

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

(Thousands of Dollars)	As of December 31,	
	2015	2014
ASSETS		
Current Assets:		
Cash	\$ 1,733	\$ 489
Receivables, Net	77,546	80,151
Accounts Receivable from Affiliated Companies	2,352	3,194
Unbilled Revenues	38,207	40,181
Taxes Receivable	43,128	14,571
Fuel, Materials and Supplies	156,868	148,139
Regulatory Assets	104,971	111,705
Prepayments and Other Current Assets	24,302	27,821
Total Current Assets	449,107	426,251
Property, Plant and Equipment, Net	2,855,363	2,635,844
Deferred Debits and Other Assets:		
Regulatory Assets	257,873	293,115
Other Long-Term Assets	34,176	32,963
Total Deferred Debits and Other Assets	292,049	326,078
Total Assets	\$ 3,596,519	\$ 3,388,173
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Eversource Parent	\$ 231,300	\$ 90,500
Accounts Payable	87,925	93,349
Accounts Payable to Affiliated Companies	24,214	33,734
Regulatory Liabilities	6,898	16,044
Accumulated Deferred Income Taxes	-	36,164
Other Current Liabilities	43,921	38,969
Total Current Liabilities	394,258	308,760
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	705,894	587,292
Regulatory Liabilities	47,851	51,372
Accrued Pension, SERP and PBOP	89,579	93,243
Other Long-Term Liabilities	50,746	50,155
Total Deferred Credits and Other Liabilities	894,070	782,062
Capitalization:		
Long-Term Debt	1,071,017	1,070,021
Common Stockholder's Equity:		
Common Stock	-	-
Capital Surplus, Paid In	748,634	748,240
Retained Earnings	494,901	486,459
Accumulated Other Comprehensive Loss	(6,361)	(7,369)
Common Stockholder's Equity	1,237,174	1,227,330
Total Capitalization	2,308,191	2,297,351
Commitments and Contingencies (Note 11)		
Total Liabilities and Capitalization	\$ 3,596,519	\$ 3,388,173

The accompanying notes are an integral part of these consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

(Thousands of Dollars)	For the Years Ended December 31,		
	2015	2014	2013
Operating Revenues	\$ 972,203	\$ 959,500	\$ 935,402
Operating Expenses:			
Purchased Power, Fuel and Transmission	247,721	313,732	269,754
Operations and Maintenance	276,554	261,848	267,797
Depreciation	105,372	98,436	91,581
Amortization of Regulatory Assets/(Liabilities), Net	16,276	(29,602)	(20,387)
Amortization of Rate Reduction Bonds	-	-	19,748
Energy Efficiency Programs	14,324	14,286	14,494
Taxes Other Than Income Taxes	81,779	71,417	67,196
Total Operating Expenses	742,026	730,117	710,183
Operating Income	230,177	229,383	225,219
Interest Expense	45,990	45,349	46,176
Other Income, Net	3,315	2,045	3,455
Income Before Income Tax Expense	187,502	186,079	182,498
Income Tax Expense	73,060	72,135	71,101
Net Income	\$ 114,442	\$ 113,944	\$ 111,397

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Net Income	\$ 114,442	\$ 113,944	\$ 111,397
Other Comprehensive Income, Net of Tax:			
Qualified Cash Flow Hedging Instruments	1,162	1,162	1,162
Changes in Unrealized (Losses)/Gains on Marketable Securities	(154)	19	(54)
Changes in Funded Status of SERP Benefit Plan	-	-	(3)
Other Comprehensive Income, Net of Tax	1,008	1,181	1,105
Comprehensive Income	\$ 115,450	\$ 115,125	\$ 112,502

The accompanying notes are an integral part of these consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDER'S EQUITY

(Thousands of Dollars, Except Stock Information)	Common Stock		Capital Surplus, Paid In	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Common Stockholder's Equity
	Stock	Amount				
Balance as of January 1, 2013	301	\$ -	\$ 701,052	\$ 395,118	\$ (9,655)	\$ 1,086,515
Net Income				111,397		111,397
Dividends on Common Stock				(68,000)		(68,000)
Allocation of Benefits - ESOP			859			859
Other Comprehensive Income					1,105	1,105
Balance as of December 31, 2013	301	-	701,911	438,515	(8,550)	1,131,876
Net Income				113,944		113,944
Dividends on Common Stock				(66,000)		(66,000)
Capital Contributions from Eversource Parent			45,000			45,000
Allocation of Benefits - ESOP			1,329			1,329
Other Comprehensive Income					1,181	1,181
Balance as of December 31, 2014	301	-	748,240	486,459	(7,369)	1,227,330
Net Income				114,442		114,442
Dividends on Common Stock				(106,000)		(106,000)
Allocation of Benefits - ESOP			394			394
Other Comprehensive Income					1,008	1,008
Balance as of December 31, 2015	301	\$ -	\$ 748,634	\$ 494,901	\$ (6,361)	\$ 1,237,174

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PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of Dollars)	For the Years Ended December 31,		
	2015	2014	2013
Operating Activities:			
Net Income	\$ 114,442	\$ 113,944	\$ 111,397
Adjustments to Reconcile Net Income to Net Cash Flows			
Provided by Operating Activities:			
Depreciation	105,372	98,436	91,581
Deferred Income Taxes	83,776	94,813	75,693
Pension, SERP and PBOP Expense	4,580	7,197	26,846
Pension and PBOP Contributions	(982)	(2,482)	(112,964)
Regulatory Over/(Under) Recoveries, Net	41	(11,875)	(8,481)
Amortization of Regulatory Assets/(Liabilities), Net	16,276	(29,602)	(20,387)
Amortization of Rate Reduction Bonds	-	-	19,748
Refunds Related to Spent Nuclear Fuel	979	14,453	-
Other	8,677	10,095	16,079
Changes in Current Assets and Liabilities:			
Receivables and Unbilled Revenues, Net	(4,750)	(15,576)	2,412
Fuel, Materials and Supplies	(8,729)	(19,403)	(33,391)
Taxes Receivable/Accrued, Net	(23,909)	(23,857)	26,462
Accounts Payable	(22,203)	17,796	2,632
Other Current Assets and Liabilities, Net	953	(5,972)	(9,520)
Net Cash Flows Provided by Operating Activities	<u>274,523</u>	<u>247,967</u>	<u>188,107</u>
Investing Activities:			
Investments in Property, Plant and Equipment	(308,036)	(256,159)	(186,009)
(Increase)/Decrease in Special Deposits	-	(1,013)	22,040
Other Investing Activities	306	(139)	(88)
Net Cash Flows Used in Investing Activities	<u>(307,730)</u>	<u>(257,311)</u>	<u>(164,057)</u>
Financing Activities:			
Cash Dividends on Common Stock	(106,000)	(66,000)	(68,000)
Increase in Short-Term Debt	-	4,000	23,200
Issuance of Long-Term Debt	-	75,000	250,000
Retirements of Long-Term Debt	-	(50,000)	(198,235)
Retirements of Rate Reduction Bonds	-	-	(29,294)
Increase in Notes Payable to Eversource Parent	140,800	-	-
Capital Contributions from Eversource Parent	-	45,000	-
Other Financing Activities	(349)	1,703	(4,084)
Net Cash Flows Provided by/(Used in) Financing Activities	<u>34,451</u>	<u>9,703</u>	<u>(26,413)</u>
Net Increase/(Decrease) in Cash	1,244	359	(2,363)
Cash - Beginning of Year	489	130	2,493
Cash - End of Year	<u>\$ 1,733</u>	<u>\$ 489</u>	<u>\$ 130</u>

The accompanying notes are an integral part of these consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Thousands of Dollars)	As of December 31,	
	2015	2014
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 23,947	\$ 38,703
Receivables, Net	775,480	856,346
Unbilled Revenues	202,647	211,758
Taxes Receivable	305,359	337,307
Fuel, Materials and Supplies	336,476	349,664
Regulatory Assets	845,843	672,493
Prepayments and Other Current Assets	129,034	226,194
Total Current Assets	2,618,786	2,692,465
Property, Plant and Equipment, Net	19,892,441	18,647,041
Deferred Debits and Other Assets:		
Regulatory Assets	3,737,960	4,054,086
Goodwill	3,519,401	3,519,401
Marketable Securities	516,478	515,025
Other Long-Term Assets	295,243	312,369
Total Deferred Debits and Other Assets	8,069,082	8,400,881
Total Assets	\$ 30,580,309	\$ 29,740,387
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable	\$ 1,160,953	\$ 956,825
Long-Term Debt - Current Portion	228,883	245,583
Accounts Payable	813,646	868,231
Regulatory Liabilities	107,759	235,022
Accumulated Deferred Income Taxes	-	160,288
Other Current Liabilities	678,549	668,432
Total Current Liabilities	2,989,790	3,134,381
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	5,147,678	4,467,473
Regulatory Liabilities	513,595	515,144
Derivative Liabilities	337,102	409,632
Accrued Pension, SERP and PBOP	1,407,288	1,638,558
Other Long-Term Liabilities	871,499	874,387
Total Deferred Credits and Other Liabilities	8,277,162	7,905,194
Capitalization:		
Long-Term Debt	8,805,574	8,568,429
Noncontrolling Interest - Preferred Stock of Subsidiaries	155,568	155,568
Equity:		
Common Shareholders' Equity:		
Common Shares	1,669,313	1,666,796
Capital Surplus, Paid In	6,262,368	6,235,834
Retained Earnings	2,797,355	2,448,661
Accumulated Other Comprehensive Loss	(66,844)	(74,009)
Treasury Stock	(309,977)	(300,467)
Common Shareholders' Equity	10,352,215	9,976,815
Total Capitalization	19,313,357	18,700,812
Commitments and Contingencies (Note 11)		
Total Liabilities and Capitalization	\$ 30,580,309	\$ 29,740,387

The accompanying notes are an integral part of these consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Thousands of Dollars, Except Share Information)	For the Years Ended December 31,		
	2015	2014	2013
Operating Revenues	\$ 7,954,827	\$ 7,741,856	\$ 7,301,204
Operating Expenses:			
Purchased Power, Fuel and Transmission	3,086,905	3,021,550	2,482,954
Operations and Maintenance	1,329,289	1,427,589	1,514,986
Depreciation	665,856	614,657	610,777
Amortization of Regulatory Assets, Net	22,339	10,704	206,322
Amortization of Rate Reduction Bonds	-	-	42,581
Energy Efficiency Programs	495,701	473,127	401,919
Taxes Other Than Income Taxes	590,573	561,380	512,230
Total Operating Expenses	6,190,663	6,109,007	5,771,769
Operating Income	1,764,164	1,632,849	1,529,435
Interest Expense	372,420	362,106	338,699
Other Income, Net	34,227	24,619	29,894
Income Before Income Tax Expense	1,425,971	1,295,362	1,220,630
Income Tax Expense	539,967	468,297	426,941
Net Income	886,004	827,065	793,689
Net Income Attributable to Noncontrolling Interests	7,519	7,519	7,682
Net Income Attributable to Common Shareholders	\$ 878,485	\$ 819,546	\$ 786,007
Basic Earnings Per Common Share	\$ 2.77	\$ 2.59	\$ 2.49
Diluted Earnings Per Common Share	\$ 2.76	\$ 2.58	\$ 2.49
Weighted Average Common Shares Outstanding:			
Basic	317,336,881	316,136,748	315,311,387
Diluted	318,432,687	317,417,414	316,211,160

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Net Income	\$ 886,004	\$ 827,065	\$ 793,689
Other Comprehensive Income/(Loss), Net of Tax:			
Qualified Cash Flow Hedging Instruments	2,079	2,037	2,049
Changes in Unrealized (Losses)/Gains on Marketable Securities	(2,588)	315	(940)
Changes in Funded Status of Pension, SERP and PBOP Benefit Plans	7,674	(30,330)	25,714
Other Comprehensive Income/(Loss), Net of Tax	7,165	(27,978)	26,823
Comprehensive Income Attributable to Noncontrolling Interests	(7,519)	(7,519)	(7,682)
Comprehensive Income Attributable to Common Shareholders	\$ 885,650	\$ 791,568	\$ 812,830

The accompanying notes are an integral part of these consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY

(Thousands of Dollars, Except Share Information)	Common Shares		Capital Surplus, Paid In	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Treasury Stock	Total Common Shareholders' Equity
	Shares	Amount					
Balance as of January 1, 2013	314,053,634	\$ 1,662,547	\$ 6,183,267	\$ 1,802,714	\$ (72,854)	\$ (338,624)	\$ 9,237,050
Net Income				793,689			793,689
Dividends on Common Shares - \$1.47 Per Share				(462,741)			(462,741)
Dividends on Preferred Stock				(7,682)			(7,682)
Issuance of Common Shares, \$5 Par Value	560,848	2,804	8,274				11,078
Long-Term Incentive Plan Activity			(10,748)				(10,748)
Issuance of Treasury Shares	659,077		17,381			12,087	29,468
Other Changes in Shareholders' Equity			(5,409)				(5,409)
Other Comprehensive Income					26,823		26,823
Balance as of December 31, 2013	315,273,559	1,665,351	6,192,765	2,125,980	(46,031)	(326,537)	9,611,528
Net Income				827,065			827,065
Dividends on Common Shares - \$1.57 Per Share				(496,524)			(496,524)
Dividends on Preferred Stock				(7,519)			(7,519)
Issuance of Common Shares, \$5 Par Value	288,941	1,445	5,164				6,609
Long-Term Incentive Plan Activity			(9,569)				(9,569)
Issuance of Treasury Shares	1,420,837		37,817			26,070	63,887
Other Changes in Shareholders' Equity			9,657	(341)			9,316
Other Comprehensive Loss					(27,978)		(27,978)
Balance as of December 31, 2014	316,983,337	1,666,796	6,235,834	2,448,661	(74,009)	(300,467)	9,976,815
Net Income				886,004			886,004
Dividends on Common Shares - \$1.67 Per Share				(529,791)			(529,791)
Dividends on Preferred Stock				(7,519)			(7,519)
Issuance of Common Shares, \$5 Par Value	503,443	2,517	6,951				9,468
Long-Term Incentive Plan Activity			(6,140)				(6,140)
Increase in Treasury Shares	(295,531)		22,070			(9,510)	12,560
Other Changes in Shareholders' Equity			3,653				3,653
Other Comprehensive Income					7,165		7,165
Balance as of December 31, 2015	317,191,249	\$ 1,669,313	\$ 6,262,368	\$ 2,797,355	\$ (66,844)	\$ (309,977)	\$ 10,352,215

The accompanying notes are an integral part of these consolidated financial statements.

EVERSOURCE ENERGY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of Dollars)	For the Years Ended December 31,		
	2015	2014	2013
Operating Activities:			
Net Income	\$ 886,004	\$ 827,065	\$ 793,689
Adjustments to Reconcile Net Income to Net Cash Flows			
Provided by Operating Activities:			
Depreciation	665,856	614,657	610,777
Deferred Income Taxes	491,736	443,259	431,413
Pension, SERP and PBOP Expense	96,017	99,056	195,698
Pension and PBOP Contributions	(162,452)	(211,649)	(342,184)
Regulatory (Under)/Over Recoveries, Net	(163,287)	6,853	(24,276)
Amortization of Regulatory Assets, Net	22,339	10,704	206,322
Amortization of Rate Reduction Bonds	-	-	42,581
(Payments)/Refunds Related to Spent Nuclear Fuel, Net	(297,253)	132,138	-
Other	(91,945)	39,523	56,071
Changes in Current Assets and Liabilities:			
Receivables and Unbilled Revenues, Net	(39,797)	(122,139)	(163,549)
Fuel, Materials and Supplies	34,112	(41,310)	(14,811)
Taxes Receivable/Accrued, Net	30,282	(323,224)	(50,950)
Accounts Payable	(91,618)	144,743	(54,619)
Other Current Assets and Liabilities, Net	44,031	15,797	(22,623)
Net Cash Flows Provided by Operating Activities	1,424,025	1,635,473	1,663,539
Investing Activities:			
Investments in Property, Plant and Equipment	(1,724,139)	(1,603,744)	(1,456,787)
Proceeds from Sales of Marketable Securities	799,165	488,789	627,532
Purchases of Marketable Securities	(717,114)	(491,220)	(679,784)
Other Investing Activities	(17,062)	14,380	67,816
Net Cash Flows Used in Investing Activities	(1,659,150)	(1,591,795)	(1,441,223)
Financing Activities:			
Cash Dividends on Common Shares	(529,791)	(475,227)	(462,741)
Cash Dividends on Preferred Stock	(7,519)	(7,519)	(7,682)
(Decrease)/Increase in Short-Term Debt	(242,122)	285,075	(397,000)
Issuance of Long-Term Debt	1,225,000	725,000	1,680,000
Retirements of Long-Term Debt	(216,700)	(576,551)	(929,885)
Retirements of Rate Reduction Bonds	-	-	(82,139)
Other Financing Activities	(8,499)	883	(25,253)
Net Cash Flows Provided by/(Used in) Financing Activities	220,369	(48,339)	(224,700)
Net Decrease in Cash and Cash Equivalents	(14,756)	(4,661)	(2,384)
Cash and Cash Equivalents - Beginning of Year	38,703	43,364	45,748
Cash and Cash Equivalents - End of Year	\$ 23,947	\$ 38,703	\$ 43,364

The accompanying notes are an integral part of these consolidated financial statements.