

YANKEE GAS SERVICES COMPANY  
BALANCE SHEETS  
(Unaudited)

| (Thousands of Dollars)                              | As of March 31,<br>2017 | As of December 31,<br>2016 |
|-----------------------------------------------------|-------------------------|----------------------------|
| <b>ASSETS</b>                                       |                         |                            |
| Current Assets:                                     |                         |                            |
| Cash                                                | \$ 2,765                | \$ 1,807                   |
| Receivables, Net                                    | 65,584                  | 47,250                     |
| Accounts Receivable from Affiliated Companies       | 3,313                   | 3,182                      |
| Unbilled Revenues                                   | 13,452                  | 15,026                     |
| Taxes Receivable                                    | 1,430                   | 11,812                     |
| Fuel, Materials and Supplies                        | 19,441                  | 24,109                     |
| Regulatory Assets                                   | 14,531                  | 18,585                     |
| Prepayments                                         | 7,949                   | 8,005                      |
| <b>Total Current Assets</b>                         | <b>128,465</b>          | <b>129,776</b>             |
| Property, Plant and Equipment, Net                  | 1,331,428               | 1,313,915                  |
| Deferred Debits and Other Assets:                   |                         |                            |
| Regulatory Assets                                   | 125,313                 | 128,913                    |
| Goodwill                                            | 287,591                 | 287,591                    |
| Other Long-Term Assets                              | 4,729                   | 4,579                      |
| <b>Total Deferred Debits and Other Assets</b>       | <b>417,633</b>          | <b>421,083</b>             |
| <b>Total Assets</b>                                 | <b>\$ 1,877,526</b>     | <b>\$ 1,864,774</b>        |
| <b>LIABILITIES AND CAPITALIZATION</b>               |                         |                            |
| Current Liabilities:                                |                         |                            |
| Notes Payable to Eversource Parent                  | \$ 7,400                | \$ 17,300                  |
| Accounts Payable                                    | 37,620                  | 52,210                     |
| Accounts Payable to Affiliated Companies            | 20,132                  | 13,180                     |
| Accrued Taxes                                       | 8,381                   | 4,055                      |
| Accrued Interest                                    | 7,890                   | 7,859                      |
| Regulatory Liabilities                              | 27,110                  | 1,535                      |
| Other Current Liabilities                           | 11,866                  | 11,293                     |
| <b>Total Current Liabilities</b>                    | <b>120,399</b>          | <b>107,432</b>             |
| Deferred Credits and Other Liabilities:             |                         |                            |
| Accumulated Deferred Income Taxes                   | 354,272                 | 344,008                    |
| Regulatory Liabilities                              | 48,533                  | 43,570                     |
| Accrued Pension, SERP and PBOP                      | 66,283                  | 69,463                     |
| Other Long-Term Liabilities                         | 34,322                  | 42,479                     |
| <b>Total Deferred Credits and Other Liabilities</b> | <b>503,410</b>          | <b>499,520</b>             |
| Capitalization:                                     |                         |                            |
| Long-Term Debt                                      | 443,892                 | 443,858                    |
| Common Stockholder's Equity:                        |                         |                            |
| Common Stock                                        | 5                       | 5                          |
| Capital Surplus, Paid In                            | 707,168                 | 707,168                    |
| Retained Earnings                                   | 103,969                 | 108,167                    |
| Accumulated Other Comprehensive Loss                | (1,317)                 | (1,376)                    |
| <b>Common Stockholder's Equity</b>                  | <b>809,825</b>          | <b>813,964</b>             |
| <b>Total Capitalization</b>                         | <b>1,253,717</b>        | <b>1,257,822</b>           |
| <b>Total Liabilities and Capitalization</b>         | <b>\$ 1,877,526</b>     | <b>\$ 1,864,774</b>        |

Note: In the opinion of the Company, all adjustments for a fair presentation of the financial position for the periods shown have been made.

YANKEE GAS SERVICES COMPANY  
STATEMENTS OF INCOME  
(Unaudited)

| (Thousands of Dollars)                 | For the Three Months Ended March 31, |                  |
|----------------------------------------|--------------------------------------|------------------|
|                                        | 2017                                 | 2016             |
| Operating Revenues                     | \$ 204,517                           | \$ 154,613       |
| Operating Expenses:                    |                                      |                  |
| Cost of Natural Gas                    | 103,283                              | 58,188           |
| Operations and Maintenance             | 26,236                               | 23,859           |
| Depreciation                           | 8,715                                | 8,426            |
| Amortization of Regulatory Assets, Net | 2,417                                | 1,776            |
| Energy Efficiency Programs             | 7,500                                | 7,250            |
| Taxes Other Than Income Taxes          | 16,436                               | 13,745           |
| Total Operating Expenses               | <u>164,587</u>                       | <u>113,244</u>   |
| Operating Income                       | 39,930                               | 41,369           |
| Interest Expense                       | 6,165                                | 6,020            |
| Other Income/(Loss), Net               | 139                                  | (212)            |
| Income Before Income Tax Expense       | 33,904                               | 35,137           |
| Income Tax Expense                     | 12,003                               | 12,911           |
| Net Income                             | <u>\$ 21,901</u>                     | <u>\$ 22,226</u> |

Note: In the opinion of the Company, all adjustments for a fair presentation of the financial position for the periods shown have been made.

STATEMENTS OF COMPREHENSIVE INCOME  
(Unaudited)

| (Thousands of Dollars)                        | For the Three Months Ended March 31, |                  |
|-----------------------------------------------|--------------------------------------|------------------|
|                                               | 2017                                 | 2016             |
| Net Income                                    | \$ 21,901                            | \$ 22,226        |
| Other Comprehensive Income, Net of Tax:       |                                      |                  |
| Qualified Cash Flow Hedging Instruments       | 23                                   | 23               |
| Changes in Funded Status of SERP Benefit Plan | 36                                   | 11               |
| Other Comprehensive Income, Net of Tax        | <u>59</u>                            | <u>34</u>        |
| Comprehensive Income                          | <u>\$ 21,960</u>                     | <u>\$ 22,260</u> |

Note: In the opinion of the Company, all adjustments for a fair presentation of the financial position for the periods shown have been made.

YANKEE GAS SERVICES COMPANY  
STATEMENTS OF CASH FLOWS  
(Unaudited)

For the Three Months Ended March 31,  
2017 2016

(Thousands of Dollars)

|                                                                                         | 2017            | 2016            |
|-----------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Operating Activities:</b>                                                            |                 |                 |
| Net Income                                                                              | \$ 21,901       | \$ 22,226       |
| Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities: |                 |                 |
| Depreciation                                                                            | 8,715           | 8,426           |
| Deferred Income Taxes                                                                   | 2,647           | 2,887           |
| Pension, PBOP and SERP Expense                                                          | 759             | 884             |
| Pension Contributions                                                                   | (3,175)         | —               |
| Amortization of Regulatory Assets, Net                                                  | 2,417           | 1,776           |
| Regulatory Overrecoveries, Net                                                          | 36,619          | 5,607           |
| Bad Debt Expense                                                                        | 1,816           | 1,681           |
| Other                                                                                   | (3,212)         | (1,903)         |
| <b>Changes in Current Assets and Liabilities:</b>                                       |                 |                 |
| Receivables and Unbilled Revenues, Net                                                  | (19,468)        | (54,661)        |
| Fuel, Materials and Supplies                                                            | 4,668           | 11,995          |
| Taxes Receivable/Accrued, Net                                                           | 15,680          | 20,666          |
| Accounts Payable                                                                        | (1,970)         | 3,084           |
| Other Current Assets and Liabilities, Net                                               | 659             | (1,936)         |
| Net Cash Flows Provided by Operating Activities                                         | <u>68,056</u>   | <u>20,732</u>   |
| <b>Investing Activities:</b>                                                            |                 |                 |
| Investments in Property, Plant and Equipment                                            | (31,098)        | (26,517)        |
| Net Cash Flows Used in Investing Activities                                             | <u>(31,098)</u> | <u>(26,517)</u> |
| <b>Financing Activities:</b>                                                            |                 |                 |
| Cash Dividends on Common Stock                                                          | (26,100)        | (6,400)         |
| Capital Contributions from Parent                                                       | —               | 40,000          |
| Decrease in Notes Payable to Eversource Parent                                          | (9,900)         | (25,900)        |
| Other Financing Activities                                                              | —               | (4)             |
| Net Cash Flows (Used in)/Provided by Financing Activities                               | <u>(36,000)</u> | <u>7,696</u>    |
| Net Increase in Cash                                                                    | 958             | 1,911           |
| Cash - Beginning of Period                                                              | 1,807           | —               |
| Cash - End of Period                                                                    | <u>\$ 2,765</u> | <u>\$ 1,911</u> |

Note: In the opinion of the Company, all adjustments for a fair representation of financial position for the periods shown have been made.