

YANKEE GAS SERVICES COMPANY
BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	March 31, 2010	December 31, 2009
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 1,178	\$ 2,023
Receivables, Net	59,064	34,076
Accounts Receivable from Affiliated Companies	166	625
Unbilled Revenues	11,461	21,923
Fuel, Materials and Supplies	41,797	73,477
Accumulated Deferred Income Taxes	8,543	7,919
Prepayments and Other Current Assets	4,174	2,395
Total Current Assets	<u>126,383</u>	<u>142,438</u>
Property, Plant and Equipment, Net	<u>807,516</u>	<u>804,891</u>
Deferred Debits and Other Assets:		
Regulatory Assets	130,745	132,835
Goodwill	287,591	287,591
Other Long-Term Assets	12,647	9,910
Total Deferred Debits and Other Assets	<u>430,983</u>	<u>430,336</u>
Total Assets	<u>\$ 1,364,882</u>	<u>\$ 1,377,665</u>

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

YANKEE GAS SERVICES COMPANY
BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	March 31, 2010	December 31, 2009
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Affiliated Companies	\$ 42,700	\$ 53,000
Long-Term Debt - Current Portion	4,286	4,286
Accounts Payable	20,679	29,101
Accounts Payable to Affiliated Companies	8,260	9,733
Accrued Taxes	14,039	11,120
Accrued Interest	11,795	11,001
Other Current Liabilities	8,004	9,595
Total Current Liabilities	109,763	127,836
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	159,703	155,982
Accumulated Deferred Investment Tax Credits	3,986	4,080
Regulatory Liabilities	72,420	72,573
Accrued Pension	48,780	48,150
Other Long-Term Liabilities	45,735	45,343
Total Deferred Credits and Other Liabilities	330,624	326,128
Capitalization:		
Long-Term Debt	304,634	304,651
Common Stockholder's Equity:		
Common Stock	5	5
Capital Surplus, Paid In	576,880	576,869
Retained Earnings	44,205	43,429
Accumulated Other Comprehensive Loss	(1,229)	(1,253)
Common Stockholder's Equity	619,861	619,050
Total Capitalization	924,495	923,701
Total Liabilities and Capitalization	\$ 1,364,882	\$ 1,377,665

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

YANKEE GAS SERVICES COMPANY
 STATEMENTS OF INCOME
 (Unaudited)

(Thousands of Dollars)	Three Months Ended March 31,	
	2010	2009
Operating Revenues	\$ 171,700	\$ 201,788
Operating Expenses:		
Cost of Natural Gas	92,033	119,739
Other Operating Expenses	24,234	23,381
Maintenance	3,206	3,142
Depreciation	6,348	6,604
Amortization of Regulatory (Liabilities)/Assets, Net	(2,734)	68
Taxes Other Than Income Taxes	10,261	11,431
Total Operating Expenses	<u>133,348</u>	<u>164,365</u>
Operating Income	38,352	37,423
Interest Expense:		
Interest on Long-Term Debt	4,695	5,512
Other Interest	193	858
Interest Expense	<u>4,888</u>	<u>6,370</u>
Other Income, Net	<u>22</u>	<u>36</u>
Income Before Income Tax Expense	33,486	31,089
Income Tax Expense	13,910	11,830
Net Income	<u>\$ 19,576</u>	<u>\$ 19,259</u>

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

YANKEE GAS SERVICES COMPANY
STATEMENT OF RETAINED EARNINGS
(Unaudited)

(Thousands of Dollars)	Three Months Ended March 31, 2010	
Balance at Beginning of Period	\$	43,429
Additions:		
Net Income		19,576
Deductions:		
Dividends on Common Stock		18,800
Balance at End of Period	<u>\$</u>	<u>44,205</u>

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

YANKEE GAS SERVICES COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	Three Months Ended March 31,	
	2010	2009
Operating Activities:		
Net Income	\$ 19,576	\$ 19,259
Adjustments to Reconcile Net Income to Net Cash Flows		
Provided by Operating Activities:		
Bad Debt Expense	2,664	3,018
Depreciation	6,348	6,604
Deferred Income Taxes	2,206	820
Pension and PBOP Expense, Net of Capitalized Portion and PBOP Contributions	1,410	875
Regulatory Overrecoveries, Net	2,393	7,874
Amortization of Regulatory (Liabilities)/Assets, Net	(2,734)	68
Other	31	(1,396)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(17,986)	(3,150)
Fuel, Materials and Supplies	31,680	46,937
Taxes Receivable/Accrued	2,591	3,611
Accounts Payable	(4,910)	(11,639)
Other Current Assets and Liabilities	(2,118)	(2,303)
Net Cash Flows Provided by Operating Activities	<u>41,151</u>	<u>70,578</u>
Investing Activities:		
Investments in Property and Plant	(12,889)	(13,359)
Increase in NU Money Pool Lending	-	(6,200)
Net Cash Flows Used in Investing Activities	<u>(12,889)</u>	<u>(19,559)</u>
Financing Activities:		
Cash Dividends on Common Shares	(18,800)	(19,067)
Decrease in Short-Term Debt	-	(27,000)
Decrease in NU Money Pool Borrowings	(10,300)	(2,500)
Other Financing Activities	(7)	26
Net Cash Flows Used in Financing Activities	<u>(29,107)</u>	<u>(48,541)</u>
Net (Decrease)/Increase in Cash	(845)	2,478
Cash - Beginning of Period	2,023	-
Cash - End of Period	<u>\$ 1,178</u>	<u>\$ 2,478</u>

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