>107,866</u>	<u>118,603</u>
Other investments	<u>1,451</u>	<u>1,527</u>
Total Property, Plant and Equipment	825,584	794,780
Less accumulated depreciation	<u>273,664</u>	<u>265,758</u>
	551,920	529,022
Construction work in progress	<u>8,319</u>	<u>19,286</u>
Net Property, Plant and Equipment	<u>560,239</u>	<u>548,308</u>
Regulatory Assets	<u>142,997</u>	<u>130,561</u>
Deferred Charges and Other Assets		
Unamortized debt issuance expenses	190	125
Goodwill	79,341	79,341
Other	<u>1,065</u>	<u>230</u>
Total Deferred Charges and Other Assets	<u>80,596</u>	<u>79,696</u>
Total Assets	<u>\$ 893,149</u>	<u>\$ 878,695</u>

CONNECTICUT NATURAL GAS CORPORATION
BALANCE SHEET
LIABILITIES AND CAPITALIZATION
(In Thousands)
(Unaudited)

	June 30, 2016	December 31, 2015
Current Liabilities		
Current portion of long-term debt	\$ 11,032	\$ 11,527
Accounts payable	30,242	41,236
Accrued liabilities	9,727	12,312
Current regulatory liabilities	15,254	18,764
Interest accrued	2,020	2,064
Intercompany payable	-	8,000
Taxes accrued	10,222	7,595
Total Current Liabilities	<u>78,497</u>	<u>101,498</u>
Deferred Income Taxes	<u>55,612</u>	<u>33,751</u>
Regulatory Liabilities	<u>189,878</u>	<u>192,774</u>
Other Noncurrent Liabilities		
Qualified Pension accrued	54,977	56,368
Non-qualified Pension accrued	1,061	-
Other post-retirement benefits accrued	10,927	12,061
Other	7,154	7,200
Total Other Noncurrent Liabilities	<u>74,119</u>	<u>75,629</u>
Commitments and Contingencies		
Capitalization		
Long-term debt, net of unamortized premium	129,345	129,738
Preferred Stock, not subject to mandatory redemption	340	340
Common Stock Equity		
Common stock	33,233	33,233
Paid-in capital	315,304	315,304
Retained earnings	16,720	(3,673)
Accumulated other comprehensive income	101	101
Net Common Stock Equity	<u>365,358</u>	<u>344,965</u>
Total Capitalization	<u>495,043</u>	<u>475,043</u>
Total Liabilities and Capitalization	<u><u>\$ 893,149</u></u>	<u><u>\$ 878,695</u></u>

CONNECTICUT NATURAL GAS CORPORATION

STATEMENT OF CASH FLOWS
(In Thousands)
(Unaudited)

	Six Months Ended June 30,	
	2016	2015
Cash Flows From Operating Activities		
Net Income	\$ 20,407	\$ 17,356
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,813	14,505
Deferred income taxes	9,355	820
Pension expense	4,272	3,684
Regulatory activity, net	(8,363)	23,652
Other non-cash items, net	(224)	(2,156)
Changes in:		
Accounts receivable, net	3,105	14,867
Unbilled revenues	8,449	14,009
Natural gas in storage	8,092	19,601
Prepayments	796	769
Accounts payable	(8,882)	(29,945)
Interest accrued	(44)	(30)
Taxes accrued/refundable, net	2,269	4,274
Accrued pension	(4,170)	(5,116)
Accrued other post-employment benefits	(1,566)	(471)
Accrued liabilities	(2,585)	(2,656)
Other assets	(1,754)	(1,227)
Other liabilities	50	56
Total Adjustments	24,613	54,636
Net Cash provided by Operating Activities	45,020	71,992
Cash Flows from Investing Activities		
Plant expenditures including AFUDC debt	(22,911)	(22,344)
Intercompany receivable	(16,650)	-
Net Cash (used in) Investing Activities	(39,561)	(22,344)
Cash Flows from Financing Activities		
Payment of common stock dividend	-	(11,000)
Payments of preferred stock dividend	-	-
Intercompany payable	(8,000)	-
Other	186	(14)
Net Cash (used in) Financing Activities	(7,814)	(11,014)
Unrestricted Cash and Temporary Cash Investments:		
Net change for the period	(2,355)	38,634
Balance at beginning of period	2,835	7,074
Balance at end of period	\$ 480	\$ 45,708
Non-cash investing activity:		
Plant expenditures included in ending accounts payable	\$ 3,727	\$ 5,765

CONNECTICUT NATURAL GAS CORPORATION
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
June 30, 2016
(Thousands of Dollars)

	Common Stock		Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount				
Balance as of December 31, 2015	10,634,436	\$ 33,233	\$ 315,304	\$ (3,673)	\$ 101	\$ 344,965
Net income				20,407		20,407
Other comprehensive income, net of income taxes						-
Payment of common stock dividend						-
Payment of preferred stock dividend				(14)		(14)
Balance as of June 30, 2016	10,634,436	\$ 33,233	\$ 315,304	\$ 16,720	\$ 101	\$ 365,358

FINANCIAL STATEMENTS
OF
THE BERKSHIRE GAS COMPANY
AS OF JUNE 30, 2016 AND DECEMBER 31, 2015 AND
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(UNAUDITED)

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THE BERKSHIRE GAS COMPANY
STATEMENT OF INCOME
(In Thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Operating Revenues	\$ 11,114	\$ 11,387	\$ 40,744	\$ 52,776
Operating Expenses				
Operation				
Natural gas purchased	2,067	2,425	13,368	21,779
Operation and maintenance	6,425	6,714	13,285	14,612
Depreciation and amortization	1,816	2,808	3,603	4,525
Taxes - other than income taxes	982	837	1,816	1,710
Total Operating Expenses	11,290	12,784	32,072	42,626
Operating Income (loss)	(176)	(1,397)	8,672	10,150
Other Income and (Deductions), net				
Other income	43	573	159	611
Other (deductions)	(70)	(20)	(80)	(29)
Total Other Income and (Deductions), net	(27)	553	79	582
Interest Charges, net				
Interest on long-term debt	813	842	1,627	1,684
Other interest, net	(3)	(16)	(13)	(22)
	810	826	1,614	1,662
Amortization of debt expense and redemption premiums	42	32	73	62
Total Interest Charges, net	852	858	1,687	1,724
Income (Loss) Before Income Taxes	(1,055)	(1,702)	7,064	9,008
Income Taxes	(425)	(964)	2,758	3,532
Net Income (Loss)	\$ (630)	\$ (738)	\$ 4,306	\$ 5,476

THE BERKSHIRE GAS COMPANY
STATEMENT OF COMPREHENSIVE INCOME
(In Thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net Income (Loss)	\$ (630)	\$ (738)	\$ 4,306	\$ 5,476
Other Comprehensive Income (Loss)	4	(8)	19	-
Comprehensive Income (Loss)	\$ (626)	\$ (746)	\$ 4,325	\$ 5,476

THE BERKSHIRE GAS COMPANY
BALANCE SHEET
ASSETS
(In Thousands)
(Unaudited)

	June 30, 2016	December 31, 2015
Current Assets		
Unrestricted cash and temporary cash investments	\$ 6,242	\$ 2,950
Accounts receivable less allowance of \$1,217 and \$1,303, respectively	6,312	8,618
Unbilled revenues	450	4,003
Current regulatory assets	3,012	3,960
Natural gas in storage, at average cost	1,581	2,344
Materials and supplies, at average cost	946	825
Other	1,795	2,812
Total Current Assets	<u>20,338</u>	<u>25,512</u>
Other investments	<u>799</u>	<u>855</u>
Total Property, Plant and Equipment	214,096	204,691
Less accumulated depreciation	<u>70,733</u>	<u>68,546</u>
	143,363	136,145
Construction work in progress	<u>1,457</u>	<u>6,405</u>
Net Property, Plant and Equipment	<u>144,820</u>	<u>142,550</u>
Regulatory Assets	<u>32,584</u>	<u>36,979</u>
Deferred Charges and Other Assets		
Unamortized debt issuance expenses	32	23
Goodwill	51,933	51,933
Other	<u>970</u>	<u>22</u>
Total Deferred Charges and Other Assets	<u>52,935</u>	<u>51,978</u>
Total Assets	<u>\$ 251,476</u>	<u>\$ 257,874</u>

THE BERKSHIRE GAS COMPANY
BALANCE SHEET
LIABILITIES AND CAPITALIZATION
(In Thousands)
(Unaudited)

	June 30, 2016	December 31, 2015
Current Liabilities		
Current portion of long-term debt	\$ 2,393	\$ 2,393
Accounts payable	3,586	7,219
Accrued liabilities	3,600	4,519
Current regulatory liabilities	820	-
Interest accrued	853	853
Taxes accrued	10,062	7,254
Total Current Liabilities	<u>21,314</u>	<u>22,238</u>
Deferred Income Taxes	<u>26,372</u>	<u>28,867</u>
Regulatory Liabilities	<u>35,681</u>	<u>34,780</u>
Other Noncurrent Liabilities		
Pension accrued	10,517	10,758
Other post-retirement benefits accrued	1,806	1,792
Environmental remediation costs	2,600	2,600
Other	4,716	4,774
Total Other Noncurrent Liabilities	<u>19,639</u>	<u>19,924</u>
Commitments and Contingencies		
Capitalization		
Long-term debt	42,172	42,592
Common Stock Equity		
Paid-in capital	106,095	106,095
Retained earnings	203	3,397
Accumulated other comprehensive income (loss)	-	(19)
Net Common Stock Equity	<u>106,298</u>	<u>109,473</u>
Total Capitalization	<u>148,470</u>	<u>152,065</u>
Total Liabilities and Capitalization	<u>\$ 251,476</u>	<u>\$ 257,874</u>

THE BERKSHIRE GAS COMPANY
STATEMENT OF CASH FLOWS
(In Thousands)
(Unaudited)

	Six Months Ended June 30,	
	2016	2015
Cash Flows From Operating Activities		
Net income	\$ 4,306	\$ 5,476
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,507	3,834
Deferred income taxes	(43)	(2,665)
Pension expense	714	654
Regulatory activity, net	3,553	7,773
Other non-cash items, net	291	278
Changes in:		
Accounts receivable, net	2,019	3,174
Unbilled revenues	3,553	5,057
Natural gas in storage	763	2,310
Accounts payable	(4,060)	(8,450)
Taxes accrued/refundable, net	2,789	2,212
Accrued liabilities	(919)	(1,222)
Accrued pension	(955)	(772)
Accrued other-post benefits	14	(57)
Other assets	(98)	(502)
Other liabilities	(43)	78
Total Adjustments	11,085	11,702
Net Cash provided by Operating Activities	15,391	17,178
Cash Flows from Investing Activities		
Plant expenditures including AFUDC debt	(4,632)	(5,276)
Net Cash used in Investing Activities	(4,632)	(5,276)
Cash Flows from Financing Activities		
Payment of common stock dividend	(7,500)	(1,700)
Other	33	-
Net Cash used in Financing Activities	(7,467)	(1,700)
Unrestricted Cash and Temporary Cash Investments:		
Net change for the period	3,292	10,202
Balance at beginning of period	2,950	6,734
Balance at end of period	\$ 6,242	\$ 16,936
Non-cash investing activity:		
Plant expenditures included in ending accounts payable	\$ 1,182	\$ 428

THE BERKSHIRE GAS COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
June 30, 2016
(Thousands of Dollars)

	Common Stock			Paid-in		Retained	Accumulated		
	Shares	Amount		Capital		Earnings	Other	Comprehensive	Total
							Income (Loss)		
Balance as of December 31, 2015	100	\$ -	\$	106,095	\$	3,397	\$ (19)	\$	109,473
Net income						4,306			4,306
Other comprehensive income, net of income taxes							19		19
Payment of common stock dividend						(7,500)			(7,500)
Balance as of June 30, 2016	100	\$ -	\$	106,095	\$	203	\$ -	\$	106,298

Central Maine Power Company and Subsidiaries

Consolidated Financial Statements (Unaudited)
For the six months ended June 30, 2016 and 2015

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June 30, 2016 and 2015

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Central Maine Power Company
Consolidated Statements of Income (Unaudited)

Periods ended June 30, (Thousands)	Three Months		Six Months	
	2016	2015	2016	2015
Operating Revenues				
Sales and services	\$ 193,804	\$ 181,283	\$ 406,583	\$ 375,012
Operating Expenses				
Electricity purchased	13,833	13,628	27,114	27,184
Operating expenses and Maintenance Expenses	95,009	91,995	198,980	172,479
Depreciation and amortization	26,494	32,398	51,979	55,300
Other taxes	13,153	12,705	26,141	21,591
Total Operating Expenses	148,489	150,726	304,214	276,554
Operating Income	45,315	30,557	102,369	98,458
Other (Income)	(1,440)	(435)	(2,894)	(1,933)
Other Deductions	94	(738)	242	1,083
Interest Charges, Net	13,658	14,052	26,705	28,039
Income Before Income Taxes	33,003	17,678	78,316	71,269
Income Taxes	13,534	9,894	31,327	29,332
Net Income	19,469	7,784	46,989	41,937
Less: Net Income Attributable to Noncontrolling Interest	19	15	124	109
Net Income Attributable to CMP	19,450	7,769	46,865	41,828
Preferred Stock Dividends			-	
Earnings Available for CMP Common Stock	\$ 19,450	\$ 7,769	\$ 46,865	\$ 41,828

Central Maine Power Company
Consolidated Statements of Comprehensive Income (Unaudited)

Periods ended June 30, (Thousands)	Three Months		Six Months	
	2016	2015	2016	2015
Net Income	\$ 19,469	\$ 7,784	\$ 46,989	\$ 41,937
Other Comprehensive Loss, Net of Tax				
Amortization of pension cost for nonqualified plans	-	-	-	-
Unrealized gain (loss) on derivatives qualified as hedges:				
Unrealized gain (loss) during period on derivatives qualified as hedges	80	(11)	36	(41)
Reclassification adjustment for loss (gain) included in net income	105	220	221	245
Reclassification adjustment for loss on settled cash flow treasury hedges included in net income	323	551	645	491
Net unrealized gain on derivatives qualified as hedges	508	760	902	695
Other Comprehensive Income	508	760	902	695
Comprehensive Income	19,977	8,544	47,891	42,632
Less:				
Comprehensive Income Attributable to Other Noncontrolling Interests	19	15	124	109
Comprehensive Income Attributable to Central Maine Power Company	\$ 19,958	\$ 8,529	\$ 47,767	\$ 42,523

Central Maine Power Company
Consolidated Balance Sheets (Unaudited)

	June 30, 2016	December 31, 2015
(Thousands)		
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,723	\$ 5,360
Accounts receivable and unbilled revenues, net	140,381	149,281
Accounts receivable from affiliates	1,300	1,762
Notes receivable from affiliates	695	23,437
Materials and supplies	15,333	15,828
Prepayments and other current assets	31,558	121,095
Regulatory assets	19,359	22,032
Total Current Assets	212,349	338,795
Utility Plant, at Original Cost	3,750,415	3,675,772
Less accumulated depreciation	872,587	826,309
Net Utility Plant in Service	2,877,828	2,849,463
Construction work in progress	133,412	152,707
Total Utility Plant	3,011,240	3,002,170
Other Property and Investments	1,486	1,506
Regulatory and Other Assets		
Regulatory assets	510,806	521,482
Goodwill	324,938	324,938
Other	14,371	5,304
Total Regulatory and Other Assets	850,115	851,724
Total Assets	\$ 4,075,190	\$ 4,194,195

Central Maine Power Company
Consolidated Balance Sheets (Unaudited)

	June 30, 2016	December 31, 2015
(Thousands)		
Liabilities		
Current Liabilities		
Current portion of long-term debt	\$ 1,341	\$ 41,312
Notes payable	1,924	-
Notes payable to affiliates	30,506	-
Accounts payable and accrued liabilities	94,941	123,070
Accounts payable to affiliates	24,534	32,893
Interest accrued	17,976	18,671
Taxes accrued	33,959	7,454
Other current liabilities	49,100	59,781
Regulatory liabilities	32,464	44,799
Total Current Liabilities	286,745	327,980
Regulatory and Other Liabilities		
Regulatory liabilities	101,586	100,228
Deferred income taxes regulatory	163,822	165,119
Other Non-current liabilities		
Deferred income taxes	636,204	626,868
Pension and other postretirement benefits	227,077	226,560
Other	19,696	54,678
Total Regulatory and Other liabilities	1,148,385	1,173,453
Long-term debt	1,042,919	1,043,512
Total Liabilities	2,478,049	2,544,945
Commitments		
Preferred Stock		
Preferred stock	571	571
Common Stock Equity		
Common stock	156,057	156,057
Capital in excess of par value	713,893	713,893
Retained earnings	724,271	777,406
Accumulated other comprehensive loss	(7,612)	(8,514)
Total CMP Common Stock Equity	1,586,609	1,638,842
Noncontrolling Interest	9,961	9,837
Total Equity	1,596,570	1,648,679
Total Liabilities and Equity	\$ 4,075,190	\$ 4,194,195

Central Maine Power Company
Consolidated Statements of Cash Flows (Unaudited)

Six months ended June 30,	2016	2015
(Thousands)		
Operating Activities		
Net income	\$ 46,989	\$ 41,828
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	51,979	55,300
Amortization of regulatory and other assets and liabilities	(3,171)	(20,369)
Deferred taxes	(27,416)	(2,542)
Carrying Costs of regulatory assets and liabilities	449	960
Pension income	11,216	9,200
Other Non-Cash Items	1,994	2,615
Changes in operating assets and liabilities		
Accounts receivable and unbilled revenues, net	9,361	(471)
Materials and supplies	495	7,506
Accounts payable and accrued liabilities	(36,468)	(5,195)
Changes in accrued taxes	38,353	(8,981)
Changes in other assets and other liabilities	60,625	30,580
Changes in regulatory assets and liabilities	3,976	16,413
Net Cash Provided by Operating Activities	158,382	126,844
Investing Activities		
Utility plant additions	(84,660)	(168,596)
Contributions in aid of construction	10,406	4,047
Notes receivable from affiliates	22,741	2
Investments, net	20	7,084
Net Cash Used in Investing Activities	(51,493)	(157,463)
Financing Activities		
Non-current note issuance	-	150,000
Repayments of non-current debt	(40,591)	(634)
Repayment of other short term debt	1,559	(118,243)
Repayment of short term debt-affiliates	30,506	-
Dividends paid on common and preferred stocks	(100,000)	-
Net Cash(Used in)/Provided by Financing Activities	(108,526)	31,123
Net Increase in Cash and Cash Equivalents	(1,637)	504
Cash and Cash Equivalents, Beginning of Period	5,360	5,023
Cash and Cash Equivalents, End of Period	\$ 3,723	\$ 5,527

Central Maine Power Company
Consolidated Statement of Changes in Common Stock Equity (Unaudited)

	Common Stock				Accumulated				
	Outstanding \$5 Par Value		Capital in	Retained	Other	Total Common	Noncon-		
(Thousands)	Shares	Amount	Excess of Par Value	Earnings	Comprehensive	Stock	trolling		Total
					Loss	Equity	interest		
Balance, January 1, 2016	31,211	\$ 156,057	\$ 713,893	\$ 777,406	\$ (8,514)	\$ 1,638,842	\$ 9,837	\$	1,648,679
Net income attributable to CMP				46,865		46,865	124		46,989
Other comprehensive loss, net of tax					902	902			902
Comprehensive income									47,891
Adjustment To return earnings									
Dividends				(100,000)		(100,000)			(100,000)
Preferred stock									-
Dividends to noncontrolling interest									-
Balance, June 30, 2016	31,211	\$ 156,057	\$ 713,893	\$ 724,271	\$ (7,612)	\$ 1,586,609	\$ 9,961	\$	1,596,570

Rochester Gas and Electric Corporation

Financial Statements (Unaudited)

For the Six Months Ended June 30, 2016 and 2015

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June 30, 2016 and 2015

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Rochester Gas and Electric Corporation
Statements of Income (Unaudited)

Periods ended June 30, (Thousands)	Three Months		Six Months	
	2016	2015	2016	2015
Operating Revenues				
Electric	\$ 275,448	\$ 132,829	\$ 442,002	\$ 280,302
Natural gas	55,804	46,403	151,761	169,095
Total Operating Revenues	331,252	179,232	593,763	449,397
Operating Expenses				
Electricity purchased and fuel used in generation	23,147	21,701	47,486	64,127
Natural gas purchased	12,617	9,889	44,685	67,566
Operations and maintenance expense	92,236	68,374	192,292	139,405
Depreciation and amortization	24,668	25,379	42,634	41,125
Other taxes	26,253	24,265	53,558	48,688
Total Operating Expenses	178,921	149,608	380,655	360,911
Operating Income	152,331	29,624	213,108	88,486
Other (Income)	(4,908)	(3,479)	(8,540)	(7,378)
Other Deductions	90	611	378	1,760
Interest Charges, Net	14,054	20,241	35,555	39,328
Income Before Income Taxes	143,095	12,251	185,715	54,776
Income Tax Expense	133,536	6,827	150,256	21,503
Net Income	\$ 9,559	\$ 5,424	\$ 35,459	\$ 33,273

Rochester Gas and Electric Corporation
Statements of Comprehensive Income (Unaudited)

Periods ended June 30, (Thousands)	Three Months		Six Months	
	2016	2015	2016	2015
Net Income	\$ 9,559	\$ 5,424	\$ 35,459	\$ 33,273
Other Comprehensive Loss, Net of Tax				
Net unrealized holding gain (loss) on investments	5	16	5	16
Amortization of pension cost for nonqualified plans	-	-	-	-
Unrealized gain (loss) on derivatives qualified as hedges:				
Unrealized gain (loss) during period on derivatives qualified as hedges	30	79	(11)	9
Reclassification adjustment for loss included in net income	59	111	130	221
Reclassification adjustment for loss on settled cash flow treasury hedges included in net income	830	1,071	1,751	2,159
Net unrealized gain on derivatives qualified as hedges	919	1,261	1,870	2,389
Other Comprehensive Income, net of Tax	924	1,277	1,875	2,405
Comprehensive Income	\$ 10,483	\$ 6,701	\$ 37,334	\$ 35,678

Rochester Gas & Electric Corporation

Balance Sheets (Unaudited)

	June 30, 2016	December 31, 2015
(Thousands)		
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,031	\$ 1,136
Accounts receivable and unbilled revenues, net	133,304	139,282
Accounts receivable from affiliated	2,228	5,007
Natural gas in storage, at average cost	3,644	5,891
Materials and supplies, at average cost	10,113	10,382
Current Derivative Assets	1,833	-
Deferred income taxes	-	11,002
Broker margin accounts	3,770	10,570
Prepaid property taxes	15,091	30,516
Other current assets	3,491	5,321
Regulatory assets	52,736	32,980
Total Current Assets	227,241	252,087
Property, Plant and Equipment, at Original Cost	2,987,099	2,904,955
Less accumulated depreciation	882,351	854,747
Net Utility Plant in Service	2,104,748	2,050,208
Construction work in progress	336,626	329,307
Total Utility Plant in Service	2,441,374	2,379,515
Other Property and Investments	4,601	4,745
Regulatory and Other Assets		
Regulatory assets	499,823	508,381
Other	185	365
Total regulatory and Other assets	500,008	508,746
Total Assets	\$ 3,173,224	\$ 3,145,093

Rochester Gas and Electric Corporation

Balance Sheets (Unaudited)

	June 30, 2016	December 31, 2015
(Thousands)		
Liabilities		
Current Liabilities		
Current portion of long-term debt	\$ 40,288	\$ 39,873
Notes payable to affiliates	31,771	69,717
Accounts payable and accrued liabilities	188,376	144,698
Accounts payable to affiliates	24,616	47,643
Interest accrued	12,510	13,155
Taxes accrued	6,530	1,835
Environmental remediation costs	8,796	4,745
Other	29,633	36,941
Regulatory liabilities	32,900	18,558
Total Current Liabilities	375,420	377,165
Regulatory and Other Liabilities		
Regulatory liabilities	427,668	433,100
Deferred income taxes	14,623	14,547
Other Non-current liabilities		
Deferred income taxes	434,996	399,063
Nuclear plant obligations	122,396	122,258
Pension and other postretirement benefits	186,535	187,542
Asset retirement obligation	3,443	8,388
Environmental remediation costs	131,139	133,513
Other	23,738	53,181
Total Regulatory and Other Liabilities	1,344,538	1,351,592
Long-term debt	664,662	665,066
Total Liabilities	2,384,620	2,393,823
Commitments and Contingencies		
Common Stock Equity		
Common stock	194,429	194,429
Capital in excess of par value	529,943	529,943
Retained earnings	226,392	190,933
Accumulated other comprehensive (loss)	(44,922)	(46,797)
Treasury stock	(117,238)	(117,238)
Total Common Stock Equity	788,604	751,270
Total Liabilities and Equity	\$ 3,173,224	\$ 3,145,093

Rochester Gas and Electric Corporation

Statements of Cash Flows (Unaudited)

For the Six Months Ended June 30,	2016	2015
(Thousands)		
Operating Activities		
Net income	\$ 35,459	\$ 33,273
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	42,634	41,125
Amortization of regulatory and other assets and liabilities, net	17,238	64
Carrying cost of regulatory assets and liabilities	8,329	12,894
Other Non Cash Items	(2,785)	(1,295)
Deferred income taxes	148,194	(19,988)
Pension expense	10,541	8,131
Changes in operating assets and liabilities		
Accounts receivable and unbilled revenues, net	8,757	19,221
Inventory	2,516	8,795
Accounts payable and accrued liabilities	47,234	(9,277)
Taxes accrued	2,341	17,017
Changes in Regulatory Assets And Regulatory Liabilities	(170,447)	26,449
Changes in other assets/ liabilities	10,570	15,006
Net Provided by Operating Activities	160,581	151,415
Investing Activities		
Utility plant additions	(124,814)	(94,520)
Contribution in aid of construction	2,508	1,880
Governmental grants	-	16,479
Investments, net	144	3,065
Net Cash Used in Investing Activities	(122,162)	(73,096)
Financing Activities		
Repayment to affiliates of short term debt	(37,946)	(76,931)
Repayment of other short term debt, net	(578)	-
Net Cash Used in Financing Activities	(38,524)	(76,931)
Net Decrease in Cash and Cash Equivalents	(105)	1,388
Cash and Cash Equivalents, Beginning of Period	1,136	811
Cash and Cash Equivalents, End of Period	\$ 1,031	\$ 2,199

Rochester Gas and Electric Corporation

Statement of Changes in Common Stock Equity (Unaudited)

(Thousands)

	Common Stock		Capital in		Retained	Accumulated	Treasury	Total
	Outstanding	\$5.00 Par Value	Excess of Par Value		Earnings	Comprehensive	Stock	
	Shares	Amount				Loss		
Balance, January 1, 2016	38,886	\$ 194,429	\$ 529,943	\$	190,933	\$ (46,797)	\$ (117,238)	\$ 751,270
Net income					35,459			35,459
Other comprehensive loss, net of tax						1,875		1,875
Comprehensive income								-
Balance, June 30, 2016	38,886	\$ 194,429	\$ 529,943	\$	226,392	\$ (44,922)	\$ (117,238)	\$ 788,604

New York State Electric & Gas Corporation

Financial Statements (Unaudited)

For the Six Months Ended June 30, 2016 and 2015

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June 30, 2016 and 2015

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New York State Electric & Gas Corporation

Statements of Income (Unaudited)

Periods ended June 30,	Three Months		Six Months	
	2016	2015	2016	2015
(Thousands)				
Operating Revenues				
Electric	\$ 281,668	\$ 297,998	\$ 588,354	\$ 683,810
Natural gas	72,759	58,545	177,238	198,055
Total Operating Revenues	354,427	356,543	765,592	881,865
Operating Expenses				
Electricity purchased	69,481	75,740	159,060	239,138
Natural gas purchased	10,351	9,449	46,145	82,439
Other operating expenses	158,156	154,498	298,753	308,380
Depreciation and amortization	32,723	40,711	65,104	86,079
Other taxes	35,383	33,380	71,478	61,701
Total Operating Expenses	306,094	313,778	640,540	777,737
Operating Income	48,332	42,765	125,052	104,128
Other (Income)	(1,686)	(8,115)	(10,513)	(17,321)
Other Deductions	83	363	634	1,517
Interest Charges, Net	15,567	20,975	37,552	41,170
Income Before Income Taxes	34,368	29,542	97,379	78,762
Income Taxes	18,432	12,532	39,150	31,652
Net Income	\$ 15,936	\$ 17,010	\$ 58,229	\$ 47,110

New York State Electric & Gas Corporation

Statements of Comprehensive Income (Unaudited)

Periods ended June 30,	Three Months		Six Months	
	2016	2015	2016	2015
(Thousands)				
Net Income	\$ 15,936	\$ 17,010	\$ 58,229	\$ 47,110
Other Comprehensive Income, Net of Tax				
Amortization of pension cost for nonqualified plans	-	-	-	-
Unrealized gain (loss) on derivatives qualified as hedges				
Unrealized gain (loss) during period on derivatives qualified as hedges	124	231	56	24
Reclassification adjustment for loss included in net income	196	284	370	555
Reclassification adjustment for loss on settled cash flow treasury included in net income	17	95	32	236
Net unrealized gain on derivatives qualified as hedges	337	610	458	815
Other Comprehensive Income	337	610	458	815
Comprehensive Income	\$ 16,273	\$ 17,620	\$ 58,687	\$ 47,925

New York State Electric & Gas Corporation

Balance Sheets (Unaudited)

	June 30, 2016	December 31, 2015
(Thousands)		
Assets		
Current Assets		
Cash and cash equivalents	\$ 11,447	\$ 3,408
Accounts receivable and unbilled revenues, net	198,114	215,172
Accounts receivable from affiliates	2,714	10,981
Fuel and natural gas in storage, at average cost	7,872	13,336
Materials and supplies, at average cost	16,013	14,758
Broker margin accounts	12,320	24,001
Prepaid property taxes	25,383	34,819
Other current assets	12,343	10,224
Regulatory assets	110,043	70,395
Total Current Assets	396,249	397,094
Utility Plant, at Original Cost	5,045,708	4,950,776
Less accumulated depreciation	2,014,336	1,981,015
Net Utility Plant in Service	3,031,372	2,969,761
Construction work in progress	270,191	323,565
Total Utility Plant	3,301,563	3,293,326
Other Property and Investments	10,380	10,402
Regulatory and Other Assets		
Regulatory assets	1,159,255	1,249,977
Total Regulatory and Other Assets	1,159,255	1,249,977
Total Assets	\$ 4,867,447	\$ 4,950,799

New York State Electric & Gas Corporation

Balance Sheets (Unaudited)

	June 30, 2016	December 31, 2015
(Thousands)		
Liabilities		
Current Liabilities		
Current portion of long-term debt	\$ 100,656	\$ 100,417
Notes payable to affiliates	223,660	340,845
Accounts payable and accrued liabilities	150,028	128,087
Accounts payable to affiliates	43,060	73,379
Interest accrued	7,326	7,296
Taxes accrued	562	21,491
Derivative liabilities	514	981
Environmental remediation costs	36,875	27,805
Customer deposits	13,743	13,193
Regulatory liabilities	95,869	45,926
Other	63,386	58,732
Total Current Liabilities	735,679	818,152
Regulatory and Other Liabilities		
Regulatory liabilities	738,323	782,659
Deferred income taxes	183,486	195,403
Other non-current liabilities		
Deferred income taxes	683,939	644,485
Other postretirement benefits	315,517	330,835
Asset retirement obligation	15,274	14,902
Environmental remediation costs	120,757	140,176
Other	21,937	31,761
Total Regulatory and Other Liabilities	2,079,233	2,140,221
Long-term debt	846,330	844,908
Total Liabilities	3,661,242	3,803,281
Commitments and Contingencies		
Preferred Stock		
Common Stock Equity		
Common stock	430,057	430,057
Capital in excess of par value	268,364	268,364
Retained earnings	509,119	450,890
Accumulated other comprehensive (loss)	(1,335)	(1,793)
Total NYSEG Common Stock Equity	1,206,205	1,147,518
Total Liabilities and Equity	\$ 4,867,447	\$ 4,950,799

New York State Electric & Gas Corporation

Statements of Cash Flows (Unaudited)

Periods ended June 30,	2016	2015
(Thousands)		
Operating Activities		
Net income	\$ 58,229	\$ 47,110
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	65,104	78,644
Amortization of regulatory and other assets and liabilities	39,295	(635)
Carrying costs of regulatory assets and liabilities	3,709	5,829
Other Non Cash Items	629	(4,374)
Deferred taxes	11,635	(30,686)
Pension expense	31,217	26,689
Changes in operating assets and liabilities		
Accounts receivable and unbilled revenues, net	25,326	36,721
Inventories	4,209	7,355
Accounts payable and accrued liabilities	(2,186)	(14,168)
Taxes accrued	(20,929)	36,275
Other current liabilities	(489)	2,814
Changes in other assets		
Changes in Regulatory Assets And Regulatory Liabilities	(12,212)	11,109
Net Cash Provided by Operating Activities	203,537	202,683
Investing Activities		
Utility plant additions	(148,553)	(102,794)
Contribution in aid of construction	27,627	4,024
Proceeds from Asset Sale	43,116	-
Investments, net	176	5,753
Net Cash Used in Investing Activities	(77,634)	(93,017)
Financing Activities		
Repayment of non-current debt	-	(61,116)
Repayment of short term debt-affiliates	(117,185)	206,172
Repayment of other short term debt	(679)	(260,885)
Net Cash (Used in) Financing Activities	(117,864)	(115,829)
Net Increase (Decrease) in Cash and Cash Equivalents	8,039	(6,163)
Cash and Cash Equivalents, Beginning of Period	3,408	7,143
Cash and Cash Equivalents, End of Period	\$ 11,447	\$ 980

New York State Electric & Gas Corporation

Statement of Changes in Common Stock Equity (Unaudited)

(Thousands)

	Common Stock		Capital in		Retained	Accumulated	
	Outstanding	\$6.66 2/3 Par Value	Excess of Par		Earnings	Other Comprehensive Income	Total
	Shares	Amount					
Balance, January 1, 2016	64,508	\$ 430,057	\$ 268,364	\$	450,890	\$ (1,793)	\$ 1,147,518
Net income					58,229		58,229
Other comprehensive income, net of tax						458	458
Comprehensive income							58,687
Balance, June 30, 2016	64,508	\$ 430,057	\$ 268,364	\$	509,119	\$ (1,335)	\$ 1,206,205