

Orange and Rockland Utilities, Inc.
Financial Statements (Unaudited)
First Quarter 2017



Report of Independent Auditors

To the Board of Directors of Orange and Rockland Utilities, Inc.:

We have reviewed the accompanying consolidated interim financial information of Orange and Rockland Utilities, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of March 31, 2017, and the related consolidated statements of income, comprehensive income, cash flows, and of shareholder's equity for the three-month periods ended March 31, 2017 and 2016.

Management's Responsibility for the Consolidated Interim Financial Information

The Company's management is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of the consolidated interim financial information in accordance with accounting principles generally accepted in the United States of America.

Auditors' Responsibility

Our responsibility is to conduct our review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet and related consolidated statement of capitalization of the Company as of December 31, 2016, and the related consolidated statements of income, comprehensive income, cash flows, and of shareholder's equity for the year then ended (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 7, 2017. In our opinion, the information set forth in the accompanying consolidated balance sheet information and consolidated statement of shareholder's equity as of December 31, 2016, is consistent, in all material respects, with the audited consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers LLP

May 11, 2017

Orange and Rockland Utilities, Inc.
Financial Statements (Unaudited)
First Quarter 2017

| Financial Statements (Unaudited) | Page |
|--|------|
| Consolidated Income Statement | 1 |
| Consolidated Statement of Comprehensive Income | 2 |
| Consolidated Statement of Cash Flows | 3 |
| Consolidated Balance Sheet | 4 |
| Consolidated Statement of Shareholder's Equity | 6 |
| Notes to the Financial Statements (Unaudited) | 7 |

Orange and Rockland Utilities, Inc.
CONSOLIDATED INCOME STATEMENT (UNAUDITED)

| | For the Three Months Ended March 31, | |
|---|--------------------------------------|-------------|
| | 2017 | 2016 |
| | <i>(Millions of Dollars)</i> | |
| OPERATING REVENUES | | |
| Electric | \$141 | \$140 |
| Gas | 97 | 75 |
| TOTAL OPERATING REVENUES | 238 | 215 |
| OPERATING EXPENSES | | |
| Purchased power | 42 | 40 |
| Gas purchased for resale | 28 | 15 |
| Other operations and maintenance | 76 | 70 |
| Depreciation and amortization | 17 | 17 |
| Taxes, other than income taxes | 22 | 20 |
| TOTAL OPERATING EXPENSES | 185 | 162 |
| OPERATING INCOME | 53 | 53 |
| INTEREST EXPENSE | | |
| Interest on long-term debt | 9 | 10 |
| NET INTEREST EXPENSE | 9 | 10 |
| INCOME BEFORE INCOME TAX EXPENSE | 44 | 43 |
| INCOME TAX EXPENSE | 18 | 17 |
| NET INCOME | \$26 | \$26 |

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

Orange and Rockland Utilities, Inc.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

| | For the Three Months Ended March 31, | |
|---|--------------------------------------|------|
| | 2017 | 2016 |
| | <i>(Millions of Dollars)</i> | |
| NET INCOME | \$26 | \$26 |
| OTHER COMPREHENSIVE LOSS, NET OF TAXES | | |
| Pension and other postretirement benefit plan liability adjustments, net of taxes | (1) | — |
| TOTAL OTHER COMPREHENSIVE LOSS, NET OF TAXES | (1) | — |
| COMPREHENSIVE INCOME | \$25 | \$26 |

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

Orange and Rockland Utilities, Inc.
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the Three Months
Ended March 31,

| | 2017 | 2016 |
|---|------------------------------|-------------|
| | <i>(Millions of Dollars)</i> | |
| OPERATING ACTIVITIES | | |
| Net income | \$26 | \$26 |
| PRINCIPAL NON-CASH CHARGES/(CREDITS) TO INCOME | | |
| Depreciation and amortization | 17 | 17 |
| Deferred income taxes | 4 | 3 |
| Rate case amortizations | 4 | 4 |
| Other non-cash items, net | 1 | 1 |
| CHANGES IN ASSETS AND LIABILITIES | | |
| Accounts receivable - customers | (15) | (1) |
| Accounts receivable from affiliated companies | 1 | 11 |
| Materials and supplies, including gas in storage | 5 | 6 |
| Prepayments, other receivables and other current assets | 7 | (10) |
| Accounts payable | (7) | (5) |
| Accounts payable to affiliated companies | 2 | 8 |
| Pensions and retiree benefits obligations, net | 11 | 7 |
| Pensions and retiree benefits contributions | (1) | (1) |
| Accrued taxes | — | 1 |
| Accrued taxes to affiliated companies | 11 | 20 |
| Accrued interest | 1 | 1 |
| System benefit charge | 6 | 3 |
| Superfund and environmental remediation costs, net | — | 1 |
| Deferred charges, noncurrent assets and other regulatory assets | 3 | (8) |
| Deferred credits and other regulatory liabilities | (4) | 8 |
| Other current and noncurrent liabilities | (10) | (8) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 62 | 84 |
| INVESTING ACTIVITIES | | |
| Utility construction expenditures | (43) | (38) |
| Cost of removal less salvage | (2) | (1) |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | (45) | (39) |
| FINANCING ACTIVITIES | | |
| Net payment of short-term debt | (12) | (45) |
| Retirement of long-term debt | (1) | (1) |
| Dividend to parent | (11) | (11) |
| NET CASH FLOWS USED IN FINANCING ACTIVITIES | (24) | (57) |
| CASH AND TEMPORARY CASH INVESTMENTS: | | |
| NET CHANGE FOR THE PERIOD | (7) | (12) |
| BALANCE AT BEGINNING OF PERIOD | 47 | 45 |
| BALANCE AT END OF PERIOD | 40 | 33 |
| LESS: CHANGE IN CASH BALANCES HELD FOR SALE | — | 2 |
| BALANCE AT END OF PERIOD EXCLUDING HELD FOR SALE | \$40 | \$31 |
| SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION | | |
| Cash paid/(received) during the period for: | | |
| Interest | \$8 | \$8 |
| Income taxes | \$2 | \$(15) |
| SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION | | |
| Construction expenditures in accounts payable | \$9 | \$15 |

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

Orange and Rockland Utilities, Inc.
CONSOLIDATED BALANCE SHEET (UNAUDITED)

| | March 31, 2017 | December 31, 2016 |
|--|-------------------|----------------------|
| <i>(Millions of Dollars)</i> | | |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and temporary cash investments | \$40 | \$47 |
| Accounts receivable – customers, less allowance for uncollectible accounts of \$4 in 2017 and 2016 | 77 | 61 |
| Other receivables, less allowance for uncollectible accounts of \$1 in 2017 and 2016 | 5 | 4 |
| Accrued unbilled revenue | 37 | 48 |
| Accounts receivable from affiliated companies | 2 | 3 |
| Gas in storage, at average cost | 4 | 10 |
| Materials and supplies, at average cost | 19 | 18 |
| Prepayments | 31 | 27 |
| Regulatory assets | 10 | 10 |
| Restricted cash | 2 | 2 |
| Other current assets | 2 | 1 |
| TOTAL CURRENT ASSETS | 229 | 231 |
| INVESTMENTS | 28 | 27 |
| UTILITY PLANT, AT ORIGINAL COST | | |
| Electric | 1,639 | 1,625 |
| Gas | 718 | 710 |
| General | 237 | 229 |
| TOTAL | 2,594 | 2,564 |
| Less: Accumulated depreciation | 708 | 704 |
| Net | 1,886 | 1,860 |
| Construction work in progress | 67 | 71 |
| NET UTILITY PLANT | 1,953 | 1,931 |
| OTHER NONCURRENT ASSETS | | |
| Regulatory assets | 554 | 552 |
| Other deferred charges and noncurrent assets | 17 | 17 |
| TOTAL OTHER NONCURRENT ASSETS | 571 | 569 |
| TOTAL ASSETS | \$2,781 | \$2,758 |

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

Orange and Rockland Utilities, Inc.
CONSOLIDATED BALANCE SHEET (UNAUDITED)

| | March 31, 2017 | December 31, 2016 |
|---|------------------------------|----------------------|
| | <i>(Millions of Dollars)</i> | |
| LIABILITIES AND SHAREHOLDER'S EQUITY | | |
| CURRENT LIABILITIES | | |
| Long-term debt due within one year | \$4 | \$4 |
| Notes payable | 58 | 70 |
| Accounts payable | 53 | 75 |
| Accounts payable to affiliated companies | 20 | 18 |
| Customer deposits | 12 | 15 |
| Accrued taxes | 3 | 3 |
| Accrued taxes to affiliated companies | 13 | 2 |
| Accrued interest | 9 | 8 |
| Accrued wages | 9 | 10 |
| Fair value of derivative liabilities | 4 | 5 |
| Regulatory liabilities | 33 | 38 |
| System benefit charge | 42 | 36 |
| Other current liabilities | 9 | 15 |
| TOTAL CURRENT LIABILITIES | 269 | 299 |
| NONCURRENT LIABILITIES | | |
| Provision for injuries and damages | 6 | 6 |
| Pensions and retiree benefits | 334 | 304 |
| Superfund and other environmental costs | 97 | 98 |
| Deferred income taxes and unamortized investment tax credits | 540 | 536 |
| Regulatory liabilities | 201 | 194 |
| Other deferred credits and noncurrent liabilities | 15 | 15 |
| TOTAL NONCURRENT LIABILITIES | 1,193 | 1,153 |
| LONG-TERM DEBT | 660 | 661 |
| SHAREHOLDER'S EQUITY (See Statement of Shareholder's Equity) | 659 | 645 |
| TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | \$2,781 | \$2,758 |

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

Orange and Rockland Utilities, Inc.
CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY (UNAUDITED)

| <i>(In Millions/Except Share Data)</i> | Common Stock | | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income/(Loss) | Total |
|--|--------------|--------|----------------------------------|----------------------|--|-------|
| | Shares | Amount | | | | |
| BALANCE AS OF DECEMBER 31, 2015 | 1,000 | \$— | \$304 | \$325 | \$(24) | \$605 |
| Net income | | | | 26 | | 26 |
| Common stock dividend to parent | | | | (11) | | (11) |
| Other comprehensive income | | | | | — | — |
| BALANCE AS OF MARCH 31, 2016 | 1,000 | \$— | \$304 | \$340 | \$(24) | \$620 |
| BALANCE AS OF DECEMBER 31, 2016 | 1,000 | \$— | \$324 | \$342 | \$(21) | \$645 |
| Net income | | | | 26 | | 26 |
| Common stock dividend to parent | | | | (11) | | (11) |
| Other comprehensive loss | | | | | (1) | (1) |
| BALANCE AS OF MARCH 31, 2017 | 1,000 | \$— | \$324 | \$357 | \$(22) | \$659 |

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

Notes to the Financial Statements (Unaudited)

General

These notes accompany and form an integral part of the financial statements of Orange and Rockland Utilities, Inc., a New York corporation, and its subsidiaries (the Company or O&R). The Company is a regulated utility, the equity of which is owned entirely by Consolidated Edison, Inc. (Con Edison). O&R has one regulated utility subsidiary: Rockland Electric Company (RECO). For the three months ended March 31, 2017 and 2016, operating revenues for RECO were 16.5 percent and 18.6 percent, respectively, of O&R's consolidated operating revenues. O&R, along with RECO, provides electric service in southeastern New York and adjacent areas of northern New Jersey and gas service in southeastern New York. RECO has a subsidiary, Rockland Electric Company Transition Funding LLC (Transition Funding), which was formed in 2004 in connection with the securitization of certain purchased power costs. See "Long-Term Debt" in Note C.

The Company is subject to regulation by the Federal Energy Regulatory Commission (FERC), the New York State Public Service Commission (NYSPSC) and the New Jersey Board of Public Utilities (NJBPU) with respect to rates and accounting.

The interim consolidated financial statements as of March 31, 2017 and for the three month periods ended March 31, 2017 and 2016 (the First Quarter Financial Statements) are unaudited but, in the opinion of the Company's management, reflect all adjustments (which include only normally recurring adjustments) necessary for a fair presentation of the results for the interim periods presented. The First Quarter Financial Statements should be read together with the audited consolidated financial statements of the Company, as of December 31, 2016 and 2015 and for each of the three years ended December 31, 2016, including the notes thereto. Certain prior period amounts have been reclassified to conform to the current period presentation.

The Company has, pursuant to the accounting rules for subsequent events, evaluated events or transactions that occurred after March 31, 2017 through the posting on its website (May 11, 2017) of the First Quarter Financial Statements for potential recognition or disclosure in the First Quarter Financial Statements.

Notes to the Financial Statements (Unaudited) - continued

Note A – Summary of Significant Accounting Policies

Changes in Accumulated Other Comprehensive Income/(Loss) by Component

For the three months ended March 31, 2017 and 2016, changes to accumulated other comprehensive income/ (loss) (OCI) are as follows:

| <i>(Millions of Dollars)</i> | For the Three Months Ended March 31, | |
|--|--------------------------------------|--------|
| | 2017 | 2016 |
| Beginning balance, accumulated OCI, net of taxes (a) | \$(21) | \$(24) |
| OCI before reclassifications, net of tax of \$1 in 2017 and 2016 | (2) | (1) |
| Amounts reclassified from accumulated OCI related to pension plan liabilities, net of tax of \$(1) in 2017 and 2016 (a)(b) | 1 | 1 |
| Current period OCI, net of taxes | (1) | — |
| Ending balance, accumulated OCI, net of taxes | \$(22) | \$(24) |

(a) Only RECO's portion of unrecognized pension and other postretirement benefit costs are recorded into, and amortized out of, OCI. All other such costs are recorded through regulatory assets. The net actuarial losses and prior service costs recognized during the period are included in the computation of total periodic pension and other postretirement benefit cost.

(b) Tax reclassified from accumulated OCI is reported in the income tax expense line item of the consolidated income statement.

Note B – Regulatory Matters

Rate Plan

In January 2017, RECO filed a request with FERC for an increase to its annual transmission revenue requirement from \$11.8 million to \$19.7 million. The filing reflects a return on common equity of 10.7 percent and a common equity ratio of 48 percent.

Notes to the Financial Statements (Unaudited) - continued

Regulatory Assets and Liabilities

Regulatory assets and liabilities at March 31, 2017 and December 31, 2016 were comprised of the following items:

| <i>(Millions of Dollars)</i> | 2017 | 2016 |
|---|--------------|--------------|
| Regulatory assets | | |
| Unrecognized pension and other postretirement costs | \$163 | \$144 |
| Future income tax | 113 | 114 |
| Environmental remediation costs | 111 | 112 |
| Deferred storm costs | 50 | 53 |
| Property tax reconciliation | 35 | 37 |
| Pension and other postretirement benefits deferrals | 29 | 30 |
| Revenue taxes | 16 | 15 |
| Transition bond charges | 13 | 15 |
| Deferred derivative losses | 6 | 6 |
| Surcharge for New York State assessment | 3 | 2 |
| Other | 15 | 24 |
| Regulatory assets – noncurrent | 554 | 552 |
| Deferred derivative losses | 6 | 5 |
| Recoverable energy costs | 4 | 5 |
| Regulatory assets – current | 10 | 10 |
| Total Regulatory Assets | \$564 | \$562 |
| Regulatory liabilities | | |
| Allowance for cost of removal less salvage | \$123 | \$114 |
| Pension and other postretirement benefit deferrals | 30 | 31 |
| Carrying charges on deferred tax liability | 15 | 16 |
| Earnings sharing - electric and gas | 10 | 10 |
| Long-term debt interest reconciliation | 6 | 7 |
| Other | 17 | 16 |
| Regulatory liabilities – noncurrent | 201 | 194 |
| Refundable energy costs | 24 | 24 |
| Deferred derivative gains | 6 | 4 |
| Revenue decoupling mechanism | 3 | 10 |
| Regulatory liabilities – current | 33 | 38 |
| Total Regulatory Liabilities | \$234 | \$232 |

Note C – Capitalization

Long-Term Debt

The carrying amounts and fair values of long-term debt at March 31, 2017 and December 31, 2016 were:

| <i>(Millions of Dollars)</i> | 2017 | | 2016 | |
|--|-----------------|------------|-----------------|------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Long-Term Debt (including current portion) | \$664 | \$710 | \$665 | \$751 |

Fair values of long-term debt have been estimated primarily using available market information and are classified as Level 2 liabilities (see Note K).

Long-term debt included \$10 million and \$11 million at March 31, 2017 and December 31, 2016, respectively, of Transition Bonds issued by Transition Funding in July 2004. The proceeds from the Transition Bonds were used

Notes to the Financial Statements (Unaudited) - continued

to purchase from RECO the right to be paid a Transition Bond Charge and associated tax charges by its customers relating to previously deferred purchased power costs for which the NJBPU had authorized recovery.

Note D – Short-Term Borrowing

At March 31, 2017 and December 31, 2016, O&R had \$58 million and \$70 million of commercial paper outstanding, respectively. The weighted average interest rate at March 31, 2017 and December 31, 2016 was 1.2 percent and 1.1 percent, respectively. At March 31, 2017 and December 31, 2016, an immaterial amount of letters of credit were outstanding for O&R under the Credit Agreement.

Note E – Pension Benefits

Total Periodic Benefit Cost

The components of the Company's total periodic benefit costs for the three months ended March 31, 2017 and 2016 were as follows:

| <i>(Millions of Dollars)</i> | For the Three Months Ended March 31, | |
|--|---|------|
| | 2017 | 2016 |
| Service cost – including administrative expenses | \$4 | \$4 |
| Interest cost on projected benefit obligation | 9 | 9 |
| Expected return on plan assets | (12) | (12) |
| Recognition of net actuarial loss | 8 | 8 |
| Recognition of prior service costs | — | 1 |
| TOTAL PERIODIC BENEFIT COST | \$9 | \$10 |
| Cost capitalized | (3) | (3) |
| Reconciliation to rate level | 2 | (1) |
| Cost charged to operating expenses | \$8 | \$6 |

Expected Contributions

Based on estimates as of March 31, 2017, O&R expects to make contributions to the pension plans during 2017 of \$38 million. O&R's policy is to fund the total periodic benefit cost of the qualified plan to the extent tax deductible and to also contribute to the non-qualified plan. During the first quarter of 2017, the Company contributed \$1 million to the pension plans.

Notes to the Financial Statements (Unaudited) - continued

Note F – Other Postretirement Benefits

Total Periodic Benefit Cost

The components of the Company's total periodic other postretirement benefit costs for the three months ended March 31, 2017 and 2016 were as follows:

| <i>(Millions of Dollars)</i> | For the Three Months Ended March 31, | |
|--|--------------------------------------|------|
| | 2017 | 2016 |
| Service cost – including administrative expenses | \$2 | \$1 |
| Interest cost on projected other postretirement benefit obligation | 2 | 2 |
| Expected return on plan assets | (2) | (2) |
| Recognition of net actuarial loss | 1 | 1 |
| Recognition of prior service costs | (2) | (2) |
| TOTAL PERIODIC OTHER POSTRETIREMENT BENEFIT COST | \$1 | \$— |
| Reconciliation to rate level | (1) | — |
| Cost charged to operating expenses | \$— | \$— |

Expected Contributions

Based on estimates as of March 31, 2017, O&R expects to make a contribution of \$8 million to the other postretirement benefit plans in 2017. O&R's policy is to fund the total periodic benefit cost of the plans to the extent tax deductible.

Note G – Environmental Matters

Superfund Sites

Hazardous substances, such as asbestos, polychlorinated biphenyls (PCBs) and coal tar, have been used or generated in the course of operations of O&R and its predecessors and are present at sites and in facilities and equipment they currently or previously owned, including sites at which gas was manufactured or stored.

The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state statutes (Superfund) impose joint and several liability, regardless of fault, upon generators of hazardous substances for investigation and remediation costs (which include costs of demolition, removal, disposal, storage, replacement, containment and monitoring) and natural resource damages. Liability under these laws can be material and may be imposed for contamination from past acts, even though such past acts may have been lawful at the time they occurred. The sites at which O&R has been asserted to have liability under these laws, including its manufactured gas plant sites and any neighboring areas to which contamination may have migrated, are referred to herein as "Superfund Sites."

For Superfund Sites where there are other potentially responsible parties and O&R is not managing the site investigation and remediation, the accrued liability represents an estimate of the amount O&R will need to pay to investigate and, where determinable, discharge its related obligations. For Superfund Sites (including the manufactured gas plant sites) for which O&R is managing the investigation and remediation, the accrued liability represents an estimate of the Company's share of the undiscounted cost to investigate and remediate

Notes to the Financial Statements (Unaudited) - continued

the sites. Remediation costs are estimated in light of the information available, applicable remediation standards and experience with similar sites.

The accrued liabilities and regulatory assets related to Superfund Sites at March 31, 2017 and December 31, 2016 were as follows:

| <i>(Millions of Dollars)</i> | 2017 | 2016 |
|------------------------------|-------|-------|
| Accrued Liabilities: | | |
| Manufactured gas plant sites | \$96 | \$97 |
| Other Superfund Sites | 1 | 1 |
| Total | \$97 | \$98 |
| Regulatory assets | \$111 | \$112 |

The Superfund Sites have been investigated. However, for some of the sites, the extent and associated cost of the required remediation has not yet been determined. As information pertaining to the required remediation becomes available, the Company expects that additional liability may be accrued, the amount of which is not presently determinable but may be material. The Company is unable to estimate the time period over which the remaining accrued liability will be incurred because, among other things, the required remediation has not been determined for some of the sites.

Under its current electric and gas rate plans, the Company is permitted to recover or defer as regulatory assets (for subsequent recovery through rates) prudently incurred site investigation and remediation costs. The amount of site investigation and remediation costs to be recovered is reduced by, among other things, insurance recoveries. The June 2015 Joint Proposal for the electric and gas rate plans provides that the NYSPSC may consider and address the amount of any claims for site investigation and remediation costs under third-party liability policies denied by an insurer with which O&R was then engaged in litigation. The insurer has denied coverage of claims submitted by O&R for approximately \$15 million of site investigation and remediation costs (which costs have been deferred as regulatory assets). In September 2015, the New York State Court of Appeals denied O&R's motion for leave to appeal adverse coverage determinations by lower courts. In December 2015, at the NYSPSC's direction, O&R made a filing explaining why the site investigation and remediation costs that were the subject of the litigation over insurance coverage should be recovered through rates.

Environmental remediation costs incurred related to Superfund Sites for the three months ended March 31, 2017 and 2016 were as follows:

| <i>(Millions of Dollars)</i> | For the Three Months Ended March 31, | |
|------------------------------|--------------------------------------|------|
| | 2017 | 2016 |
| Remediation costs incurred | \$1 | \$— |

No insurance recoveries were received by the Company for the three months ended March 31, 2017 and 2016.

Notes to the Financial Statements (Unaudited) - continued

In 2016, O&R estimated that for its manufactured gas plant sites, each of which has been investigated, the aggregate undiscounted potential liability for the remediation of coal tar and/or other environmental contaminants could range up to \$151 million. These estimates were based on assumptions regarding the extent of contamination and the type and extent of remediation that may be required. Actual experience may be materially different.

Asbestos Proceedings

Suits have been brought in New York State and federal courts against O&R and many other defendants, wherein a large number of plaintiffs sought large amounts of compensatory and punitive damages for deaths and injuries allegedly caused by exposure to asbestos at various O&R premises. The suits that have been resolved, which are many, have been resolved without any payment by O&R, or for amounts that were not, in the aggregate, material to the Company. The amounts specified in all the remaining suits total billions of dollars; however, the Company believes that these amounts are greatly exaggerated, based on the disposition of previous claims. At March 31, 2017 and December 31, 2016, the Company had accrued its estimated aggregate undiscounted potential liability for these suits and additional suits that may be brought over the next 15 years as shown in the following table. The estimates were based upon a combination of modeling, historical data analysis and risk factor assessment. Courts have begun, and unless otherwise determined on appeal may continue, to apply different standards for determining liability in asbestos suits than the standard that applied historically. As a result, the Company currently believes that there is a reasonable possibility of an exposure to loss in excess of the liability accrued for the suits. The Company is unable to estimate the amount or range of such loss. In addition, certain current and former employees have claimed or are claiming workers' compensation benefits based on alleged disability from exposure to asbestos. The Company defers as regulatory assets (for subsequent recovery through rates) liabilities incurred for asbestos claims by employees and third-party contractors relating to its divested generating plants.

The Company's accrued liability for asbestos suits and workers' compensation proceedings (including those related to asbestos exposure) and the amounts deferred as regulatory assets for the Company at March 31, 2017 and December 31, 2016 were as follows:

| <i>(Millions of Dollars)</i> | 2017 | 2016 |
|---|-------|-------|
| Accrued liability – asbestos suits | \$0.4 | \$0.4 |
| Regulatory assets – asbestos suits | 0.4 | 0.4 |
| Accrued liability – workers' compensation | \$4.4 | \$4.4 |

Note H – Income Tax

O&R's income tax expense increased to \$18 million for the three months ended March 31, 2017, from \$17 million for the three months ended March 31, 2016. The effective tax rate for the three months ended March 31, 2017 and 2016 was 40 percent.

Notes to the Financial Statements (Unaudited) - continued

Uncertain Tax Positions

At March 31, 2017, the estimated liability for uncertain tax positions for O&R was \$3 million. O&R does not expect to resolve any of its uncertain tax positions within the next twelve months. The total amount of unrecognized tax benefits, if recognized, that would reduce O&R's effective tax rate is \$3 million (\$2 million, net of federal taxes).

O&R recognizes interest on liabilities for uncertain tax positions in interest expense and would recognize penalties, if any, in operating expenses in O&R's consolidated income statement. In the three months ended March 31, 2017, O&R recognized an immaterial amount of interest expense and no penalties for uncertain tax positions in its consolidated income statement. At March 31, 2017 and December 31, 2016, O&R recognized an immaterial amount of accrued interest on its consolidated balance sheet.

Note I – Financial Information by Business Segment

O&R's principal business segments are its regulated electric and gas utility activities. The financial data for the business segments are as follows:

| <i>(Millions of Dollars)</i> | For the Three Months Ended March 31, | | | | | | | |
|------------------------------|--------------------------------------|-------|------------------------|------|-------------------------------|------|------------------|------|
| | Operating revenues | | Inter-segment revenues | | Depreciation and amortization | | Operating income | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Electric | \$141 | \$140 | \$— | \$— | \$12 | \$12 | \$14 | \$18 |
| Gas | 97 | 75 | — | — | 5 | 5 | 39 | 35 |
| Total | \$238 | \$215 | \$— | \$— | \$17 | \$17 | \$53 | \$53 |

Note J – Derivative Instruments and Hedging Activities

The Company hedges market price fluctuations associated with physical purchases and sales of electricity, natural gas and, to a lesser extent, refined fuels by using derivative instruments including futures, forwards and options. Derivatives are recognized on the consolidated balance sheet at fair value (see Note K), unless an exception is available under the accounting rules for derivatives and hedging. Qualifying derivative contracts that have been designated as normal purchases or normal sales contracts are not reported at fair value under the accounting rules.

Notes to the Financial Statements (Unaudited) - continued

The fair values of the Company's commodity derivatives including the offsetting of assets and liabilities on the consolidated balance sheet at March 31, 2017 and December 31, 2016 were:

| <i>(Millions of Dollars)</i> | 2017 | | | 2016 | | |
|--|--|-----------------------------|---|--|-----------------------------|---|
| Balance Sheet Location | Gross Amounts of Recognized Assets/ (Liabilities) | Gross Amounts Offset | Net Amounts of Assets/ (Liabilities) (a) | Gross Amounts of Recognized Assets/ (Liabilities) | Gross Amounts Offset | Net Amounts of Assets/ (Liabilities) (a) |
| Fair value of derivative assets | | | | | | |
| Current | \$9 | \$(7) | \$2 | \$8 | \$(8) | \$— |
| Noncurrent | 6 | (6) | — | 7 | (7) | — |
| Total fair value of derivative assets | \$15 | \$(13) | \$2 | \$15 | \$(15) | \$— |
| Fair value of derivative liabilities | | | | | | |
| Current | \$(9) | \$5 | \$(4) | \$(9) | \$4 | \$(5) |
| Noncurrent | (12) | 6 | (6) | (13) | 7 | (6) |
| Total fair value of derivative liabilities | \$(21) | \$11 | \$(10) | \$(22) | \$11 | \$(11) |
| Net fair value derivative assets/(liabilities) | \$(6) | \$(2) | \$(8) | \$(7) | \$(4) | \$(11) |

(a) Derivative instruments and collateral were offset on the consolidated balance sheet as applicable under the accounting rules. The Company enters into master agreements for its commodity derivatives. These agreements typically provide offset in the event of contract termination. In such case, generally the non-defaulting party's payable will be offset by the defaulting party's payable. The non-defaulting party will customarily notify the defaulting party within a specific time period and come to an agreement on the early termination amount.

The Company generally recovers its prudently incurred purchased power and gas costs, including hedging gains and losses, in accordance with rate provisions approved by the applicable state utility regulators. In accordance with the accounting rules for regulated operations, the Company records a regulatory asset or liability to defer recognition of unrealized gains and losses on its electric and gas derivatives. As gains and losses are realized in future periods, they will be recognized as purchased power, gas and fuel costs in the Company's consolidated income statements.

O&R and Consolidated Edison Company of New York, Inc. (CECONY, and together with O&R, the Utilities) have combined their gas requirements, and contracts to meet those requirements, into a single portfolio. The combined portfolio is administered by, and related management services (including hedging market price fluctuations associated with the physical purchase of gas) are provided by, CECONY (for itself and as agent for O&R) and costs (net of the effect of the related hedging transactions) are allocated between the Utilities in accordance with provisions approved by the NYSPSC. See Note L.

Notes to the Financial Statements (Unaudited) - continued

The following table presents the realized and unrealized gains or losses on commodity derivatives that have been deferred for the three months ended March 31, 2017 and 2016:

| <i>(Millions of Dollars)</i> | Balance Sheet Location | For the Three Months Ended March 31, | |
|---|----------------------------|--------------------------------------|--------|
| | | 2017 | 2016 |
| Pre-tax gains/(losses) deferred in accordance with accounting rules for regulated operations: | | | |
| Current | Deferred derivative gains | \$2 | \$1 |
| Noncurrent | Deferred derivative gains | — | 1 |
| Total deferred gains/(losses) | | \$2 | \$2 |
| Current | Deferred derivative losses | \$(1) | \$(3) |
| Current | Recoverable energy costs | (5) | (7) |
| Noncurrent | Deferred derivative losses | — | (5) |
| Total deferred gains/(losses) | | \$(6) | \$(15) |
| Net deferred gains/(losses) | | \$(4) | \$(13) |

The following table presents the hedged volume of the Company's derivative transactions at March 31, 2017:

| Electric Energy (MWh) (a) | Capacity (MW) (a) | Natural Gas (Dt) (a) |
|---------------------------|-------------------|----------------------|
| 1,952,535 | 5,760 | 720,000 |

(a) Volumes are reported net of long and short positions.

The Company is exposed to credit risk related to transactions entered into primarily for the various electric supply and hedging activities. Credit risk relates to the loss that may result from a counterparty's nonperformance. The Company uses credit policies to manage this risk, including an established credit approval process, monitoring of counterparty limits, netting provisions within agreements and collateral or prepayment arrangements. The Company measures credit risk exposure as the replacement cost for open energy commodity and derivative positions plus amounts owed from counterparties for settled transactions. The replacement cost of open positions represents unrealized gains, net of any unrealized losses where the Company has a legally enforceable right of offset.

At March 31, 2017, the Company had an immaterial amount of credit exposure in connection with energy supply and hedging activities, net of collateral.

The collateral requirements associated with, and settlement of, derivative transactions are included in net cash flows from operating activities in the Company's consolidated statement of cash flows. Most derivative instrument contracts contain provisions that may require a party to provide collateral on its derivative instruments that are in a net liability position. The amount of collateral to be provided will depend on the fair value of the derivative instruments and the party's credit ratings.

The following table presents the aggregate fair value of the Company's derivative instruments with credit-risk-related contingent features that are in a net liability position, the collateral posted for such positions and the

Notes to the Financial Statements (Unaudited) - continued

additional collateral that would have been required to be posted had the lowest applicable credit rating been reduced one level and to below investment grade at March 31, 2017:

(Millions of Dollars)

| | |
|--|-------|
| Aggregate fair value – net liabilities (a) | \$8 |
| Collateral posted | 1 |
| Additional collateral (b) (downgrade one level from current ratings) | — |
| Additional collateral (b) (downgrade to below investment grade from current ratings) | 7 (c) |

- (a) Non-derivative transactions for the purchase and sale of electricity, gas and qualifying derivative instruments, which have been designated as normal purchases or normal sales, are excluded from the table. These transactions primarily include purchases of electricity from independent system operators. In the event the Company was no longer extended unsecured credit for such purchases, the Company would not be required to post collateral at March 31, 2017. For certain other such non-derivative transactions, the Company could be required to post collateral under certain circumstances, including in the event counterparties had reasonable grounds for insecurity.
- (b) The additional collateral amounts shown above are based upon the estimated O&R allocation of the Utilities' collateral requirements. The Utilities measure the collateral requirements by taking into consideration the fair value amounts of derivative instruments that contain credit-risk-related contingent features that are in a net liabilities position plus amounts owed to counterparties for settled transactions and amounts required by counterparties for minimum financial security. The fair value amounts represent unrealized losses, net of any unrealized gains where the Company has a legally enforceable right of offset.
- (c) Derivative instruments that are net assets have been excluded from the table. At March 31, 2017, if the Company had been downgraded to below investment grade, it would not have been required to post additional collateral.

Note K – Fair Value Measurements

The accounting rules for fair value measurements and disclosures define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or generally unobservable firm inputs. The Company often makes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, and the risks inherent in the inputs to valuation techniques. The Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The accounting rules for fair value measurements and disclosures established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The rules require that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability, and may affect the valuation of the asset or liability and their placement within the fair value hierarchy. The Company classifies fair value balances based on the fair value hierarchy defined by the accounting rules for fair value measurements and disclosures as follows:

- Level 1 – Consists of assets or liabilities whose value is based on unadjusted quoted prices in active markets at the measurement date. An active market is one in which transactions for assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. This category includes contracts traded on active exchange markets valued using unadjusted prices quoted directly from the exchange.

Notes to the Financial Statements (Unaudited) - continued

- Level 2 – Consists of assets or liabilities valued using industry standard models and based on prices, other than quoted prices within Level 1, that are either directly or indirectly observable as of the measurement date. The industry standard models consider observable assumptions including time value, volatility factors, and current market and contractual prices for the underlying commodities, in addition to other economic measures. This category includes contracts traded on active exchanges or in over-the-counter markets priced with industry standard models.

- Level 3 – Consists of assets or liabilities whose fair value is estimated based on internally developed models or methodologies using inputs that are generally less readily observable and supported by little, if any, market activity at the measurement date. Unobservable inputs are developed based on the best available information and subject to cost benefit constraints. This category includes contracts priced using models that are internally developed and contracts placed in illiquid markets. It also includes contracts that expire after the period of time for which quoted prices are available and internal models are used to determine a significant portion of the value.

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2017 and December 31, 2016 are summarized below.

| <i>(Millions of Dollars)</i> | 2017 | | | | | 2016 | | | | |
|------------------------------|-------------|------------|------------|---------------------------|-------------|-------------|------------|------------|---------------------------|-------------|
| | Level 1 | Level 2 | Level 3 | Netting Adjustment (e) | Total | Level 1 | Level 2 | Level 3 | Netting Adjustment (e) | Total |
| Derivative assets: | | | | | | | | | | |
| Commodity (a)(b)(c) | \$— | \$— | \$4 | \$(2) | \$2 | \$— | \$— | \$3 | \$(3) | \$— |
| Other (a)(b)(d) | 23 | 5 | — | — | 28 | 22 | 5 | — | — | 27 |
| Total assets | \$23 | \$5 | \$4 | \$(2) | \$30 | \$22 | \$5 | \$3 | \$(3) | \$27 |
| Derivative liabilities: | | | | | | | | | | |
| Commodity (a)(b)(c) | \$— | \$10 | \$1 | \$(1) | \$10 | \$— | \$8 | \$2 | \$1 | \$11 |

- (a) The Company's policy is to review the fair value hierarchy and recognize transfers into and transfers out of the levels at the end of each reporting period. There were no transfers between levels 1, 2 and 3 for the three months ended March 31, 2017 and the year ended December 31, 2016.
- (b) Level 2 assets and liabilities include investments held in the deferred compensation plan and/or non-qualified retirement plans, exchange-traded contracts where there is insufficient market liquidity to warrant inclusion in Level 1 and certain over-the-counter derivative instruments for electricity and natural gas. Derivative instruments classified as Level 2 are valued using industry standard models that incorporate corroborated observable inputs; such as pricing services or prices from similar instruments that trade in liquid markets, time value and volatility factors.
- (c) The accounting rules for fair value measurements and disclosures require consideration of the impact of nonperformance risk (including credit risk) from a market participant perspective in the measurement of the fair value of assets and liabilities. At March 31, 2017 and December 31, 2016, the Company determined that nonperformance risk would have no material impact on its financial position or results of operation.
- (d) Other assets are comprised of assets such as life insurance contracts within the deferred compensation plan and non-qualified retirement plans.
- (e) Amounts represent the impact of legally-enforceable master netting agreements that allow the Company to net gain and loss positions and cash collateral held or placed with the same counterparties.

CECONY's risk management group develops and maintains the valuation policies and procedures for, and verifies pricing and fair value valuation of, commodity derivatives for the Utilities. Under CECONY's policies and procedures, multiple independent sources of information are obtained for forward price curves used to value commodity derivatives. Fair value and changes in fair value of commodity derivatives are reported on a monthly basis to the Utilities' risk committees, comprised of officers and employees of the Utilities that oversee energy hedging. The risk management group reports to CECONY's Vice President and Treasurer.

Notes to the Financial Statements (Unaudited) - continued

| Commodity | Fair Value of Level 3 at March 31, 2017 (Millions of Dollars) | Valuation Techniques | Unobservable Inputs | Range |
|-------------|---|----------------------|-----------------------------|-----------------------------|
| Electricity | \$3 | Discounted Cash Flow | Forward capacity prices (a) | \$3.65-\$10.70 per kW-month |

(a) Generally, increases/(decreases) in this input in isolation would result in a higher/(lower) fair value measurement.

The table listed below provides a reconciliation of the beginning and ending net balances for assets and liabilities measured at fair value for the three months ended March 31, 2017 and 2016 and classified as Level 3 in the fair value hierarchy:

| (Millions of Dollars) | For The Three Months Ended March 31, | |
|---|--------------------------------------|------|
| | 2017 | 2016 |
| Beginning balance as of January 1, | \$1 | \$1 |
| Included in earnings | — | — |
| Included in regulatory assets and liabilities | 2 | 1 |
| Purchases | — | — |
| Settlements | — | — |
| Ending balance as of March 31, | \$3 | \$2 |

Realized gains and losses on Level 3 commodity derivative assets and liabilities are reported as part of purchased power costs. The Company generally recovers these costs in accordance with rate provisions approved by the applicable state public utilities regulators. Unrealized gains and losses for commodity derivatives are generally deferred on the consolidated balance sheet in accordance with the accounting rules for regulated operations.

Note L – Related Party Transactions

The Company provides and receives administrative and other services to and from Con Edison and its subsidiaries pursuant to cost allocation procedures developed in accordance with rules approved by the NYSPSC and/or other regulatory authorities, as applicable. The services received include substantial administrative support operations, such as corporate secretarial and associated managerial duties, accounting, treasury, investor relations, information resources, legal, human resources, fuel supply and energy management services. The costs of administrative and other services provided by the Company, and received from Con Edison and its other subsidiaries for the three months ended March 31, 2017 and 2016 were as follows:

| (Millions of Dollars) | For the Three Months Ended March 31, | |
|---------------------------|--------------------------------------|------|
| | 2017 | 2016 |
| Cost of services provided | \$5 | \$4 |
| Cost of services received | \$14 | \$11 |

Notes to the Financial Statements (Unaudited) - continued

At March 31, 2017 and December 31, 2016, O&R's payable to Con Edison and its other subsidiaries associated with these services was \$6 million and \$4 million, respectively.

In addition, CECONY and O&R have joint gas supply arrangements, in connection with which O&R purchased from CECONY \$21 million and \$13 million of natural gas for the three months ended March 31, 2017 and 2016, respectively. These amounts are net of the effect of related hedging transactions. At March 31, 2017 and December 31, 2016, O&R's net payable to CECONY associated with these gas purchases was \$12 million and \$11 million, respectively. At March 31, 2017 and December 31, 2016, there were immaterial amounts due from Con Edison's Clean Energy Businesses associated with electricity purchases and retail services.

At March 31, 2017 and December 31, 2016, the Company's payable to Con Edison for income taxes was \$13 million and \$2 million, respectively.

FERC has authorized CECONY through 2017 to periodically lend funds to O&R, for periods of not more than 12 months, in amounts not to exceed \$250 million outstanding at any time, at prevailing market rates. At March 31, 2017 and December 31, 2016, there were no loans outstanding for O&R.

Note M – New Financial Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board jointly issued a revenue recognition standard that will supersede the revenue recognition requirements within Accounting Standards Codification Topic 605, "Revenue Recognition," and most industry-specific guidance under the Codification through Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." The purpose of the new guidance is to create a consistent framework for revenue recognition. The guidance clarifies how to measure and recognize revenue arising from customer contracts to depict the transfer of goods or services in an amount that reflects the consideration the entity expects to receive. Amendments were issued subsequently to clarify key areas including principal/agent considerations, performance obligations, licensing, sales taxes, noncash consideration, and contracts. The new standard is effective for reporting periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019 through ASU No. 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date." Early adoption is permitted for reporting periods beginning after December 15, 2016, however, the Company plans to adopt the new standard for reporting periods beginning after December 15, 2017.

Under the new standard, companies may use either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a modified retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The Company anticipates using the modified retrospective approach.

Notes to the Financial Statements (Unaudited) - continued

The Company is currently in the process of evaluating the impact of the new standard on its various revenue streams. The majority of the Company's sales are derived from tariffs to provide electric and gas service to customers. For such tariffs, the Company expects that the revenue from contracts with the customer under ASU 2014-09 will be equivalent to the electricity or gas supplied in that period which is consistent with current practice. Consequently, the Company does not anticipate that the new standard will significantly impact the amount and/or timing of such revenues. The Company will continue to review the potential impacts of other revenue on the Company's financial position, results of operations and liquidity as well as the additional disclosures required under the new standard.

In January 2017, the FASB issued amendments to the guidance for business combinations through ASU 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business." The amendments in this update clarify the definition of a business and provide guidance on evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted. The application of this guidance is not expected to have a material impact on the Company's financial position, results of operations and liquidity.

In January 2017, the FASB issued amendments to the guidance for the subsequent measurement of goodwill through ASU 2017-04, "Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment." The amendments in this update simplify goodwill impairment testing by eliminating Step 2 of the goodwill impairment test wherein an entity has to compute the implied fair value of goodwill by performing procedures to determine the fair value of its assets and liabilities. Under the new guidance, an entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value up to the total amount of goodwill allocated to that reporting unit. The amendments are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The application of this guidance is not expected to have a material impact on the Company's financial position, results of operations and liquidity.

In February 2017, the FASB issued amendments to the guidance for other income through ASU 2017-05, "Other Income-Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets." The amendments in this update clarify the scope of assets within Subtopic 610-20 and add guidance for partial sales of nonfinancial assets. The amendments are effective upon the adoption of ASU 2014-09, and therefore will be effective for reporting periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019. The Company is in the process of evaluating the potential impact of the new guidance on the Company's financial position, results of operations and liquidity.

In March 2017, the FASB issued amendments to the guidance for the retirement benefits through ASU 2017-07, "Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost." The amendments in this update modify the presentation of net

Notes to the Financial Statements (Unaudited) - continued

benefit cost, where the service component must be disaggregated from the other components of net benefit cost and be presented in the same line item as current employee compensation costs. The remaining components of the net benefit cost should be presented outside of income from operations. Additionally, the update allows only the service cost component to be eligible for capitalization. The amendments are effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted. The Company is in the process of evaluating the potential impact of the new guidance on the Company's financial position, results of operations and liquidity.

In March 2017, the FASB issued amendments to the guidance for debt securities through ASU 2017-08, "Receivables-Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities." The amendments in this update shorten the amortization period for certain callable debt securities held at a premium. The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. The amendments are effective for annual periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Early adoption is permitted. The application of this guidance is not expected to have a material impact on the Company's financial position, results of operations and liquidity.