

**Pennichuck East Utility, Inc.**  
**Actual and Pro Forma Balance Sheet as of September 30, 2011**  
**Unaudited**

**Exhibit 1**

	<u>Actual</u> <u>September 30, 2011</u>	<u>Pro Forma</u> <u>Adjustments</u>	<u>Pro Forma</u> <u>September 30, 2011</u>
<b>Assets</b>			
Plant in Service	\$ 38,797,319		\$ 38,797,319
Less: Accumulated Depreciation	<u>(8,692,516)</u>		<u>(8,692,516)</u>
Net Plant	30,104,803	-	30,104,803
 CWIP	 <u>258,466</u>	 <u>-</u>	 <u>258,466</u>
Total Net Utility Plant	30,363,269	-	30,363,269
Current Assets	1,029,858	-	1,029,858
Other Assets and Deferred Charges	<u>875,124</u>	<u>-</u>	<u>875,124</u>
<b>Total Assets</b>	<u><u>\$ 32,268,251</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 32,268,251</u></u>
<b>Equity and Liabilities</b>			
Common Equity	\$ 6,726,311	\$ (900,000) <sup>1</sup>	\$ 5,826,311
Current Portion of Long-Term Debt	329,348		\$ 329,348
Other Current Liabilities	1,304,025		\$ 1,304,025
Advances from Associated Companies	2,036,837	900,000 <sup>1</sup>	\$ 2,936,837
Long-Term Bonds	5,050,032	-	5,050,032
LTD--PCP Loan	1,723,150		
LTD--SRF Loans	3,102,499		\$ 3,102,499
Deferred Income Taxes	3,413,467	-	\$ 3,413,467
Contributions in Aid of Construction, Net	8,437,286	-	\$ 8,437,286
Other Liabilities and Deferred Credits	<u>145,296</u>	<u>-</u>	<u>145,296</u>
<b>Total Equity and Liabilities</b>	<u><u>\$ 32,268,251</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 30,545,101</u></u>

**Notes:**

1 - To record a dividend of \$900,000 from PEU to PennCorp.

**Pennichuck East Utility, Inc.**  
**Actual and Pro Forma Income Statement for the Twelve Months Ended September 30, 2011**  
**Unaudited**

**Exhibit 2**

	Actual	Pro Forma	Pro Forma
	<u>September 30, 2011</u>	<u>Adjustments</u>	<u>September 30, 2011</u>
Operating Revenues	\$ 4,818,415	\$ -	\$ 4,818,415
O&M Expenses	3,296,799	-	3,296,799
Depreciation & Amortization	528,544		528,544
Taxes Other Than Income	584,469		584,469
Income Taxes	8,694		8,694
Total O&M Expenses	<u>4,418,506</u>	<u>-</u>	<u>4,418,506</u>
Net Operating Income	<u>399,909</u>	<u>-</u>	<u>399,909</u>
AFUDC	<u>-</u>	<u>-</u>	<u>-</u>
Other income (expense), net	<u>-</u>	<u>-</u>	<u>-</u>
Interest Income (Expense):	364		
Funded Debt	(271,112)		(271,112)
Intercompany Debt	<u>(115,541)</u>	<u>-</u>	<u>(115,541)</u>
Total Interest Expense	<u>(386,654)</u>	<u>-</u>	<u>(386,654)</u>
Net income	<u>\$ 13,255</u>	<u>\$ -</u>	<u>\$ 13,255</u>

**Pennichuck East Utility, Inc.**  
**Actual and Pro Forma Statement of Capitalization as of September 30, 2011**  
**Unaudited**

**Exhibit 3**

	<b>Actual</b>		<b>Pro Forma</b>		<b>Pro Forma</b>
	<b>September 30, 2011</b>		<b>Adjustments</b>		<b>September 30, 2011</b>
<b><u>Common Equity:</u></b>					
Common Stock	\$ 100		\$ -		\$ 100
Paid-in Capital	6,000,000		-		6,000,000
Other Comprehensive Income	(492,140)		-		(492,140)
Retained Earnings	1,218,351		(900,000) <sup>1</sup>		318,351
Total Common Equity	<u>6,726,311</u>	44.2%	<u>(900,000)</u>		<u>5,826,311</u>
					40.7%
<b><u>Debt:</u></b>					
Current Portion of Long-Term Debt	329,348				329,348
Long-Term Bonds	5,050,032		-		5,050,032
LTD--SRF Loans	3,102,499		-		3,102,499
Total Debt	<u>8,481,879</u>	55.8%	<u>-</u>		<u>8,481,879</u>
					59.3%
Total Capitalization	<u>\$ 15,208,190</u>	<u>100.0%</u>	<u>\$ (900,000)</u>		<u>\$ 14,308,190</u>
					<u>100.0%</u>

**Notes:**

1 - To record a dividend of \$900,000 from PEU to PennCorp.