Central Maine Power Company

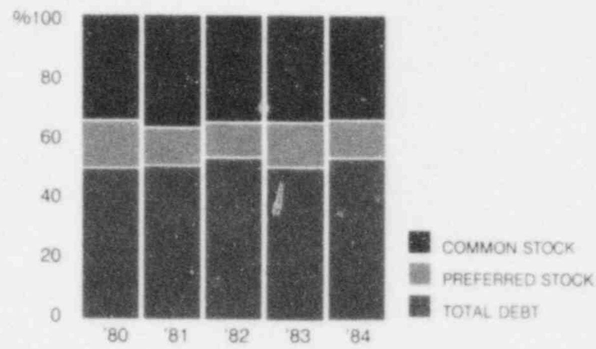
Annual Report 1984

CMP — An electric company in Maine
dependent upon earning the trust of its investors, employees, customers and their government representatives.

Your Company

CMP's more than 1,900 employees provide electric service to nearly 415,000 customers in an 11,000-square mile area in southern and central Maine. The company owns or has an interest in a varied mix of hydroelectric, nuclear-fueled and oil-fueled generating stations and supplements its own generation with power purchases from outside the state as well as from local independent producers. CMP has provided dependable service to its customers for more than 84 years and is supported by an interconnection with Canada and membership in the New England Power Pool.

CAPITALIZATION RATIOS



SUMMARY DATA

	1984	1983	% Change
Electric Operating Revenues	**$515.4 million**	$456.1 million	13.0
Service Area Kilowatt-hour Sales	**7.7 billion**	7.1 billion	7.6*
Net Income	**$51.0 million**	$52.2 million	(2.4)
Earnings per Common Share	**$1.99**	$2.51	(20.7)
Earnings per Share Derived from AFC	**$1.73**	$1.65	4.8
Dividends Declared per Share	**$1.68**	$1.90	(11.6)
Dividends Paid per Share	**$1.82**	$1.88	(3.2)
Return on Equity	**12.3%**	15.3%	(19.6)
Common Shares (weighted average)	**20.2 million**	17.8 million	13.4
Book Value per Share (year end)	**$16.17**	$16.69	(3.1)
Total Assets	**$1,195.8 million**	$1,055.0 million	13.3

( ) Indicates negative value.

*Service area kilowatt-hour sales after 1984 adjustment for major simultaneous sales/purchases increased by 6.2%.

Energy conservation and the safe use of electricity are important to all customers young and old.

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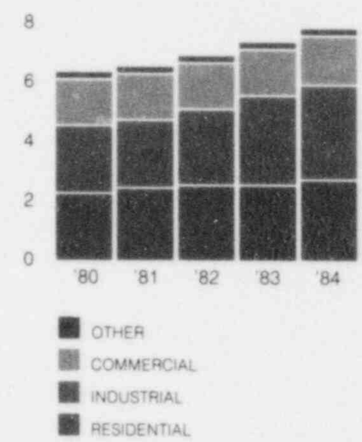
KILOWATT-HOURS SOLD
(SERVICE AREA SALES IN BILLIONS)



QUARTERLY FINANCIAL INFORMATION

(Dollars in Thousands Except Per Share Amounts)	QUARTER ENDED March 31	June 30	September 30	December 31
1984				
Electric Operating Revenues	$130,217	$128,908	$121,310	$134,972
Operating Income	23,791	15,660	17,522	20,252
Net Income	20,795	11,381	13,766	5,073
Earnings Per Common Share	.97	.43	.53	.11
1983				
Electric Operating Revenues	$119,597	$ 98,205	$103,317	$134,998
Operating Income	18,615	15,312	16,295	20,372
Net Income	14,390	10,647	11,514	15,698
Earnings Per Common Share	.73	.50	.54	.74
1982				
Electric Operating Revenues	$105,238	$ 81,582	$ 91,444	$123,072
Operating Income	17,103	14,132	13,040	14,008
Net Income	11,937	9,726	9,433	9,859
Earnings Per Common Share	.62	.48	.45	.47

Earnings per share are computed using the weighted average common shares outstanding during the applicable quarter.

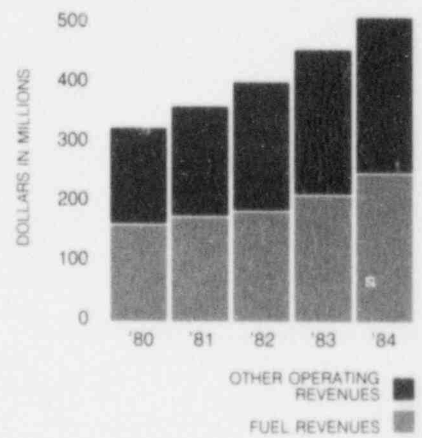
MAJOR INDUSTRIAL SALES

(Millions KWH)

	1984	1983
Paper and Allied Products	2,125*	1,983*
Electrical and Electronic Machinery	159	132
Transportation Equipment (Shipbuilding)	155	131
Textile Mill Products	122	107
Lumber and Wood Products	119	112
Leather and Leather Products	96	98
Food Products	95	97
Rubber and Miscellaneous Plastics	81	75

*Includes sales under simultaneous purchase/sale contracts required under PURPA.

ELECTRIC OPERATING REVENUES



President's Letter

To Our Shareholders

The past year has been a hard one for the company, as you are all too keenly aware. Your investment has suffered from uncertainties concerning the recovery of $66 million invested in construction projects which were begun in the 1970's and abandoned in the last several years (Seabrook 2, Pilgrim 2 and Sears Island). The value of your shares has suffered even more from uncertainties concerning Seabrook 1, in which the company has invested more than $226 million. For reasons which are described in detail in the Seabrook section of this report, there are serious questions about that unit's completion, about the company's continued participation in it and about the full recovery of the investment under virtually any set of circumstances. The Board of Directors' painful decision to cut dividends by 29% reflected some of these difficulties.

For CMP the future is clouded, but our course of action is clear. We are presenting thorough and realistic cases to the Maine Public Utilities Commission seeking recovery of your investments. We are faithfully implementing energy policies set by the government of the state of Maine. We are developing energy management options and services which minimize capital requirements and maximize the value to our customers of each kilowatthour we sell. While we have much to do, an interim rate increase of about 3% effective on March 13, illustrates that our efforts are yielding tangible progress.

> **"Investors have never been compensated prospectively in the allowed rate of return for the possibility of earning returns below the cost of capital on any unsuccessful investments."**
>
> Testimony of Robert H. Litzenberger, C.O.G. Miller, Distinguished Professor of Finance, Stanford University.

The company cannot generate from operations the resources to finance investments in cancelled plants because the returns on successful projects have been restricted by regulation. While important, belt tightening will not suffice when only about one-tenth of our expense dollars go to employees. Inescapably, therefore, rate increase requests form the heart of our effort to regain financial strength. The company believes its investments in cancelled plants were prudent and considers full present value recovery to be fair regulation. However, both precedent and politics suggest that complete success is unlikely in Maine as in many other states where similar issues are being debated. Accordingly, we have made some provision for losses through a $10 million reserve which reduced our earnings for the year.

We are seeking Commission decisions as promptly as possible because clear precedents and timely actions have great value to both customers and investors. As part of this effort the company developed rate plans combining less than full present value recovery for the three plants it considers cancelled with carrying charges and phased-in recovery on Seabrook 1. These plans contemplate base rate increases of about 7% per year over the next few years — an amount far lower than the increases likely in several other New England states. As shown on these pages, the evidence in support of our rate increase proposals includes the testimony of several of the nation's most eminent authorities upon utility regulation.

> **"... If consumers are to receive the full benefit of investments or other decisions by the utility companies that turn out to be successful, ... stockholders must have a reasonable assurance of being able to recover the expenses and a similar return on the investments that turn out unforseeably bad."**
>
> Testimony of Alfred E. Kahn, Robert Julius Thorne Professor of Political Economics, Cornell University, formerly Chairman of the Civil Aeronautics Board and the New York Public Service Commission.

Beyond these efforts a successful utility management must combine contemporary business excellence with old-fashioned hard work. In the "Serving Customers" and "Securing Energy" sections of this report we show how the basic components of our business reflect this combination. We are also making every effort to improve our government relations, meeting with many of the leaders of the state and maintaining a cooperative, open dialogue.

A cash conservation program has been initiated which includes an early retirement program and deactivating an older oil-fueled power station, reducing employment

A successful utility management must combine contemporary business excellence with old-fashioned hard work.

levels to the lowest in many years. Employees submitted money-saving ideas — many which have been implemented. The 1984 merit raises for officers were deferred with their value tied to the performance of the company's common stock. General increases for other employees were limited to about 3% on average.

Acting upon the recommendation of an independent audit group, we have begun a goals and objectives program which ties budgeting and performance evaluation more directly with planning and corporate objectives. We have employed several highly qualified people from outside the company to add perspective and diversity to a strong utility management team. Our human resources program has been expanded to encourage our employees to give us their best. CMP has an extraordinarily strong and loyal employee group. The service they provide is extremely reliable — and it's a bargain.

"Central Maine's customers paid $1.0615 billion dollars less over this time period (1973-1984) than they would have paid if electricity prices were set under competition."

Testimony of John H. Wile and Lewis J. Perl, National Economic Research Associates

Upon this foundation we are seeking a renewed understanding between the company, its customers, and the state government concerning CMP's place in the state of Maine. As we develop that consensus, our survival and vitality depend upon exerting every effort to keep the costs of supplying electricity as low as possible, to make its value to the customers as high as possible, and to meet your expectations as investors. We will not flinch in that effort.

Sincerely,

John W. Rowe

John W. Rowe

President and Chief Executive Officer

March 22, 1985

SERVING C

Energy Management Adds Value

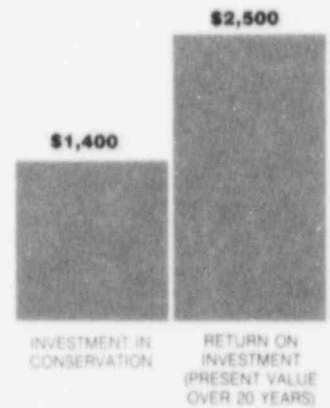
Consumers of electricity are faced with increasing costs for each kilowatt-hour of electricity. While these increases continue to be lower in Maine than in many other places, our customers expect maximum value from each kilowatt-hour. To prosper and improve the return to its shareholders, the company must meet these expectations. To do so, CMP has established the position of Senior Vice President, Customer Services and Division Operations, and backed it up with an experienced Vice President of Division Operations and a Vice President of Customer Services recruited from another industry. Division Operations includes all 17 of the company's district offices where most individual customers meet the company and Customer Representatives help solve problems responding to individual customer needs. Over half of our employees work at these locations. Customer Services has responsibility for meeting the needs of large customers, for giving special attention to programs important to small customers, such as energy conservation programs, and for developing market research techniques and new rate designs which will increase our responsiveness to both customers and regulators.

Making More Out Of Less

Conservation efforts epitomize CMP's commitment to better service. For utilities today, bigger is not always better, particularly when production costs are increasing; but less cannot become more without effective, cost-oriented management. In this spirit, CMP is developing cost-based conservation programs which will benefit all customers and shareholders as well as program participants.

For example, a free pilot insulation program is being proposed for low-income customers living in uninsulated, electrically-heated dwellings. Insulating several hundred of these dwellings will reduce the energy demand on CMP's system during the winter months when demand for electrical energy is highest. As shown, this results in direct dollar savings to all customers by reducing fuel costs. Lower energy demand also reduces the need to build new generating plants which are much more expensive than current plants.

CMP's other conservation programs being offered include a water heater bundle-up program, home and business energy audits, and an energy-efficient appliance rebate program. Several new programs are under development and will be introduced over the year. In addition to the benefits which shareholders derive from reducing dilution of their equity in expensive new projects, new Maine Public Utilities Commission (MPUC) regulations permit incentive awards if company efforts are considered outstanding. An ambitious cost-based conservation program is a cornerstone in the company's energy management program.



INVESTING IN CONSERVATION

A CMP investment of $1,400 to insulate and weatherize a substandard electrically heated home will return $2,500 by reducing system operating costs and capital requirements.

Helping Business Work Better

Commercial and industrial customers' special needs and requirements are receiving more attention than ever before — from commercial energy audits and loans to helping large customers control demand charges.

In 1984, the Industrial and Commercial Services group coordinated the addition of nearly 400 industrial and commercial customers to the CMP system. These additions include office buildings, shopping centers, hospital additions, apartment/condominium complexes, and manufacturing facilities. The group has also advised and assisted numerous customers, including a major shipyard, a forging operation, hospitals, banks, paper companies, a newspaper, schools, retail stores, and manufacturers in analyzing electrical use to encourage conservation and better utilization of electrical facilities. Examples of this type of customer assistance follow:

- Bath Iron Works found their electric service bill increased more than expected after it began repairing ships and using a dry dock at its new Portland facility. CMP's Customer Service group went to work on the problem and suggested several operational and procedural changes that could reduce the demand spikes and charges.
- Data pulses from CMP's meters were provided to nearly twenty customers so they could monitor load and control electrical demand. Optimizing customers' use of electrical energy minimizes CMP's cost of providing service.

USTOMERS

• A CMP customer service representative noticed an unusual change in electrical use at the Augusta Civic Center and notified its manager. An inspection of the Center's energy control system disclosed the problem. **The manager wrote to thank CMP and the customer representative saying, "She has given the Augusta Civic Center the opportunity of saving thousands of dollars which may have been spent needlessly over the course of a year."**

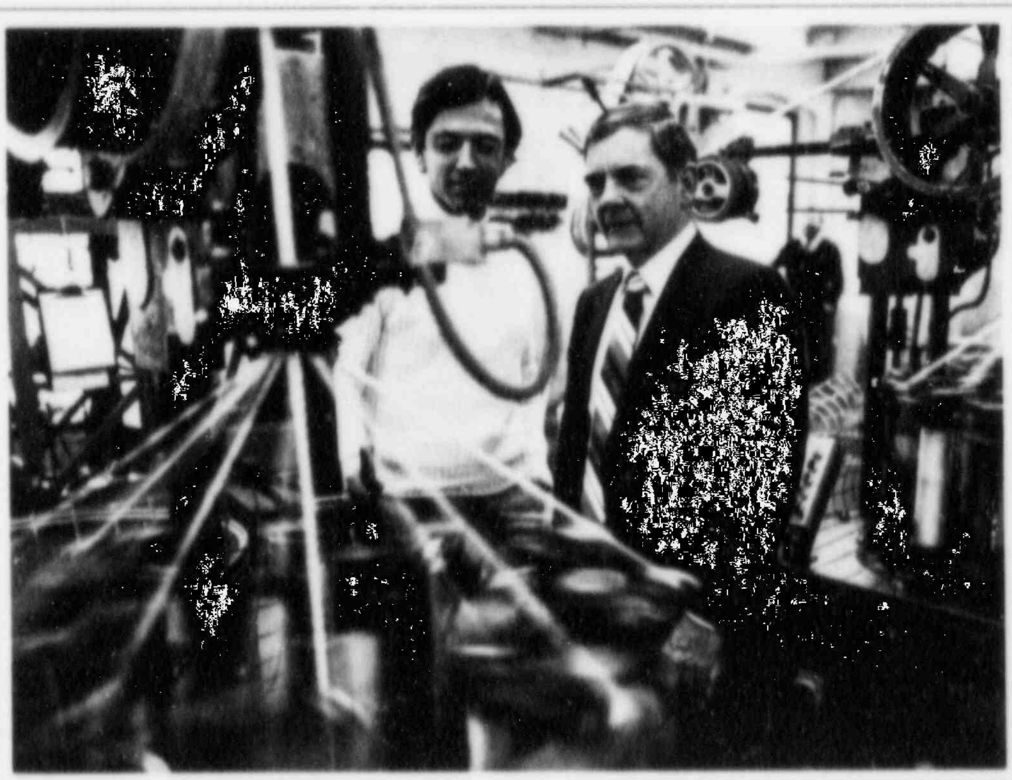
Assisting Those in Need

A Consumer Affairs Task Force has been working for more than a year to focus on special energy needs of low-income and elderly customers. This group (made up of five company representatives and five outside members) has established an improved liaison with community based and elderly service groups and others who deal with low-income customers on a daily basis. The Task Force has identified areas of concern as energy conservation, inability to pay, education and communication, and has reviewed sources of government assistance for those in dire need so that the company is paid without disconnecting service.

Increasing Productivity

The company's Energy Management Program will encourage electricity use patterns that make efficient use of CMP's generating and delivery systems. Implementing this program requires company representatives to work with industrial, commercial, and residential customers, helping them reduce energy use during peak hours, improve load factors, and develop rates which produce incentives to be as efficient as possible.

To make the company more responsive to customers and regulators and, at the same time, improve profitability, we are working to control costs, improve price signals, and strengthen our partnership with customers. Through this total energy management program **we intend to increase our customers' ability to decide how much electricity they use and to increase the value our customers receive from each kilowatt-hour they choose to use.**



Customers' wants and needs are Senior Vice President Matthew Hunter's job (r). Here he tours the facilities of rope maker, Yale Cordage Company in Yarmouth, Maine.

SECURING

Diversified Sources Reduce Risks

Executive Vice President Charles Monty signs an agreement clearing the way for construction of a new 25,000 kilowatt hydroelectric plant on the Androscoggin River which will provide benefits to the cities of Lewiston and Auburn and our customers.

During the 1960's and 1970's CMP participated in increasingly large power plants to satisfy the growing needs of its customers. The Yankee nuclear plants and the Wyman oil plant were successful results of this industry-wide strategy. However, as opposition to nuclear energy increased, construction regulations expanded, building schedules lengthened, and electric growth declined. New plants have exposed investors to risks greater than utility rates of return have compensated.

The Public Utility Regulatory Policies Act (PURPA) in 1978 and a similar State of Maine law changed power planning even more. These laws required the purchase of electricity from cogenerators and small power producers, substantially deregulating electricity production for everyone but utilities.

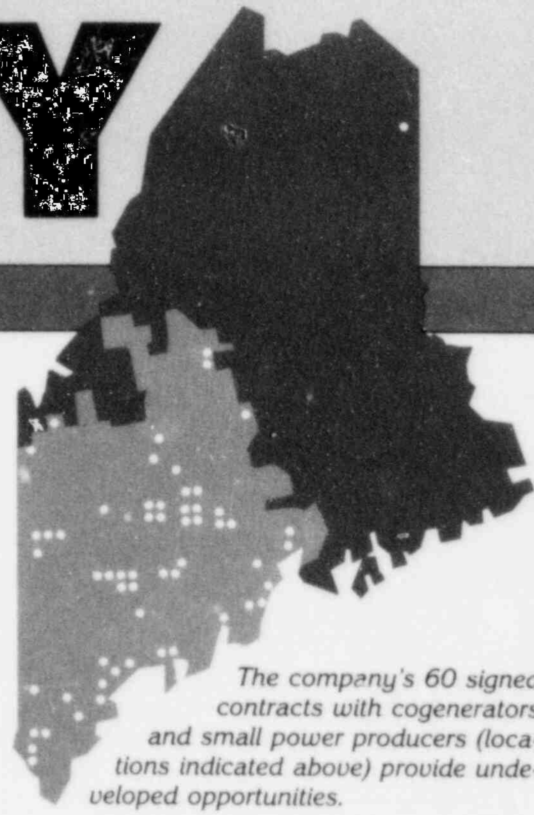
In an effort to deal with these changing circumstances in a way which benefits its customers and investors, CMP's power supply planning now emphasizes contracting with local cogenerators and small power producers, taking advantage of our geographic proximity to the power resources of Canada, expanding our existing hydroelectric facilities and squeezing the most we can from our other power sources. We are committed to meeting our customers' needs without exposing either customers or our investors to the risks of new large baseload generating units.

Local Purchases

CMP has signed 31 new contracts with private power producers, filling the second and third blocks of this type of generation following general guidelines established by the MPUC. CMP initiated a process which required developers to submit bids based on several factors, thus encouraging competition and holding rates below the avoided cost levels the MPUC appeared likely to set. The company now has 60 signed contracts with cogenerators and small power producers representing about 2.3 billion kwh's of energy annually. These producers are expected to supply more than 13 percent of CMP's customers' requirements in 1985, and even larger amounts in the years ahead.

With the large number and relatively small size of these projects, reliability of power supplied should be adequate, even if some are unsuccessful. Long-term contracts assure stability. The use of indigenous resources like wood, water, and trash means domestic control of fuel supply. However, close supervision of these contracts will be required as dif-

ENERGY



The company's 60 signed contracts with cogenerators and small power producers (locations indicated above) provide undeveloped opportunities.

ferences in operating experience, fuels, and plant designs can all affect reliability. This supply strategy spreads local economic benefits over a wide area.

These purchases must be made with great care because excessive prices or supplies increase our customers' costs. **CMP will continue to pursue local purchases and to seek MPUC rules and procedures which provide the greatest economic advantage to its customers and shareholders.**

Canadian Connections

The company is cutting its system power costs by purchasing electricity from Canada. Our contract with New Brunswick can now provide up to 1.3 billion kwh's a year. The MPUC recognized "the proposed purchase power contract requires no utility financing of a large construction project**...the innovative pricing, suspension, and recapture terms of the proposed contract discussed above almost guarantee cost savings to Central Maine Power Company and its ratepayers.**"

Through the New England Power Pool the company plans to benefit from two purchases of power from Hydro-Quebec. The first will provide the company benefits from about 210 million kwh's per year for eleven years beginning in July of 1986. The second will add the benefits from 490 million kwh's per year for ten years beginning as soon as 1990. A transmission tie line and terminal needed to bring the electricity from Quebec to New England is under construction.

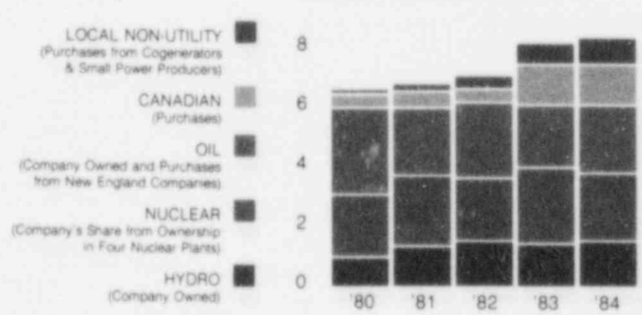
The company's share of the Hydro-Quebec purchases and the New Brunswick purchase amounts to approximately 20% of its total generation requirements in 1990. The New Brunswick contract ends in 1991 but has an option for extension to 1995. The company is considering further Canadian options to meet requirements in the 1990's.

CMP Hydro Developments

The company's Hiram Unit 2 hydroelectric project began commercial operation January 1, 1985. The most recent in a series of hydro redevelopments, **Hiram came on line three months ahead of schedule and $1.6 million under budget**. It is expected to produce 32 million kwh's annually. The next projects in the company's redevelopment plans are the Cataract and Williams stations. Both projects must be relicensed by the Federal Energy Regulatory Commission. These two units will add a total of 14 million kwh's to the system annually with construction on both scheduled to begin in 1987.

CMP's largest proposed hydro project for the future took a major step forward late in the year when the company signed an agreement with the cities of Lewiston and Auburn. The agreement paves the way for the company to build a 25,000 kilowatt hydroelectric facility at Lewiston Falls on the Androscoggin River. The cities, (one of which had filed a competing application for the right to develop the site), agreed to a plan which offers benefits to both cities, as well as the company and its customers.

SOURCES OF ELECTRICITY
(KILOWATT-HOURS IN BILLIONS)



1984 Energy Mix

Only 26 percent of the electricity supplied to customers in 1984 came from oil-fueled power plants in Maine and New England, while nuclear plants supplied 28 percent. The company's own hydroelectric plants produced 18 percent. Purchases from cogenerators and small power producers accounted for 11 percent. Canadian purchases rounded out our energy supply providing 17 percent of needs.

SEABROOK

Perils of the Last Year

During 1984, the company's most severe problems involved its 6.04% investment in the Seabrook nuclear project in New Hampshire. Construction on these two units began in 1976 under a Joint Ownership Agreement between various municipal, cooperative and investor-owned utilities. Seabrook has experienced tragic cost escalation due to licensing problems, schedule delays, new regulations and accompanying design requirements, associated construction problems, high inflation and interest rates and financial difficulties experienced by Public Service Company of New Hampshire (PSNH) the lead owner.

In 1983 these problems forced a severe reduction of expenditures on Unit 2 and induced several of the Joint Owners to vote to cancel that unit. In February 1984, the company received an independent economic analysis which showed that Seabrook 2 had become uneconomic to complete but that Seabrook 1 remained economic at total costs of about $5 billion. CMP immediately moved to cancel Seabrook 2 while continuing its support for Seabrook 1.

Abandoning Seabrook 2

On March 30, 1984, another vote of the Joint Owners was taken to cancel Seabrook 2 unconditionally. Despite a favorable vote of 58.6% of the Joint Owners, PSNH voted its 35.6% interest to prevent any action in this regard which would be final under the Joint Ownership Agreement. On April 27, the Joint Ownership Agreement was amended to require the vote of 51% of the Joint Owners to resume construction. Construction has not resumed. CMP considers Seabrook 2 to be cancelled or abandoned and is seeking rate recovery under Maine law. PSNH maintains that the Unit is not cancelled, although it concedes, "resumption of construction by the present Joint Owners is extremely unlikely." In response to contentions that the unit is not cancelled or abandoned, on March 19, 1985 CMP secured a resolution from nearly all of the Joint Owners, including PSNH, which is intended to permit any party to terminate its involvement if that unit is ever restarted.

Maine law bars the recovery of imprudent investments. The MPUC has been investigating Seabrook 2 in that context. In this proceeding, several parties have introduced testimony which is critical of the length of time the project has continued and of certain of CMP's investment decisions. They also have attempted to impute to CMP responsibility for alleged mismanagement by PSNH. To counter these allegations, the company has introduced evidence to show it was prudent, including the fact that in 1979 the MPUC's own consultant recommended an increased ownership share in the units. The company's investment in Seabrook 2 is $38 million, after reallocating certain common costs to Seabrook 1.

Protecting Seabrook 1

In April 1984, PSNH, experiencing severe financial pressure, announced it was unable to meet its Seabrook payments and unilaterally halted construction. In the next several months, in order to protect Seabrook 1, CMP and other Joint Owners took various steps, including the establishment of an executive committee of the Joint Owners and provisions for a new company, New Hampshire Yankee Corporation, to assume responsibility for completing the Unit. On May 14, 1984, the Joint Owners unanimously adopted a proposal for developing acceptable financial arrangements for completion of Seabrook 1 and necessary regulatory approvals by December 31, 1984. Construction was subsequently resumed at restricted levels. Regulatory issues continue to be unresolved

1984

FEBRUARY
NERA study says Seabrook 1 economical but Seabrook 2 not.

MARCH
Company votes to cancel Seabrook 2.

APRIL
PSNH suspends construction at Seabrook 1. Joint Owners take control of project.

MAY
May 14 resolution of Joint Ownership calls for new financing plans.

JUNE
Maine PUC announces investigation of past and future involvement of Maine utilities in Seabrook.

JULY
Limited construction resumes on Seabrook 1.

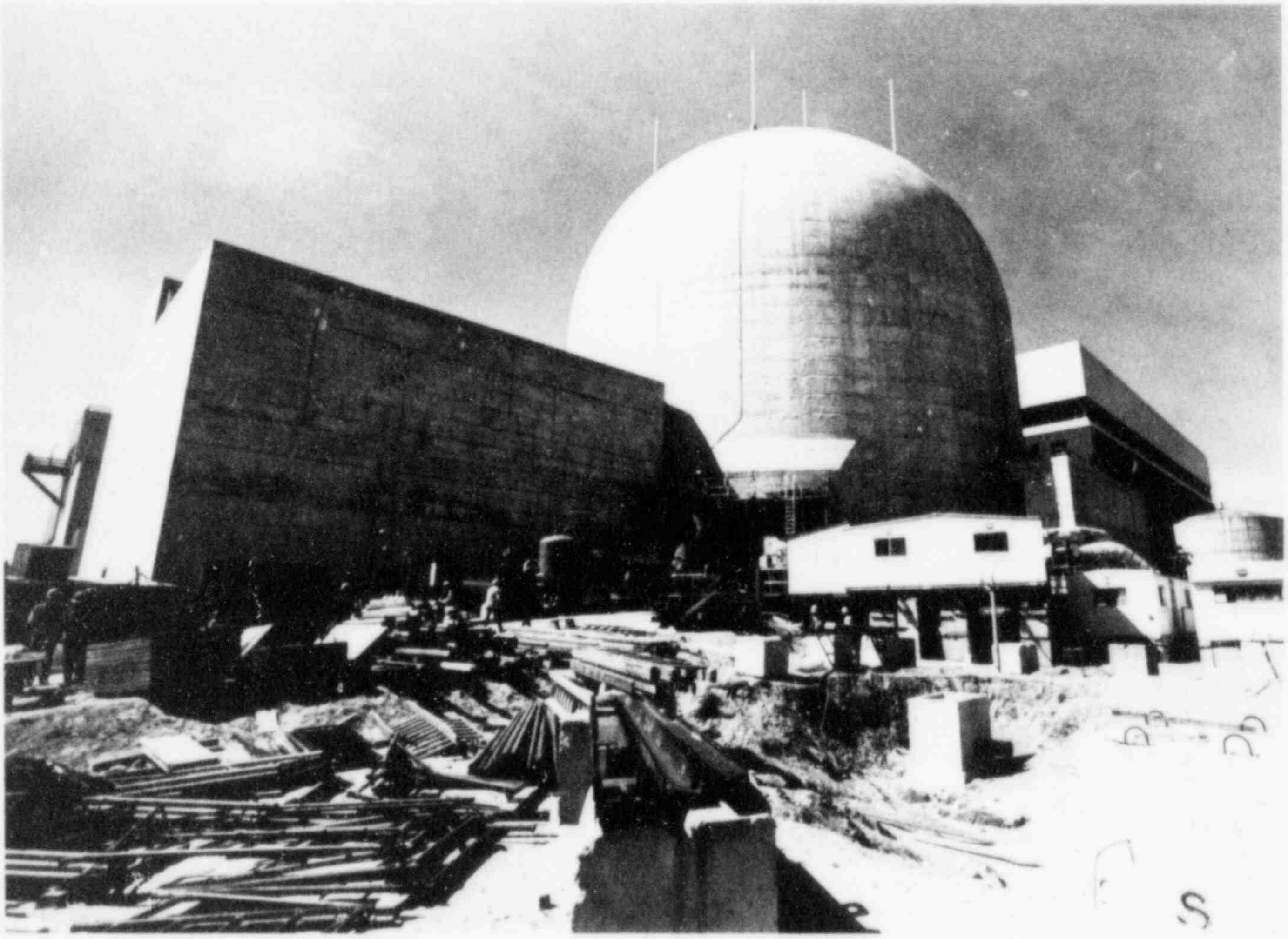
AUGUST
Company files testimony in Seabrook investigation.

SEPTEMBER
Public hearings begin on Seabrook 1 investigation.

OCTOBER
CMP Board of Directors issues Seabrook Policy statement.

NOVEMBER
CMP votes against increasing spending at Seabrook.

DECEMBER
Maine PUC orders Maine utilities to seek to sell Seabrook shares by January 11, 1985.



Seabrook 1

in a number of jurisdictions.

In June 1984, the MPUC initiated a proceeding to investigate the continued involvement in Seabrook 1 by the Maine utilities. Delays in similar proceedings instituted by utility regulatory authorities in other New England states were viewed as a threat to the December 31, 1984 target for receipt of regulatory approval for the financing plans of the Joint Owners and for resumption of full construction. The Board of Directors of the company adopted a resolution on October 18, 1984, which pointed out the decreasing marginal benefits and increasing uncertainties of Seabrook 1. It also emphasized the importance of other Joint Owners and state commissions meeting the schedule set by the May 14 Resolution, sought current rate support for recovery of carrying charges and offered under certain conditions to cap the rate base cost of the unit in return for such support.

On November 6, 1984 the Connecticut DPU, the first of the New England regulatory agencies to act, found completion of the unit to be "more desirable than cancellation."

1985

JANUARY

Company reports no sale and Maine PUC orders disengagement plan to be filed February 8.

FEBRUARY

Company files four disengagement alternatives with Maine PUC.

MPUC's First Order: Sell Seabrook 1

On December 13, 1984, the MPUC issued its first interim order stating that Maine's three utilities may continue to participate in the construction of Seabrook 1 if, by January 11, 1985, they have received "credible, firm offers" for the purchase of their complete ownership shares "upon completion of the project, or by a date certain (whichever is sooner), and at prices that are consistent with their testimony on completion dates and sale value in this proceeding." The MPUC further stated (1) that if there were no such offers, it would issue a final order regarding the participation of the three Maine utilities in Seabrook 1 and (2) that "prudent planning" required the assumption that such a subsequent order would "unequivocally" require the Maine utilities to present plans for their complete disengagement from Seabrook within a short time after January 11, 1985. Following the MPUC order, the company solicited offers for the purchase of its interest in Seabrook 1 from all of the Seabrook Joint Owners, and various other electric utilities. The company also retained Merrill Lynch Capital Markets to assist in the sale of its interest to investors other than such utilities.

The company did not receive any such "credible firm offers" but was warned in letters from several Joint Owners of serious risks, including litigation, seeking very substantial damages if the company were, based on an MPUC order, to disengage from the Seabrook project. These letters also asserted that any such disengagement would be in breach of the company's obligations under the Joint Ownership Agreement.

MPUC's Second Order: Disengage From Seabrook

On January 16, 1985, the MPUC issued a second order requiring each of the three Maine utilities to submit plans by February 8, 1985, for their disengagement from Seabrook. On the day prescribed, CMP responded that it would use its best efforts to implement the MPUC's developing regulatory policy consistent with its obligations under the Joint Ownership Agreement. The company also asserted that any course of action adopted by the MPUC should include provisions to compensate the company for the value of its investment. The company's response outlined four disengagement alternatives.

A. The company could continue to build Seabrook 1 and to attempt to sell it;

B. The company could sponsor a vote to cancel Units 1 and 2 of the Seabrook project;

C. The company could submit a proposal to amend the Joint Ownership Agreement to permit the Maine utilities to cease funding construction if the other Seabrook Joint Owners did not meet their financing commitment on or before a date to be set by the MPUC;

D. The company could commence litigation or arbitration.

The company stated that it preferred the first alternative but was continuing to evaluate the others. The company has appealed both the December 13 and January 16 orders because of serious doubts about the authority of the MPUC to issue the contemplated disengagement order. The company is awaiting further action by the MPUC.

David Flanagan, Vice President, Law and Government Affairs, follows proceedings conducted by the Maine Public Utilities Commission concerning the Seabrook investigation and the company's rate case.

Sale Efforts

The company also reported on the efforts of Merrill Lynch to organize "NuMaineCo." to acquire the Maine companies' ownership in Seabrook 1 in exchange for equity securities. The NuMaineCo. plan called for issuance of debt and senior equity securities to obtain the funds necessary to complete Seabrook 1. The junior equity securities to be received by the company would have only nominal or speculative value, and the company would be required to bear all risks of cancellation of the Seabrook project. The company has advised Merrill Lynch that it does not consider the present form of the NuMaineCo. proposal to be acceptable.

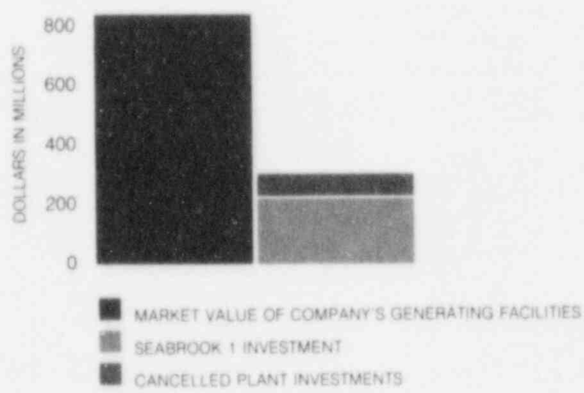
In an additional effort to sell the company's Seabrook 1 interests, the company has offered to combine them with a sale of interests in one or more of its Yankee nuclear projects. Since the Yankee projects are believed to have value substantially in excess of their book value, tying a sale of the Seabrook interests to a sale of some of its Yankee investment might provide the necessary inducement to purchase CMP's Seabrook investment on acceptable terms. Although several New England utilities have expressed an interest in this concept, the company has not yet received an acceptable offer.

Pending Developments

Recently completed proceedings in Vermont call for continued participation in Seabrook 1 by utilities in that state if construction could be fully resumed by April 15, 1985. However, the company believes construction will not be fully resumed by that date. Proceedings in Massachusetts and New Hampshire remain uncompleted. In the first ten weeks of 1985 construction commitments for all owners at Seabrook have been running in excess of $5 million per week, excluding AFC, fuel and payments on past obligations. In February 1985, the Joint Owners determined, over the Maine utilities' dissent, to increase cash outlays in March 1985 to a level of approximately $6 million per week, using funds previously authorized but uncommitted. The company expects similar or larger expenditures in April and May 1985 to be authorized by the Joint Owners which will require additional levels of funding.

In each of its investments, the company seeks recovery while protecting its customers. Achieving that end for Seabrook is made difficult by (1) the substantial uncertainties in construction, licensing and evacuation plan approvals which plague nuclear power plants in the 1980's, (2) continued questions as to the financial capacity of certain of the Joint Owners, including the company, to pay their ownership shares of construction costs and (3) continuing questions as to regulatory policies in the several states involved. The company will continue its efforts to meet its obligations and to explore every meaningful option.

COMPARISON OF MARKET VALUE OF COMPANY'S GENERATING FACILITIES
(TO SEABROOK 1 AND CANCELLED POWER PLANT INVESTMENTS)



New development as this report is being published: On April 4, 1985, the Massachusetts Department of Public Utilities issued an order conditioning further financing necessary to complete the Seabrook project by certain Massachusetts Joint Owners and apparently denying such financing by one or more Joint Owners.

It is not possible to predict what the ultimate impact of this order will be, but it appears likely that it will have a substantial detrimental effect on the ability of the Joint Owners to complete the project.

YOUR INVE

Management's Analysis

Chief Financial Officer Richard Crabtree stands before Wyman Hydro Station, one of CMP's investments with a real market value substantially in excess of its original cost.

Financial Integrity

Your company's financial condition was severely affected during 1984 by uncertainty relating primarily to events surrounding the Seabrook Project and the prospective rate treatment of unrecovered investments in cancelled plants, including Seabrook 2. The company at December 31, 1984 had unrecovered investments in the cancelled Sears Island coal plant of $13.4 million, Pilgrim 2 of $14.7 million, Seabrook 2 of $37.8 million and investments in the controversial Seabrook 1 totaling $226.5 million. In addition, the company has an investment of $86.3 million in the Millstone 3 nuclear plant scheduled for completion in 1986. All of these amounts include Allowance for Funds Used During Construction (AFC). While the Millstone 3 nuclear plant is not subject to some of the significant uncertainties surrounding the Seabrook Project, Millstone 3 remains to be completed and upon completion approved as part of the company's rate base. The magnitude of these investments, in relation to the total common shareowners' investment of $344.5 million, makes the company dependent, to a unique and extraordinary degree, upon the decisions of the MPUC, such that failure to receive timely and adequate rate relief with respect to some or all of these investments under a variety of circumstances would have a wide range of material and adverse consequences for the company and its financial integrity. All of these factors have caused the company to point out to the MPUC the detrimental effect of certain conceivable decisions which could lead to the bankruptcy of utilities in Maine, including the company.

In August of 1984 the company filed a $58.6 million rate increase request with the MPUC seeking a long term commitment to rate treatment of cancelled plant and

STMENT

Seabrook 1. The company's case stresses preserving shareowner investment and value while recognizing the realities of Maine law as well as ratepayer, Commission and political concerns. The company has asked the Commission to rule on its request in the context of a five-year rate plan which (1) contemplates some sharing of the cancelled plant burden by investors, (2) seeks recovery of carrying charges on Seabrook 1, and which (3) the company believes will produce the maximum achievable value to investors.

Pending completion of the full case by May 31, 1985, parties to the case have successfully negotiated a settlement granting the company an interim rate increase of $14 million. The final results of this case will substantially affect the quality and value of your investment.

Uncertainties relating to actions to be taken by the MPUC in connection with the recovery of the costs of cancelled or abandoned electric generating plants have caused the company to establish a reserve for 1984 against the recovery of costs previously recorded in respect to such plants. Prior MPUC decisions concerning cancelled plants would indicate that the portion of the company's investment most susceptible to disallowance by the MPUC is the accrued AFC, which for Sears Island, Pilgrim 2 and Seabrook 2 totals $20.6 million. For more information on such plants and the company's total investment therein, see Note 4 to the Financial Statements. The company believes that it would be inappropriate to continue to attribute full economic value for financial reporting purposes to all of the funds invested in these plants to date, and has established a minimum loss provision of $10 million.

COMMON SHAREOWNERS

As of December 31, 1984

	Shareowners	Shares
Maine	16,031	7,271,155
Other New England States	11,153	2,597,153
Atlantic	12,645	8,095,328
Central	5,703	1,70€,900
Western	5,447	1,607,400
Foreign	99	22,113
Total	51,078	21,300,049

It must be recognized that the company does not know what action the MPUC may take, nor the amount, if any, of losses which such actions may impose on the company; therefore, the establishment of this reserve should not be viewed as an assurance with respect to the ultimate loss which may be incurred in connection with such units. It is possible that subsequent events will prove that none of the AFC with respect to such plants will be recoverable; that some portion thereof will be recoverable; or that the company's entire previously accrued AFC will be recoverable through rates. Recovery of elements of the company's investment in those plants other than AFC also remains subject to determination by the MPUC and therefore to significant uncertainty.

Although work continues on Seabrook 1, there are serious uncertainties surrounding completion and recovery of investments through rates, and while a substantial risk of loss also exists, the company has no prior experience on which to base an estimate of any such possible future loss.

Results of Operations

Earnings

Earnings per share of common stock were $1.99 in 1984 compared with $2.51 in 1983 and $2.02 in 1982. Earnings over the last three years have included significant amounts of AFC, a non-cash item relating to the financing of Construction Work in Progress. One-third of earnings available for common shareholders were non-AFC earnings in 1982 and 1983 and 30 percent were non-AFC earnings in 1984 prior to the income statement impact of the $10 million reserve.

Earnings in 1984 and earlier years have been below adequate levels in part because of cancelled plant investments on which the company has not earned a return. At December 31, 1984, the company had $65.9 million of such assets prior to the deduction of related deferred taxes and the $10 million reserve for possible losses. In addition to the impact of the $10 million reserve 1984 earnings reflected growth in kilowatt-hour sales to customers within the company's service area, a retail rate increase of $11.1 million granted in December 1983 and management's continued emphasis on cost control measures. Earnings in 1983 reflected growth in kilowatt-hour sales, a retail rate increase of $32.0 million granted in March 1982 and a one-time adjustment amounting to $.11 per share which followed a Maine Supreme Judicial Court ruling allowing the company to recover certain previously disallowed revenues. Per share earnings were diluted by increases in the average number of common shares outstanding. Average outstanding common shares increased by 13% in 1984 and 7% in 1983. The 13 percent increase in 1984 resulted from the issuance of 1,000,000 shares through public offering, 1,834,708 shares through the Dividend Reinvestment and Common Stock Purchase Plan and 70,180 shares through the company's Employee Stock Ownership Plan.

In April 1984 the company ceased recording AFC on Seabrook 2 which the company has, for balance sheet purposes, reclassified under Deferred Charges and Other Assets.

Our survival and vitality depend upon exerting every effort to keep the costs of supplying electricity as low as possible, to make its value to customers as high as possible, and to meet your expectations as investors.

Dividends

In September 1984, the Board of Directors decreased the quarterly dividend 29% from $.49 to $.35 per common share. The decision reflected the company's continuing concern that only a small portion of its earnings is cash, its concern with respect to the recovery of its investments in the Pilgrim 2, Sears Island and Seabrook 2 projects and uncertainty with respect to completing Seabrook 1. See Note 4 to the Financial Statements. Future dividend decisions will depend upon the Board of Directors' evaluation of circumstances as they develop, including matters discussed under "Liquidity" below.

Impact of Inflation

Inflation continued at diminished levels in 1984 and 1983 relative to prior years. During 1984 the increase in the national Consumer Price Index (CPI) was 4.3% as compared to 3.2% in 1983 and 6.1% for 1982.

Revenues and Sales

Electric Operating Revenues, excluding revenues relating to recovery of fuel costs, increased $21.4 million, or 8.8% over 1983; the corresponding revenues for 1983 were up $25.7 million, or 11.8% over 1982. These increases reflect retail base rate increases of $11.1 million and $32.0 million granted in December 1983 and March 1982 as well as increased kwh sales.

The company's sales by broad customer category for the years 1980 through 1984 are reflected in the graph on the inside front cover. Power sales to entities outside of the company's service area fluctuate on a year-to-year basis due to the availability of generation, the requirements of other utilities for replacement power and the price of available energy. Residential kwh sales increased by 6.3% in 1984, 1.1% in 1983 and 4.9% in 1982. The average number of residential customers has increased over recent years while the average number of kilowatt-hours used per residential customer has remained relatively constant, reflecting factors such as conservation efforts and price elasticity.

Industrial sales net of the impact of additional kilowatt-hour sales to major co-generators increased 6.0% in 1984 and 4.0% in 1983, reflecting continued economic growth within the company's service territory. Industrial sales increased 10.3% in 1982 due primarily to major expansions at two pulp and paper mills. Commercial sales increased 6.8% over 1983. The increase in 1984 as well as the 3.9% increase in 1983 reflect economic growth within the company's service territory. In 1982 commercial sales increased by 1.6%.

Expenses and Taxes

Total operating expenses, excluding fuel expenses, amounted to $193 million in 1984, or 10.8% over the 1983 level. These expenses for 1983 were $174 million, or 8.3% over the 1982 level.

The single largest expense category, fuel expenses, includes both fuel for company generation and the fuel component of purchased power. Fuel expense, including carrying costs, is recovered through approved tariffs.

Purchased Power-Other increased by $6.8 million over 1983, reflecting primarily the additional expense associated with the 1984 maintenance and refueling of the Maine Yankee nuclear plant.

Other Operation expenses increased by $8.3 million in 1984 primarily due to costs associated with the company's early retirement program, conservation program expenses and to a lesser extent increases in wages and costs of materials due to inflation.

Maintenance expenses were up slightly in 1984 and in 1983. Expenditures in 1984 included additional work on steam and internal combustion plants while 1983 included major overhauls of steam plants and additional line clearance work.

Interest charges on long-term debt increased due to the April 1983 issuance of $60 million of Series F 12¼% General and Refunding Mortgage Bonds, the company's borrowing of $40 million in May 1984 under its Revolving Credit and Term Loan facility and the October 1984 issuance of $60 million of Series G 18% General and Refunding Mortgage Bonds. Other Interest expense consists primarily of short-term debt interest. The balance of short-term debt fluctuates due to the timing of long-term financings and day-to-day operational needs.

AFC (equity and borrowed) increased by $5.5 million in 1984 and $6.5 million in 1983 due to increased construction work in progress. This increase in 1984 would have been greater but for the company's election to discontinue the recognition of AFC on Seabrook 2 as of April 1, 1984.

Federal and state income tax increases resulted primarily from increases in pre-tax book income after the elimination of non-taxable AFC earnings.

Other Income

Other Income increased $5.3 million in 1984 as temporary cash investments increased for the purpose of funding a major portion of the company's anticipated 1984 capital requirements, including the pre-financing of its share of the cost to complete Seabrook 1 which was originally expected for 1984 but not made in 1984. See Note 4 to the Financial Statements.

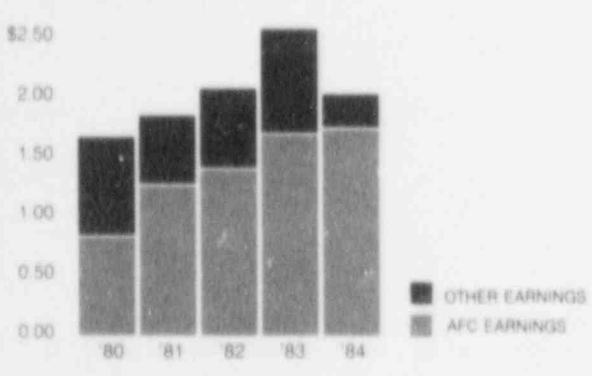
Liquidity and Capital Resources

Financings and Capitalization

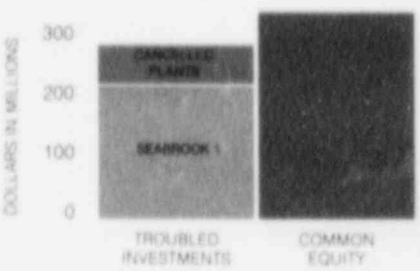
Prefunding for major anticipated financial commitments and contingencies dominated financial planning efforts during the year. During 1984 the company issued $60 million of Series G 18% General and Refunding Mortgage Bonds, established an $80 million secured Revolving Credit and Term Loan Agreement with several of its major banks and borrowed $40 million under this arrangement, issued $19.5 million of Pollution Control Notes and received $31.9 million proceeds from the issuance of common stock through a public offering and under the Dividend Reinvestment and Common Stock Purchase Program. The combined proceeds from these external financings were utilized to fund the ongoing construction requirements, pay down outstanding short and long term debt, establish a cash reserve of $80 million and for other general corporate purposes.

The company also implemented a cash conservation program. Operating expenditures were reduced by $3.7 million and construction expenditures of $4.4 million were deferred. Employee levels were reduced through an early retirement incentive program to their lowest level in many years. Employees represented by IBEW Local 1837 settled labor negotiations with a two-year contract providing increases of 3% per year. Salaried employee raises were held at about the same level except that 1984 merit raises for officers were deferred for payment in 1987 with their value tied to the performance of the company stock over the three-year period. The Mason Station

AFC PORTION OF TOTAL EARNINGS
(PER COMMON SHARE)



INVESTMENTS IN SEABROOK 1 AND CANCELLED PROJECTS VS. COMMON EQUITY



generating facility was deactivated, saving $800,000 per year in operation and maintenance costs while being preserved for reactivation.

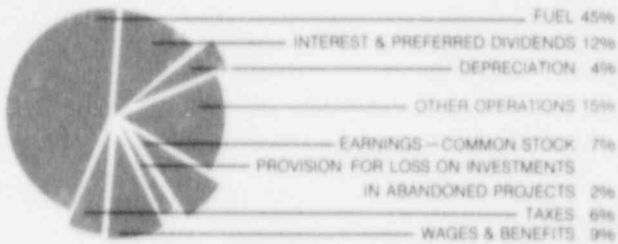
The company's capital requirements for 1985 are dependent upon the company's continued involvement in or disengagement from the Seabrook Project and the terms of such involvement or disengagement. On December 13, 1984 and January 16, 1985, the MPUC issued Orders which have cast a cloud of uncertainty over the continued participation of the company in the Seabrook Project. Any event affecting the company's participation in the Seabrook Project is likely to affect the composition of the company's 1985 financings including whether the company will be able to conduct any long-term financing. Absent the ultimate effect of any such order, the company anticipates that its 1985 capital requirements would be met by proceeds of offerings of $40 million of General and Refunding Mortgage Bonds, $30 million of preferred stock and approximately $16.5 million of common stock. Any sales of common stock are almost certain to be substantially less than book value, diluting the investment of the company's current common shareowners. In spite of management's reluctance to sell common stock under such circumstances, the maintenance of adequate common equity in the company's capital structure is one essential component for continued access to financial markets generally. Whether or when any such financings are consummated is dependent on the terms and financial consequences for the company of disengagement from or continued involvement in the Seabrook Project as well as market conditions and availability.

During 1984 credit ratings on the company's First and General Mortgage Bonds and its General and Refunding Mortgage Bonds were further downgraded by major rating agencies. In June 1984, Standard and Poor's rated the company's General and Refunding Bonds as below investment grade. The company's bond ratings at the time of this report are as follows:

	First and General Mortgage Bonds	General and Refunding Mortgage Bonds
Standard and Poor's	BBB –	BB +
Moody's	Baa^2	Baa^3
Duff and Phelps	11 (BB +)	12 (BB)

The effect of such downgradings is to reduce the market for, and increase the cost of, financings of such securities for the company.

WHERE EACH DOLLAR WENT



Liquidity

Cash and temporary cash investments increased by $67.7 million in 1984 over the December 31, 1983 balance of $14.0 million. In recent years, the company has funded its construction, securities retirements and working capital needs through external financings and, to a lesser degree, internally generated funds. The company has relied on short-term borrowings which are subsequently refinanced on a long-term basis with the timing of long-term financings based upon market conditions and economically sized issues of securities. In 1984 the company began to pre-finance certain cash requirements in the event that short-term borrowings might not be available. One of the company's major lenders has extended the company's line of credit, amounting to $25 million for a period of six months, through June 1985 rather than for the normal twelve month period. Access to short-term credit is an essential component of the company's financing requirements and day to day operations, especially during times when access to funds from the public market is limited because of uncertainty involving the Seabrook Project. Any elimination of significant credit lines or demand for payment of significant amounts borrowed under these lines could have a material and adverse effect on the company's affairs and financial condition, including its liquidity position.

Disengagement from the Seabrook Project could require a significant increase in cash payments for satisfaction of certain maintenance provisions of the company's First and General Mortgage Bond Indenture. The indenture requires a minimum annual expenditure, based on revenues, for the maintenance of the company's properties. The company has historically met these requirements in large part through the pledging of additional unencumbered property rather than through cash payments to the Trustee. Upon disengagement this option could be unavailable.

Disengagement from Seabrook absent timely and adequate rate relief would have a material and adverse effect on the company's affairs and financial condition. Such events could permit lenders under debt instruments to demand repayment of their loans in material amounts and would severely restrict or eliminate the ability of the company to pay dividends as well as having other material and adverse consequences. See Note 4 to the Financial Statements.

STATEMENT OF EARNINGS

(Dollars in Thousands Except Per Share Amounts)

	Year Ended December 31, 1984	1983	1982
Electric Operating Revenues (Notes 1 and 3)	**$515,407**	$456,117	$401,336
Operating Expenses			
Fuel Used for Company Generation	**78,012**	75,550	70,695
Purchased Power — Energy (Note 7)	**171,606**	140,084	115,605
Purchased Power — Other	**48,069**	41,316	40,889
Other Operation	**65,423**	57,161	52,202
Maintenance	**21,177**	20,754	18,916
Depreciation (Note 1)	**25,786**	25,843	24,516
Federal and State Income Taxes (Notes 1 and 2)	**19,760**	17,463	13,067
Local Property and Other Taxes	**12,655**	11,494	11,116
Total Operating Expenses	**442,488**	389,665	347,006
Equity in Earnings of Associated Companies (Note 7)	**4,306**	4,142	3,953
Operating Income	**77,225**	70,594	58,283
Other Income (Expense)			
Allowance for Equity Funds Used During Construction (Note 1)	**18,730**	15,735	12,608
Provision for Loss on Investments in Abandoned Projects (Note 4)	**(10,000)**	—	—
Other, Net	**3,771**	(1,543)	(718)
Total Other Income (Expense)	**12,501**	14,192	11,890
Income Before Interest Charges	**89,726**	84,786	70,173
Interest Charges			
Long-Term Debt (Note 8)	**49,590**	41,679	36,957
Other Interest	**5,222**	4,470	2,453
Allowance for Borrowed Funds Used During Construction (Note 1)	**(16,101)**	(13,612)	(10,192)
Total Interest Charges	**38,711**	32,537	29,218
Net Income	**51,015**	52,249	40,955
Dividends on Preferred Stock	**10,900**	7,574	7,392
Earnings Applicable to Common Stock	**$ 40,115**	$ 44,675	$ 33,563
Weighted Average Number of Shares of Common Stock Outstanding	**20,184,594**	17,803,797	16,630,925
Earnings Per Share of Common Stock	**$1.99**	$2.51	$2.02
Dividends Declared Per Share of Common Stock	**$1.68**	$1.90	$1.82

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

BALANCE SHEET

(Dollars in Thousands)

Assets	1984	December 31, 1983
Electric Property, at Original Cost (Notes 7, 8 and 9)	**$ 861,830**	$ 821,151
Less: Accumulated Depreciation (Note 1)	**274,599**	254,429
Electric Property In Service	**587,231**	566,722
Construction Work in Progress (Note 4)		
Jointly-Owned Nuclear Projects	**312,668**	280,186
Other Company Projects	**17,250**	14,319
Total Construction Work In Progress	**329,918**	294,505
Net Electric Property	**917,149**	861,227
Investments in Associated Companies, at Equity (Note 7)	**41,137**	41,232
Net Electric Property and Investments in Associated Companies	**958,286**	902,459
Current Assets		
Cash (Note 5)	**1,637**	2,472
Temporary Cash Investments	**80,000**	11,500
Accounts Receivable, Less Allowances for Uncollectible Accounts of $683 in 1984 and $638 in 1983		
Service — Billed	**44,673**	38,243
Service — Unbilled (Note 1)	**23,812**	23,096
Other Accounts Receivable	**11,053**	12,553
Fuel Oil, at Average Cost	**14,542**	16,079
Materials and Supplies, at Average Cost	**11,146**	10,609
Prepayments and Other Current Assets	**3,854**	3,529
Total Current Assets	**190,717**	118,081
Deferred Charges and Other Assets		
Unamortized Investments in Abandoned Projects, Net (Notes 1 and 4)	**34,636**	26,129
Other Deferred Charges and Other Assets	**12,145**	8,300
Deferred Charges and Other Assets, Net	**46,781**	34,429
Total Assets	**$1,195,784**	$1,054,969

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

BALANCE SHEET

(Dollars in Thousands)

Stockholders' Investment and Liabilities	December 31, 1984	1983
Capitalization (See Separate Statement)		
Common Stock Investment	**$ 344,472**	$ 307,093
Preferred Stock	**35,571**	35,571
Redeemable Preferred Stock (Note 8)	**81,265**	83,025
Long-Term Debt (Note 8)	**484,574**	379,975
Total Capitalization	**945,882**	805,664
Current Liabilities and Interim Financing		
Interim Financing (See Separate Statement) (Note 5)	**55,510**	69,000
Other Current Liabilities		
Sinking Fund Requirements	**5,534**	5,553
Accounts Payable	**48,139**	47,142
Dividends Payable	**10,146**	11,127
Accrued Interest	**11,912**	8,791
Accrued Income Taxes	**2,388**	2,213
Miscellaneous Current Liabilities	**10,309**	5,956
Total Current Liabilities	**88,428**	80,782
Total Current Liabilities and Interim Financing	**143,938**	149,782
Commitments and Contingencies (Notes 3, 4, and 7)		
Reserves and Deferred Credits		
Accumulated Deferred Income Taxes (Note 2)	**61,043**	50,464
Unamortized Investment Tax Credits (Note 2)	**38,680**	44,004
Other Reserves and Deferred Credits	**6,241**	5,055
Total Reserves and Deferred Credits	**105,964**	99,523
Total Stockholders' Investment and Liabilities	**$1,195,784**	$1,054,969

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

STATEMENT OF CAPITALIZATION AND INTERIM FINANCING

(Dollars in Thousands)

	December 31, 1984 Amount	1984 %	1983 Amount	1983 %
Capitalization (Note 8)				
Common Stock Investment:				
Common Stock, Par Value $5 Per Share — Authorized — 28,000,000 Shares Outstanding — 21,300,049 Shares in 1984 and 18,395,161 Shares in 1983	**$ 106,500**		$ 91,976	
Other Paid-in Capital	**142,050**		124,783	
Retained Earnings	**95,922**		90,334	
Total Common Stock Investment	**344,472**	**34.4%**	307,093	35.1%
Cumulative Preferred Stock:				
Preferred Stock — Not Subject to Mandatory Redemption (Note 8)	**35,571**	**3.6**	35,571	4.1
Preferred Stock — Subject to Mandatory Redemption (Note 8)	**83,025**		84,785	
Less: Current sinking fund requirements	**1,760**		1,760	
Total Preferred Stock — Subject to Mandatory Redemption	**81,265**	**8.1**	83,025	9.5
Long-Term Debt:				
Mortgage Bonds (Note 8)	**420,258**		384,902	
Less: Unamortized debt discount and premium-net	**245**		243	
Total Mortgage Bonds	**420,013**		384,659	
Other Long-Term Debt:				
Lease Obligation, 11.5%, in installments to 2021	**7,845**		7,859	
Pollution Control Facility Notes (Note 8)	**30,750**		11,250	
Revolving Credit Agreement, 103% of Base, due April 1, 1987 (Note 8)	**40,000**		—	
Total Other Long-Term Debt	**78,595**		19,109	
Less: Sinking fund requirements and current maturities	**14,034**		23,793	
Total Long-Term Debt	**484,574**	**48.4**	379,975	43.4
Total Capitalization	**945,882**	**94.5**	805,664	92.1
Interim Financing, Amounts to be Refinanced (Note 5):				
Pollution Control Bond Payable	**—**		11,000	
Bank Notes	**45,250**		—	
Commercial Paper	**—**		38,000	
Current Maturities of Long-Term Debt	**10,260**		20,000	
Total Interim Financing	**55,510**	**5.5**	69,000	7.9
Total Capitalization and Interim Financing	**$1,001,392**	**100.0%**	$874,664	100.0%

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

STATEMENT OF CHANGES IN COMMON STOCK INVESTMENT

For the Three Years Ended December 31, 1984
(Dollars in Thousands)

	Shares	Amount at Par Value	Other Paid-in Capital	Retained Earnings	Total
Balance—December 31, 1981	16,234,626	$81,173	$104,495	$76,685	$262,353
Add (Deduct)					
Net income				40,955	40,955
Cash dividends—					
Common Stock				(30,461)	(30,461)
Preferred Stock				(7,392)	(7,392)
Sales of Common Stock	897,698	4,489	7,433		11,922
Capital stock expense			124		124
Balance—December 31, 1982	17,132,324	85,662	112,052	79,787	277,501
Add (Deduct)					
Net income				52,249	52,249
Cash dividends—					
Common Stock				(34,128)	(34,128)
Preferred Stock				(7,574)	(7,574)
Sales of Common Stock	1,262,837	6,314	12,967		19,281
Capital stock expense			(236)		(236)
Balance—December 31, 1983	18,395,161	91,976	124,783	90,334	307,093
Add (Deduct)					
Net income				51,015	51,015
Cash dividends—					
Common Stock				(34,527)	(34,527)
Preferred Stock				(10,900)	(10,900)
Sales of Common Stock	2,904,888	14,524	17,360		31,884
Capital stock expense			(93)		(93)
Balance—December 31, 1984	**21,300,049**	**$106,500**	**$142,050**	**$95,922**	**$344,472**

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

Price Range and Dividends of Voting Stock

	1984 Market Price High	1984 Market Price Low	1984 Dividends Declared	1983 Market Price High	1983 Market Price Low	1983 Dividends Declared
Common Stock Traded N.Y.S.E.						
1st Quarter	**$14¾**	**$13**	**$ .49**	$17	$15⅜	$ .47
2nd Quarter	**13⅝**	**7⅞**	**.49**	16½	15½	.47
3rd Quarter	**11⅛**	**8¾**	**.35**	16¼	14½	.47
4th Quarter	**10⅜**	**8¾**	**.35**	16	14⅜	.49
6% Preferred Traded O.T.C.						
1st Quarter	*	*	**$1.50**	*	*	$1.50
2nd Quarter	*	*	**1.50**	*	*	1.50
3rd Quarter	*	*	**1.50**	*	*	1.50
4th Quarter	*	*	**1.50**	*	*	1.50

*There have been no quotations since June 1974.

STATEMENT OF SOURCES OF FUNDS FOR CONSTRUCTION

(Dollars in Thousands)

	Year Ended December 31, 1984	1983	1982
Funds Provided			
Internal Sources			
From Operations			
Net Income	**$ 51,015**	$ 52,249	$ 40,955
Depreciation	**25,786**	25,843	24,516
Deferred income taxes and investment tax credits, net	**21,334**	13,168	11,245
Provision for loss on investments in abandoned projects	**10,000**	—	—
Allowance for equity funds used during construction	**(18,730)**	(15,735)	(12,608)
	89,405	75,525	64,108
Less:			
Sinking fund requirements of long-term debt and Preferred Stock	**6,418**	2,349	2,478
Dividends declared	**45,427**	41,702	37,853
Other, net	**(1,810)**	(3,099)	(1,613)
	50,035	40,952	38,718
(Increase) decrease in working capital, exclusive of interim financing and sinking fund requirements			
Cash, temporary cash investments and receivables	**(73,311)**	(25,164)	1,078
Other current assets	**675**	2,179	1,550
Other current liabilities	**7,665**	12,606	17,679
	(64,971)	(10,379)	20,307
Internal Sources (Uses), Net	**(25,601)**	24,194	45,697
External Sources			
Common Stock	**31,884**	19,281	11,922
Preferred Stock	**—**	30,000	—
Long-term debt	**60,000**	60,000	—
Pollution Control Facility Notes	**19,500**	—	—
Revolving Credit and Term Loan Agreement	**40,000**	—	—
Increase (decrease) in short-term borrowings	**(3,750)**	(16,500)	42,000
Long-term debt refunded	**(20,000)**	(8,530)	—
Changes in investments	**57**	57	57
External Sources, Net	**127,691**	84,308	53,979
	$102,090	$108,502	$ 99,676
Funds Used for Construction			
Jointly-owned nuclear projects	**$ 70,297**	$ 75,903	$ 64,189
Other company projects	**50,523**	48,334	48,095
Allowance for equity funds used during construction	**(18,730)**	(15,735)	(12,608)
	$102,090	$108,502	$ 99,676

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

Notes to Financial Statements

Summary of Significant Accounting Policies

Regulation: The company's rates, operations, accounting and certain other practices are subject to the regulatory authority of the Public Utilities Commission of the State of Maine (MPUC) and the Federal Energy Regulatory Commission (FERC).

Depreciation: Depreciation of electric property is provided using the straight-line method. The effective composite rates were 3.09%, 3.25% and 3.27% for the years 1984, 1983 and 1982, respectively. On January 1, 1984 the company adopted new depreciation rates based on an independent consultant's study of the estimated remaining lives of the company's various classes of electric property and of their reserves for depreciation.

The company capitalizes all construction-related costs including Allowance for Funds Used During Construction. At the time depreciable property is retired, the original cost of the property, plus cost of removal less salvage, is charged to Accumulated Depreciation.

Electric Operating Revenues: Electric operating revenues include amounts billed to customers, estimated unbilled sales and unbilled fuel costs at the end of each reporting period.

The company's approved tariffs permit the dollar for dollar recovery of the cost of fuel used in company generating facilities as well as an allowed cost of capital associated with the financing of unbilled fuel. The approved tariffs also allow dollar for dollar recovery of the cost of the energy component of purchased power and its associated cost of capital.

Allowance for Funds Used During Construction (AFC): The company capitalizes as an element of the cost of construction an allowance for funds (including common equity funds) used to finance construction. The debt component of AFC is reflected as a reduction of interest expense while the equity component is recorded as other income. AFC, a non-cash, non-operating item, is thus recognized as a cost of constructing "Electric Property". Ratemaking practices historically have permitted the recovery of such financing costs, if prudently incurred, if and when the "Electric Property" is placed in service through their inclusion in rate base and in the provision for depreciation.

When a construction project is abandoned, or work on it is indefinitely delayed, the company stops recording AFC on that project. For additional information about the rate treatment of AFC recorded on the company's major construction projects, including abandoned projects, see Note 4 (Commitments and Contingencies).

The amount of AFC is determined by multiplying the average monthly dollar balance of construction work in progress (CWIP) by a monthly rate reflecting the overall weighted cost of capital including short-term borrowing balances and the cost of equity allowed in the MPUC's most recent rate decision. The average AFC rates produced by the company's monthly computations were 12.34%, 12.11% and 11.96% for 1984, 1983 and 1982, respectively.

Income Taxes: The company records income tax expenses as allowed for ratemaking purposes by the MPUC. The practices followed by the MPUC permit the company to recover Federal and state income taxes payable currently and to recover deferred taxes only when the tax law in effect, requires such treatment or when MPUC approval is granted on specific timing differences. Current tax law requires the company to defer Federal income taxes arising from the use of accelerated tax depreciation of property added subsequent to 1969. Deferred tax benefits associated with Unamortized Investments in Abandoned Projects are recorded as a reduction of the related investment. The income tax effect of other timing differences related to property, including AFC, is passed on or flowed through to customers in lower rates. See Note 2 (Income Taxes).

Subsidiaries: The company accounts for investments in its subsidiaries using the equity method. See Note 7 (Capacity Arrangements) for information on those subsidiaries that are related to energy production and transmission of electricity.

Unamortized Investments in Abandoned Projects: Costs of investments in abandoned generating projects are reported as assets, net of related deferred tax benefits, on the basis that they are currently being recovered or, if no rate treatment has been ordered, the company is seeking regulatory approval for their recovery. As of December 31, 1984, the company's request for recovery of $43,454,000, on an after tax basis, of these costs over a five-year period is pending before the MPUC. The Seabrook Unit 2 investment, net of taxes, amounts to $23,800,000. See Note 3 (Regulatory Matters) and Note 4 (Commitments and Contingencies) for additional information on these investments. The company does not earn any return on the unamortized costs associated with these investments.

The Financial Accounting Standards Board (FASB) has indicated that it intends to reexamine certain provisions of accounting standards dealing with the circumstances under which the costs of a terminated project may continue to be carried as an asset on the balance sheet and at what value. Among the matters under consideration by the

FASB is a proposal to record the unamortized cost of abandoned projects at their discounted present value. Since it is not known what changes, if any, will ultimately be adopted by the FASB, the company cannot predict whether the reexamination of these issues will result in any change in accounting for the costs of abandoned projects.

2. *Income Taxes*

The components of Federal and state income taxes reflected in the Statement of Earnings are as follows:

	Year Ended December 31,		
(Dollars in Thousands)	1984	1983	1982
Federal:			
Current	**$ (524)**	$ 1,972	$ 235
Deferred	**23,610**	6,430	5,746
Investment tax credits, net	**(5,324)**	6,663	5,965
	17,762	15,065	11,946
State:			
Current	**(1,050)**	2,323	1,587
Deferred	**3,048**	75	(466)
	1,998	2,398	1,121
Total Federal and state income taxes	**$19,760**	$17,463	$13,067

Deferred taxes recorded in 1984 reflect the deduction for tax purposes of the company's investment in the abandoned Sears Island Coal and Seabrook 2 projects. See Note 4 (Commitment and Contingencies). Federal income tax expense differs from the amount of tax computed by multiplying income before tax by the statutory Federal rate. The following table reconciles the Federal statutory rate to a rate determined by dividing the total Federal income tax expense by income before that expense.

	1984		1983		1982	
(Dollars in Thousands)	Amount	%	Amount	%	Amount	%
Statutory Federal income tax expense & rate	**$31,638**	**46.0%**	$30,964	46.0%	$24,335	46.0%
Permanent reductions in tax expense resulting from statutory exclusions from taxable income:						
Allowance for equity funds used during construction	**(8,616)**	**(12.5)**	(7,238)	(10.8)	(5,800)	(11.0)
Dividend received deduction related to earnings of associated companies	**(1,684)**	**(2.5)**	(1,619)	(2.4)	(1,546)	(2.9)
Other	**(892)**	**(1.3)**	(1,414)	(2.1)	(742)	(1.4)
	20,446	**29.7**	20,693	30.7	16,247	30.7
Effect of timing differences for which deferred taxes are not recorded (flow through):						
Allowance for borrowed funds used during construction	**(7,406)**	**(10.8)**	(6,261)	(9.3)	(4,688)	(8.8)
Provision for loss on investments in abandoned projects	**4,600**	**6.7**	—	—	—	—
Depreciation differences flowed through in prior years	**1,481**	**2.1**	1,649	2.5	1,790	3.4
Deduction of removal costs	**(650)**	**(.9)**	(753)	(1.1)	(933)	(1.8)
Other	**(709)**	**(1.0)**	(263)	(.4)	(470)	(.9)
Calculated Federal income tax expense & rate	**$17,762**	**25.8%**	$15,065	22.4%	$11,946	22.6%

As of December 31, 1984 cumulative net income tax timing differences for which deferred taxes have not been recorded totalled approximately $120,000,000. The company expects that the unrecorded costs associated with these timing differences will be recovered in the future in the form of higher rates to customers when the unrecorded deferred taxes become payable.

Investment tax credits utilized to reduce Federal income taxes currently payable are deferred and amortized over the lives of the related assets. At December 31, 1984, the company had approximately $23,900,000 of additional investment tax credits available to reduce future Federal income taxes otherwise payable.

3. *Regulatory Matters*

In December 1983, the MPUC rendered its decision in the company's 1983 retail rate case and granted the company a rate increase of $11,064,000.

In April 1984, a law was enacted removing certain restrictions on recovery of the costs of cancelled or abandoned electric generating facilities. In its December 1983 order, the MPUC had cited these restrictions as prohibiting timely recovery of the company's Pilgrim 2 investment, and had postponed consideration of that investment until a future proceeding. The new legislation provided that "in determining the ratemaking treatment for a utility's investment in canceled or abandoned electric generating facilities, the Commission shall balance the interests of the utility and ratepayers in a just and reasonable manner in each individual case". The legislation would still prohibit recovery of "any costs incurred imprudently in relation to an investment in a canceled or abandoned electric generating facility".

In June 1984, the MPUC commenced an investigation into the involvement in the Seabrook generating project (the "Seabrook Project") by three Maine utilities, including the company. The investigation is directed at, among other issues, the prudence of the utilities' Seabrook Project decisions as well as the reasonableness of any further investment by the utilities in the Seabrook Project. On December 13, 1984, the MPUC issued an order in the investigation to the effect that the utilities could continue to participate in the construction of Seabrook Unit 1 if they received by January 11, 1985, "credible firm offers" to buy their entire ownership interests at prices consistent with testimony on completion dates and sale value. The MPUC further stated that "prudent planning" required the assumption that such subsequent order would "unequivocally" require the Maine utilities to present plans for their complete disengagement from Seabrook within a short time after January 11, 1985. The company has appealed this action of the MPUC. On January 11, 1985, the Maine utilities, including the company, reported to the MPUC that they had been unable to obtain offers meeting these requirements. On January 16, 1985, the MPUC ordered the Maine utilities to file by February 8, 1985, "detailed plans to achieve their complete and timely disengagement from Seabrook", which plans would be subject to review and comment by parties to the proceeding until February 22, 1985. The order also required the submission on February 8, 1985, of written reports from the utilities summarizing the status of their solicitations of offers for their Unit 1 interests. The company, in response to the action of the MPUC, filed on February 8, 1985, a plan proposing alternatives for disengagement "consistent with its legal obligations under the Joint Ownership Agreement." For a discussion of possible consequences of the foregoing, see Note 4 (Commitments and Contingencies).

In August 1984, the company filed with the MPUC a request to increase retail revenues by $58,600,000. A substantial portion of the increase represents requested recovery of the company's investments in construction projects, including Seabrook Unit 2, considered by the company to have been cancelled or abandoned, and a portion of the carrying costs associated with Seabrook Unit 1. In connection with this proceeding, on March 12, 1985, the MPUC approved a Stipulation Agreement reached among the MPUC staff, the Maine Public Advocate and the company, permitting a $14,000,000 interim rate increase to become effective on March 13 and resolving certain issues for the purpose of permanent rates. The MPUC must issue a final decision on the company's rate request by May 31, 1985. The company cannot predict the outcome of this proceeding. For a discussion of the loss reserve provided in 1984 and possible future consequences of the foregoing, see Note 4 (Commitments and Contingencies).

4. *Commitments and Contingencies*

Summary of Significant Risks: Substantial uncertainty surrounds the company's continued participation in the Seabrook Project, including the extent of permitted additional funding by the company of the Project. See Note 3 (Regulatory Matters) for a description of the MPUC proceedings dealing with the possible disengagement by the Maine utilities from the Seabrook Project. In addition to the regulatory uncertainties in the State of Maine, the recent history of the Project includes, among other things, major delays in construction, substantial increases in estimated cost, increased regulatory involvement in several states and the weakened financial condition of, and cash-flow pressure on, a number of participants, particularly Public Service Company of New Hampshire. The company cannot conclusively assess the prospects for increased levels of construction at, or completion of construction or commercial operation of, Seabrook Unit 1.

The company, moreover, has filed with the MPUC a request for an increase in retail revenues as described in Note 3. The company is seeking in its request recovery of its investment in Seabrook Unit 2, Pilgrim 2 and the Sears Island coal project described below. No assurance can be given that the company will be permitted to recover its direct or AFC-related costs associated with these abandoned projects. In two prior rate orders the MPUC disallowed recovery of AFC on two previously cancelled projects. As a result of management's assessment of developments related to the Seabrook Project, its pending rate case, the MPUC's previous rate treatment of the company's investment in cancelled projects and the recent legislation discussed in Note 3, management has concluded that it is probable that the company will not be permitted to fully recover its investment in these abandoned projects. While it is not possible to precisely estimate the amount that may not be recovered, the company has recorded a loss reserve of $10,000,000 related to its investment in these abandoned projects. See Note 1 (Summary of Significant Accounting Policies — Unamortized Investments in Abandoned Projects) for a discussion of proposals to change the accounting standards relating to abandoned projects.

It is impossible to predict the action to be taken by the MPUC regarding disengagement by the company from Seabrook or the MPUC's responses to the company's rate request, including whether or the extent to which the company will be permitted to recover its abandoned plant investments or fixed charges thereon. However, if the company is required to disengage from Seabrook, or is permitted to continue its participation in Seabrook but Unit 1 is cancelled, and/or the company is denied recovery of abandoned project costs significantly in excess of amounts reserved, the result would be material and adverse, absent adequate and timely rate relief. More specifically, the ultimate consequences of such events could be to severely reduce the company's earnings in 1985 and future periods, severely reduce or eliminate the company's retained earnings, severely reduce or eliminate the company's capacity to pay dividends on capital stock, create a substantial likelihood that the company would be in violation of its loan agreements and mortgage indentures, or otherwise have a material and adverse effect on the affairs and financial condition of the company.

Construction Program: The company's load forecast, plans for improvements to existing generating facilities and the plans for the purchase of power are under a process of continuing review. Based on the company's current load forecast the company's energy load could be met through the early 1990's. The forecast assumes the completion of Millstone 3, certain company hydro expansions and the addition of significant amounts of cogeneration. The company's disengagement from the Seabrook Project would not significantly change the company's ability to meet these estimated load requirements.

Estimated construction expenditures for the company's transmission, distribution, hydro electric and other capital projects are based on the latest information available. Construction estimates for the Seabrook Project are based on the company's current estimates, which reflect an in-service date of October 1, 1987 for Unit 1 and abandonment of Unit 2 in 1984. Estimates for the jointly-owned Millstone 3 nuclear project are based on the August 1984 projections provided by Northeast Utilities, the utility responsible for the construction of that project. These projections represent a revision of its 1982 projections. Based upon the above information, the company's forecasted construction expenditures (assuming continued participation in the Seabrook Project) amount to $124,800,000 for 1985 and $217,300,000 for 1986 through 1989, not including AFC estimated to be $152,500,000, but including nuclear fuel acquisition costs of $11,900,000 for initial core and reloads.

These expenditures are as follows:

(Dollars in Thousands)

Type of Facilities	1985	1986-1989	Total 1985-1989
Seabrook 1, including initial fuel core	$70,100	$ —	$70,100
Nuclear fuel reloads	1,000	4,300	5,300
Millstone 3, including initial fuel core	13,300	2,200	15,500
Nuclear fuel reloads	—	4,800	4,800
Other Generating Projects	4,500	51,700	56,200
Transmission	2,100	21,100	23,200
Distribution	22,300	105,400	127,700
General	11,500	27,800	39,300
	$124,800	$217,300	$342,100

The company's forecasted expenditures excluding all costs related to Seabrook Unit 1 amount to $53,700,000 for 1985 and $213,000,000 for 1986 through 1989.

The company's investment in nuclear generating facilities (including the initial core of nuclear fuel and reloads), is set forth below:

(Dollars in Thousands)

Unit	In Service Date	Percent Ownership	Estimated Net Capability MW	Expenditures Through December 31, 1984 Direct	AFC	Total
Millstone 3						
(Northeast Utilities, Conn.)	1986	2.50	29	$57,700	$28,600	$86,300
Seabrook 1						
(Public Service of NH)	1987	6.04	69.5	156,900	69,600	226,500

Abandoned Construction Projects: In its 1980 and 1981 rate orders, the MPUC disallowed recovery of AFC on two nuclear projects cancelled prior to 1980. The company was allowed recovery of the remaining costs of its investments. As discussed in the Summary of Significant Risks above, the company has requested, in its August 1984 rate filing, recovery of the costs of subsequently abandoned projects. The following is a summary of the costs of those investments as of December 31, 1984:

(Dollars in Thousands)

Unit	Direct Expenditures	AFC	Less: Related Deferred Taxes	Total
Seabrook 2	$28,190	$9,625	$14,025	$23,790
Pilgrim 2	9,821	4,852	4,912	9,761
Sears Island Coal	7,300	6,115	3,512	9,903
Less: Provision for loss on investments in abandoned projects				(10,000)
Total				$33,454

The company determined in 1984 that completion of Seabrook Unit 2 was not economic. The company ceased capitalizing AFC on Unit 2 on April 1, 1984, shortly after a vote of the joint owners to cancel the Unit on December 1, 1984 subject to certain conditions which could not subsequently be met. In April 1984 the Seabrook participants amended their joint ownership agreement to provide that Unit 2 construction activity could not resume without the affirmative vote of participants owning at least 51% of the project. The company believes that the majority of the joint owners favor cancellation of Unit 2 and the company considers the unit abandoned. The company on March 19, 1985 secured a resolution of nearly all the joint owners that is intended to permit any joint owner to terminate its involvement in that unit if construction is restarted. In addition to the above expenditures, the company has requested recovery of approximately $5,000,000 for estimated future cancellation costs.

Boston Edison Company, the lead participant of Pilgrim 2, cancelled that nuclear generating project in 1981. As discussed in Note 3 (Regulatory Matters) legislative restrictions which prevented recovery of the costs of this project in 1983 have been repealed and the issues of recovery are before the MPUC.

The company cancelled its proposed Sears Island coal-fired project in March 1984.

5. *Interim Financing*

The company uses short-term borrowing under lines of credit with commercial banks to provide initial financing for construction and other corporate purposes including day-to-day operations. Existing lines of credit at December 31, 1984 totalled $74,300,000. Annual fees of 3/8 to 1/2 of 1% of the line are required on $71,500,000, while a compensating balance of 5% of the line is required on $2,500,000. Other credit arrangements amounting to $300,000 do not require fees or compensating cash balances. Such lines of credit are subject to periodic renewal during the year, at the discretion of the various banks, and are subject to provisions allowing cancellation and demand for payment upon material adverse events.

In December 1983, the MPUC approved a Eurodollar credit facility under which the company may issue and sell up to $13,500,000 in unsecured promissory notes with maturities ranging from one to six months. The company has an option to convert all or a portion of any note outstanding to a term loan with a maturity of up to five years. The credit facility calls for a commitment fee of .25% during the first two years and .375% during the last three years on the unused portion of available funds. The company has not to date borrowed under this credit facility, and it is uncertain whether it currently could meet the conditions to borrowing under this facility.

The company's Articles of Incorporation limit certain unsecured indebtedness that may be outstanding to 20% of capitalization, as defined (such permitted amount being $186,193,000 as of December 31, 1984). Such unsecured indebtedness, as defined, amounted to $76,000,000 as of December 31, 1984.

6. *Pension and Post-Employment Benefits*

The company has two non-contributory defined benefit pension plans which cover substantially all of its employees. The company's policy is to fund pension costs on an annual basis in amounts sufficient to satisfy the requirements of the Employee Retirement Income Security Act (ERISA). Annual pension expense, including amortization of prior service costs over thirty years, amounted to $3,471,000, $3,383,000 and $3,840,000 for 1984, 1983 and 1982, respectively. The relationship of accumulated benefits and assets of the plans are shown below.

	January 1, 1984	1983
Actuarial present value of accumulated benefits		
Vested	**$45,285,000**	$41,047,000
Nonvested	**3,578,000**	3,327,000
	48,863,000	44,374,000
Net assets available for benefits	**$58,169,000**	$52,801,000

The decrease in pension plan expense and the increase in the actuarial present value of accumulated benefits in 1983 reflect changes in the assumed rate of return on investments, rate of employee turnover and retirement ages. The assumed rate of return used to calculate the actuarial present value of accumulated benefits was increased from 6.25% in 1982 to 7.25% in 1983 and 1984.

In addition to providing pension benefits, the company provides certain health care and life insurance benefits for substantially all of its retired employees. These and similar benefits for active employees are provided through insurance companies acting either as an insurer or plan administrator, and premiums are based on the benefits paid during the year. The company recognizes the cost of providing these benefits through charging expense in the current period. Health care and life insurance benefits aggregated approximately $4,000,000 in 1984. The cost of providing life insurance benefits for 716 retirees and health insurance to 1,024 retirees or their spouses is not currently separable from the cost of providing similar benefits for the 1,897 active employees eligible for such benefits.

In 1984 the company offered an Early Retirement Incentive Program to 261 employees and 145 employees elected to participate. The expense of this program, which amounted to approximately $2,600,000, was charged to operations in 1984. Payment of benefits will be made through the pension plan with replacement funding over a period of 30 years.

7. Capacity Arrangements

Power Agreements: The company owns directly or indirectly a portion of the generating capacity and energy production of certain nuclear generating facilities (the four Yankee companies) and transmission facilities (Maine Electric Power Company, Inc., "MEPCo.") operated by associated utility companies and is obligated to pay its proportionate share of the generating or transmission costs, which include depreciation, a return on invested capital and the estimated cost of decommissioning the nuclear plants at the end of their estimated service lives.

Pertinent data related to these power agreements as of December 31, 1984 are as follows:

	Maine Yankee	Vermont Yankee	Connecticut Yankee	Yankee Atomic	MEPCo.
% of Ownership	38%	4%	6%	9.5%	78.1%
Contract Expiration Date	2002	2007	1998	1991	1985
Capacity (MW)	847	528	582	176	133
Company's Share of Capacity (MW)	317	19	35	17	4
Estimated Annual Current Costs (1984 Costs in Thousands)	$48,702	$4,202	$9,248	$5,750	$1,008
Company's Share of Long-Term Debt and Redeemable Preferred Stock (Thousands)	$72,474	$4,518	$7,005	$3,411	$5,625

Estimated costs of nuclear plant decommissioning are being collected through rates by the four Yankee companies. Effective January 15, 1985 Maine Yankee began collecting $4,000,000 annually for decommissioning, an increase of $2,200,000 over the previous collection amount. Under the terms of its power agreements, the company pays its ownership share (or entitlement share) of estimated decommissioning expense as a cost of purchased power. The estimated cost of decommissioning the Maine Yankee Plant, assuming immediate dismantlement and removal, is $115,500,000 (in 1984 dollars), of which, as of December 31, 1984, only $6,200,000 was funded. This estimate is based on an external engineering consultant's study. The four Yankee companies recognize the relative uncertainty of the future cost of decommissioning, the changing technology of decommissioning and the possibility of new requirements of the law and, therefore, recognize the need to constantly monitor and adjust decommissioning costs, if necessary, through supplemental rate filings.

Condensed financial information of Maine Yankee Atomic Power Company is as follows:

(Dollars in Thousands)	1984	1983	1982
Earnings:			
Operating Revenues	**$128,080**	$120,471	$110,000
Operating Income	**21,288**	19,549	18,621
Net Income	**7,495**	7,216	7,293
Earnings Applicable to Common Stock	**6,730**	6,437	6,477
Company's Equity Share of Net Earnings	**2,557**	2,446	2,461
Investment:			
Net Electric Property and Nuclear Fuel	**$327,894**	$332,738	$324,431
Current Assets	**27,145**	41,406	21,373
Deferred Charges and Other Assets	**16,036**	13,961	32,846
Total Assets	**371,075**	388,105	378,650
Less:			
Redeemable Preferred Stock	**10,069**	10,296	10,796
Long-Term Debt	**180,350**	187,700	185,140
Current Liabilities	**18,150**	34,347	23,718
Reserves and Deferred Credits	**95,128**	88,889	92,185
Net Assets	**$ 67,378**	$ 66,873	$ 66,811
Company's Equity in Net Assets	**$ 25,604**	$ 25,412	$ 25,388

The company also has a nearly 60% ownership interest in the jointly-owned, but company-operated, 619 megawatt oil-fired W.F. Wyman Unit No. 4. The company's share of the operating cost of this Unit is included in the appropriate expense categories in the Statement of Earnings. The company's plant in service and related accumulated depreciation attributable to the Unit as of December 31, 1984 and 1983 are as follows:

(Dollars in Thousands)	1984	1983
Plant in Service	**$114,943**	$114,619
Accumulated Depreciation	**$ 21,360**	$ 17,679

8. *Capitalization*

Common Stock: Through the Dividend Reinvestment and Common Stock Purchase Plan, holders of common stock, employees and company customers can purchase shares of common stock directly from the company without incurring brokerage commissions or service charges. Shares may be purchased by automatically reinvesting all or a portion of their dividends or through optional cash payments. As of December 31, 1984 the company had 1,401,877 shares of common stock available for issuance under this plan.

In 1984 the company issued 1,000,000 common stock shares through a public offering, 1,834,708 shares through the Dividend Reinvestment and Common Stock Purchase Plan and 70,180 shares through the company's Employee Stock Ownership Plan.

In September 1984, the company reduced the third quarter dividend on its common stock from $.49 to $.35 per share. Dividends on common stock for the fourth quarter were $.35 per share.

Retained Earnings: Under terms of the indentures securing the company's Mortgage Bonds and the company's Articles of Incorporation, no dividend may be paid on the common stock of the company if such dividend would reduce retained earnings below $30,334,000. At December 31, 1984, $65,588,000 of retained earnings was not so restricted.

Mortgage Bonds: Under the terms of the Indenture securing the First and General Mortgage Bonds, substantially all of the company's electric utility property is subject to a first mortgage lien. Bonds issued under the General and Refunding Mortgage Indenture are subject to the prior lien of the First and General Mortgage until the First and General Mortgage Bonds have been retired.

Mortgage Bonds outstanding at December 31, 1984 and 1983 were as follows (dollars in thousands):

Series	Interest Rate	Maturity	1984	1983
First and General Mortgage Bonds:				
V	3⅜%	April 1, 1985	**$ 10,260**	$ 10,270
W	4⅞	May 1, 1987	**15,373**	15,599
X	5¼	November 1, 1990	**5,145**	5,280
Y	7½	May 1, 1999	**27,490**	27,751
Z	9.30	August 1, 1995	**32,384**	32,505
AA	7.70	July 1, 1997	**23,356**	23,497
BB	10.65	August 15, 1984	**—**	20,000
General and Refunding Mortgage Bonds:				
A	9⅝%	May 1, 2006	**35,000**	35,000
B	9⅝	October 1, 2003	**23,750**	25,000
C	10½	October 15, 1999	**37,500**	40,000
D	16⅛	May 1, 1991	**45,000**	45,000
E	15⅝	December 1, 1991	**45,000**	45,000
F	12¼	May 1, 2013	**60,000**	60,000
G	18	September 15, 1994	**60,000**	—
Total Mortgage Bonds			**$420,258**	$384,902

All or any part of each outstanding series of First and General Mortgage Bonds may be redeemed by the company at any time at established redemption prices plus accrued interest to the date of redemption. The company's outstanding series of General and Refunding Mortgage Bonds may also be redeemed at established redemption prices plus accrued interest to date of redemption subject to certain refunding limitations.

The annual sinking fund requirements for First and General Mortgage Bonds (1% of maximum principal amount of series outstanding) may be met by payment in cash or repurchased bonds or, up to one-half of their amounts, by the certification of additional property. The Series A, D, E and F General and Refunding Mortgage Bonds have no sinking fund. The Series B General and Refunding Mortgage Bonds have a five percent mandatory cash sinking fund commencing in 1984 and, at the option of the company, a non-cumulative five percent cash sinking fund limited to one-third of the aggregate principal amount of Series B Bonds issued. The Series C General and Refunding Mortgage Bonds have a six and one-quarter percent mandatory cash sinking fund commencing in 1984, and a non-cumulative optional cash sinking fund, not to exceed the amount of the mandatory cash sinking fund and limited to thirty-one and one-quarter percent of the aggregate principal amount of Series C Bonds issued. The Series G General and Refunding Mortgage Bonds have a fourteen percent mandatory cash sinking fund commencing in 1988, and a non-cumulative optional cash sinking fund, not to exceed the amount of the mandatory sinking fund and limited to twenty-five percent of the aggregate principal amount of Series G Bonds issued.

The company intends to meet one-half ($570,000) of the 1985 sinking fund requirements for the First and General Mortgage Bonds through the certification of additional property. Sinking fund requirements and maturing debt issues (net of $917,000 purchased in advance) for the five years ending December 31, 1989 are as follows (dollars in thousands):

Year	Sinking Fund	Maturing Debt	Total
1985	$4,344	$10,260	$14,604
1986	4,630	—	4,630
1987	4,699	15,221	19,920
1988	13,101	—	13,101
1989	13,115	—	13,115

Revolving Credit Agreement: In May 1984 the company entered into a three year revolving credit and term loan agreement with several banks providing for loans of up to $80 million in the aggregate. Loans made to the company are secured by the major portion of the company's 38% common stock interest in Maine Yankee Atomic Power Company and carry an interest rate of 103% of the agent bank's base rate. Borrowings under this agreement may be converted to term loans on or before April 1, 1987 at a rate of 108% of the agent bank's base rate. Quarterly fees of one-half of 1% per annum are required on the unused portion of the line as well as a quarterly agent's fee of $20,000. At December 31, 1984 borrowings under this agreement amounted to $40 million. Future borrowings, and conversion to term loans in 1987, are subject to satisfaction by the company of various conditions, including the absence of material adverse events. It is uncertain whether the company currently could meet such conditions. The sale or disengagement of or from the company's interest in Seabrook Unit 1 is likely to require the consent of the banks under the facility.

Pollution Control Facility Notes: Pollution control facility notes outstanding at December 31, 1984 and 1983 were as follows (dollars in thousands):

Series	Interest Rate	Maturity	1984	1983
Yarmouth Installment Notes	6¾%	June 1, 2002	**$10,250**	$10,250
Yarmouth Installment Notes	6¾	December 1, 2003	**1,000**	1,000
Industrial Development Authority of the State of New Hampshire	Variable	May 1, 2014	**11,000**	—
	Variable	May 1, 2014	**8,500**	—
			$30,750	$11,250

The bonds issued by the Industrial Development Authority of the State of New Hampshire are supported by loan agreements between the company and the Authority. The bonds are also supported by a major bank's letters of credit, which, unless their extension provisions are exercised by the company and the bank, will expire in 1989. Expiration of the supporting letters of credit without corresponding replacements, or the determination that interest payments to bondholders are not exempt from Federal taxation, would result in the mandatory redemption of the bonds. In addition, disengagement by the company from or sale of the relevant pollution control facility (at the Seabrook site) would, under certain circumstances, require the mandatory redemption of the $8,500,000 issue of bonds. Bond redemptions result in an acceleration of the company's payment obligation under the loan agreements. The bond agreements call for a variable rate based upon the minimum rate of interest which, in the opinion of a specified Remarketing Agent, would be necessary to remarket the bonds in a secondary market at par plus accrued interest. The variable rate is subject to a maximum of 15%. At the option of the company (and under certain limited circumstances, on a mandatory basis), the bonds are subject to conversion to a fixed rate with similar limitations. At December 31, 1984 the variable interest rates on the $11,000,000 and $8,500,000 issues were 6.8% and 6.2%, respectively.

Preferred Stock: Preferred stock balances outstanding as of December 31, 1984 and 1983 were as follows (dollars in thousands, except per share amounts):

			1984	1983
Preferred Stock — Not Subject to Mandatory Redemption:				
Par Value $25 Per Share —				
Authorized — 2,000,000 Shares				
Outstanding — None			**$ —**	$ —
Par Value $100 Per Share —				
Noncallable, Voting, 6% — Authorized and Outstanding — 5,713 Shares			**571**	571
Dividend Series, Callable —				
Authorized — 2,300,000 Shares				
Rate	Current Outstanding Shares	Current Redemption Price		
3.50%	220,000	$101.00	**22,000**	22,000
4.60	30,000	101.00	**3,000**	3,000
4.75	50,000	101.00	**5,000**	5,000
5.25	50,000	102.00	**5,000**	5,000
Total Preferred Stock — Not Subject to Mandatory Redemption			**$35,571**	$35,571
Redeemable Preferred Stock — Subject to Mandatory Redemption:				
8.40%	208,750 in 1984 222,500 in 1983	$106.30	**$20,875**	$22,250
$11.25	71,500 in 1984 75,350 in 1983	105.63	**7,150**	7,535
11.75%	250,000	111.75	**25,000**	25,000
12.75	300,000	112.75	**30,000**	30,000
Total Redeemable Preferred Stock — Subject to Mandatory Redemption			**$83,025**	$84,785

Sinking fund provisions for the $11.25, 8.40%, 11.75% and the 12.75% Series Preferred Stock require the company to redeem all shares at par plus an amount equal to dividends accrued to the redemption date on the basis of 3,850 shares annually for the $11.25 Series, 13,750 shares annually for the 8.40% Series, 10,000 shares annually beginning in 1986 for the 11.75% Series and 15,000 shares annually beginning in 1990 for the 12.75% Series. The company also has the non-cumulative right to redeem up to 13,750 additional shares of the 8.40% Series annually and up to 10,000 shares of the 11.75% Series annually beginning in 1986 and 15,000 additional shares of the 12.75% Series annually beginning in 1990 at par plus an amount equal to dividends accrued to the redemption date. The annual sinking fund requirements for the five years ending December 31, 1989 are as follows: 1985 — $1,760,000; 1986 through 1989 — $2,760,000.

9. *Supplementary Information To Disclose The Effects Of Changing Prices (Unaudited)*

The following information is provided in accordance with the requirements of Statements of Financial Accounting Standards Numbers 33 and 82 and is intended to be viewed as an estimate of the approximate effect of inflation rather than as a precise measure. These accounting standards were issued as a result of the impact of general inflation and changes in specific prices which have caused distortions in traditional accounting measurements of income and capital. Although inflation has decreased substantially in recent years, the replacement of existing plant occurs at a significantly higher cost than the historical cost which is or has been recovered through depreciation.

Current Cost Accounting: This method of accounting reflects changes in specific prices of property used in the company's operation from the time of acquisition of the property to the present. Current cost amounts of electric generation and transmission plant are estimated based on engineering studies of the current cost of constructing the present mix of generation and transmission facilities. The current cost of distribution and other plant is determined primarily by indexing the surviving plant by the Handy-Whitman Index of Public Utility Construction Costs. Depreciation under the current cost method is computed by applying the same depreciation percentage rates used in the historical cost statements to the current cost property amounts.

Effects of Rate Regulation: Under present ratemaking practices only the depreciation of historical cost of utility property is recoverable through rates. The excess of the cost of utility property as stated in terms of current costs over the historical cost, resulting from inflation, is not recoverable in rates as depreciation, and is reflected as a reduction to the net recoverable cost.

During a period of inflation, holders of monetary assets, such as cash or a claim to receive a fixed amount of money, suffer a loss of general purchasing power while holders of monetary liabilities, such as an obligation to pay a fixed amount of money, experience a gain. The gain from the decline in purchasing power of net amounts owed is primarily attributable to the substantial amount of debt which has been used by the company to finance the plant. Because of regulation the company does not have the opportunity to realize a holding gain on debt and is limited to recovery of only the embedded cost of debt capital.

Fuel inventories are treated as monetary assets since regulation limits the recovery of fuel under the company's fuel adjustment clause to actual costs.

Income statement items other than depreciation have not been adjusted. The company's operation and maintenance expenses include the average effects of changing prices during the periods reviewed and, therefore, no adjustments have been made to them. Historical income tax expense is not adjusted since only historical costs are deductible for income tax purposes.

Statement Of Earnings Adjusted For Changing Prices For the Year Ended December 31, 1984

(In Thousands of Average 1984 Dollars)

	Current Cost (Measured in Terms of Specific Replacement Prices)
Earnings Applicable to Common Stock, As Reported	**$40,115**
Erosion of Common Stock Investment Because of Changing Prices	
Cost in excess of the original cost of productive facilities not recoverable in rates as depreciation*	
Reported as an additional provision for depreciation	**43,000**
Reported as an adjustment to net recoverable cost	**(4,800)**
	38,200
Excess of increase in the current year in the specific level of prices (current cost) over general price changes	**(2,200)**
Total amount not specifically recoverable in rates	**36,000**
Offsetting effect of debt and preferred stock financing	**23,500**
Net erosion of Common Stock Investment	**12,500**
Earnings Applicable to Common Stock, As Adjusted	**$27,615**

*At December 31, 1984, current cost of property, plant and equipment, net of the interpolated accumulated depreciation, was $1,272,318, while historical cost or the net cost recoverable through actual depreciation charges was $587,231.

Five Year Comparison of Selected Supplementary Financial Data Adjusted for Effects of Changing Prices

(In Millions of Average 1984 Dollars, Except Per Share Amounts)

	Year Ended December 31,				
	1984	1983	1982	1981	1980
Operating Revenues					
Historical, as reported	**$515.4**	$456.1	$401.3	$ 361.7	$335.3
Adjusted for general inflation	**515.4**	475.5	431.8	413.1	422.7
General Information					
Gain from decline in purchasing power of net amounts owed (monetary liabilities)	**$ 23.5**	$ 21.7	$ 20.1	$ 43.9	$ 59.0
Net assets at year end at recoverable cost					
Historical, as reported	**$344.5**	$307.1	$277.5	$ 262.4	$235.7
Adjusted for general inflation	**339.7**	314.8	295.2	290.0	283.8
Dividends declared per share					
Historical, as reported	**$ 1.68**	$ 1.90	$ 1.82	$ 1.74	$ 1.66
Adjusted for general inflation	**1.68**	1.98	1.96	1.99	2.09
Market price per share at year end					
Historical, as reported	**$ 9.75**	$14.50	$17.00	$12.375	$12.25
Adjusted for general inflation	**9.61**	14.86	18.09	13.68	14.75
Average consumer price index	**311.1**	298.4	289.1	272.4	246.8
Current Cost Information					
Loss applicable to Common Stock adjusted for additional depreciation	**$ (2.9)**	$ —	$ (9.1)	$ (15.1)	$ (17.9)
Loss per share applicable to Common Stock adjusted for additional depreciation	**(.14)**	—	(.55)	(1.04)	(1.45)
Increase in specific price level (current cost) over (under) increase in general prices after adjustment to net recoverable cost	**7.0**	13.6	14.2	(23.1)	(48.3)

Report of Independent Public Accountants

To the Board of Directors of Central Maine Power Company:

We have examined the balance sheet and statement of capitalization and interim financing of Central Maine Power Company (a Maine corporation) as of December 31, 1984 and 1983, and the statements of earnings, changes in common stock investment and sources of funds for construction for each of the three years in the period ended December 31, 1984. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As more fully discussed in Note 4, the company has an investment as of December 31, 1984 $226,500,000 (including $69,600,000 of allowances for funds used during construction (AFC)) in Unit 1 of the Seabrook Project. There are significant uncertainties as to the completion, commercial operation and the company's continued involvement in that project. Should Seabrook Unit 1 be cancelled or the company's involvement with the project be terminated, full recovery of its investment would require regulatory approval by the Maine Public Utilities Commission. As also more fully discussed in Note 4, the company has an ownership interest in Seabrook Unit 2 which it considers abandoned. The company's net investment in that unit and two other cancelled generating projects as of December 31, 1984 amounted to $43,500,000 (net of deferred tax benefits of $22,400,000 but including AFC of $20,600,000). As of December 31, 1984, the company has recorded a loss reserve of $10,000,000 in connection with these investments in abandoned and cancelled projects. Recovery of the remaining unreserved portion of the company's investments in these abandoned and cancelled projects also will require regulatory approval, which the company is seeking in its current rate filing discussed in Note 3. It is not possible to estimate what amount, if any, in excess of the loss reserve on the company's investments in the Seabrook Project and the two cancelled projects may not be recovered.

In our opinion, subject to the effect of such adjustments, if any, as might have been required had the outcome of the uncertainties referred to in the preceding paragraph been known, the financial statements referred to above present fairly the financial position of Central Maine Power Company as of December 31, 1984 and 1983, and the results of its operations and its sources of funds for construction for each of the three years in the period ended December 31, 1984, in conformity with generally accepted accounting principles applied on a consistent basis.

ARTHUR ANDERSEN & CO.

Boston, Massachusetts
March 21, 1985

STATISTICAL REVIEW 1974-84

Central Maine Power Company

	1984	1983	1982	1981
Total Revenues (Dollars in Thousands)				
Residential	**$ 197,962**	$167,929	$168,785	$157,042
Commercial	**120,374**	101,505	99,682	95,629
Industrial	**159,860**	129,380	116,306	108,866
Electric Utilities	**4,186**	3,600	3,356	3,570
Lighting	**7,213**	6,653	6,688	6,174
Total Service Area Revenues	**$ 489,595**	$409,067	$394,817	$371,281
Total Operating Revenues	**$ 515,407**	$456,117	$401,336	$361,670
Kilowatt-hour Sales (Thousands)				
Residential	**2,636,213**	2,481,073	2,453,310	2,338,745
Commercial (a)	**1,668,310**	1,561,584	1,503,641	1,479,267
Industrial (a)	**3,231,237**	2,959,857	2,506,696	2,273,216
Electric Utilities	**85,466**	79,537	76,611	82,735
Lighting	**44,074**	44,347	46,326	47,638
Total Service Area Sales	**7,665,300**	7,126,398	6,586,584	6,221,601
Annual Percentage Change—Service Area Sales	**7.6%**	8.2%	5.9%	3.0%
Electric Customers (Average)				
Residential	**370,836**	363,387	356,838	345,089
Commercial and Industrial	**43,545**	42,040	41,042	39,969
Electric Utilities	**3**	3	3	4
Lighting	**395**	394	394	391
Total Service Area Customers	**414,779**	405,824	398,277	385,453
Annual Percentage Change—Total Customers	**2.2%**	1.9%	3.3%	1.4%
Residential Sales Averages				
Annual Kilowatt-hours Used	**7,109**	6,828	6,875	6,777
Revenue per Kilowatt-hour	**7.51¢**	6.77¢	6.88¢	6.71¢
Annual Bill	**$ 534**	$ 462	$ 473	$ 455
Revenue Per Retail Kilowatt-hour	**6.40¢**	5.75¢	6.01¢	5.99¢
Net Income (Thousands)	**$ 51,015**	$ 52,249	$ 40,955	$ 33,645
Capitalization (Thousands)				
Short-term Debt	**$ 45,250**	$ 49,000	$ 65,500	$ 23,500
Long-term Debt	**494,834**	399,975	353,123	353,861
Redeemable Preferred Stock	**81,265**	83,025	54,785	56,545
Preferred Stock	**35,571**	35,571	35,571	35,571
Common Shareholders' Equity	**344,472**	307,093	277,501	262,353
Total	**$1,001,392**	$874,664	$786,480	$731,830
Common Stock Data				
Earnings Applicable to Common Stock (Thousands)	**$ 40,115**	$ 44,675	$ 33,563	$ 26,195
Earnings Per Average Share of Common Stock	**$ 1.99**	$ 2.51	$ 2.02	$ 1.81
AFC Earnings Per Share	**$ 1.73**	$ 1.65	$ 1.37	$ 1.24
Dividends Declared Per Share	**$ 1.68**	$ 1.90	$ 1.82	$ 1.74
Payout Ratio	**91%**	75%	89%	96% (b)
Price/Earnings Ratio	**5X**	6X	8X	7X
Shares Outstanding—Average	**20,184,594**	17,803,797	16,630,925	14,458,788
Number of Common Shareholders	**51,078**	51,632	52,666	51,947
% Earned on Average Common Equity	**12.3%**	15.3%	12.4%	10.5%
Dividend Cash Coverage Ratio	**1.7X**	1.6X	1.6X	1.6X (b)
Yield	**16.1%**	12.0%	12.4%	14.1% (b)
Book Value Per Share	**$16.17**	$16.69	$16.20	$16.16
Generation Mix (% of Total KWH)				
Hydro	**18%**	17%	20%	20%
Nuclear	**28**	31	31	35
Oil	**26**	25	38	36
Canadian	**17**	17	6	7
Local Non-Utility	**11**	10	5	2
Total	**100%**	100%	100%	100%
Miscellaneous				
Average Annual Interest Rate on Bonds	**11.96%**	10.92%	10.49%	10.48%
Ratio of Earnings to Fixed Charges (c)	**2.3X**	2.4X	2.3X	2.0X
Average Annual Dividend Rate on Preferred Stock	**9.08%**	9.07%	7.88%	7.90%
Net System Capability at Time of Peak—MW	**1,554**	1,524	1,465	1,490
System Peak Demand—MW	**1,288**	1,289	1,259	1,209
Reserve Margin at Time of Peak	**21%**	18%	16%	23%
System Load Factor	**72%**	68%	64%	63%
Total Average Fuel Cost Per KWH	**2.96¢**	2.60¢	2.61¢	2.56¢
Fuel Cost as a % of Operating Revenues	**48%**	47%	46%	47%
Number of Employees—Year End	**1,971**	2,103	2,082	2,018
Net Utility Plant (Thousands)	**$917,149**	$861,227	$765,554	$692,034
Total Assets (Thousands)	**$1,195,784**	$1,054,969	$933,593	$849,384
Construction Expenditures (Thousands)	**$120,820**	$124,237	$112,284	$101,201
Internally Generated Funds as a % of Construction Requirements (includes AFC)	**0%**	34%	54%	46%
Effective Income Tax Rate	**27.9%**	25.1%	24.2%	21.7%

(a) Commercial and industrial kilowatt-hours sales for period 1974-1981 were revised to conform to current presentation, by SIC code.
(b) Based on dividends declared.
(c) Ratio calculation revised in 1983, and adjusted retroactively, to reflect change in SEC methodology.

1980	1979	1978	1977	1976	1975	1974
$137,229	$108,550	$ 88,815	$ 83,590	$ 71,557	$ 67,314	$ 54,332
83,801	63,545	49,374	47,030	41,066	41,412	34,868
88,377	60,488	46,280	43,216	31,463	28,289	26,230
3,212	2,390	1,750	1,775	1,362	1,438	1,296
5,694	5,059	4,543	4,398	3,971	3,622	3,322
$318,313	$240,032	$190,762	$180,009	$149,419	$142,075	$120,048
$335,265	$271,764	$208,176	$188,309	$155,005	$146,399	$131,893
2,335,368	2,352,509	2,319,602	2,213,823	2,143,942	1,915,633	1,819,947
1,461,569	1,416,900	1,352,757	1,309,598	1,305,115	1,306,363	1,225,058
2,108,747	2,053,028	2,044,383	1,924,543	1,636,906	1,462,381	1,529,860
83,102	78,836	76,768	75,180	79,149	79,251	78,666
49,735	50,507	50,573	49,358	48,322	45,803	43,936
6,038,521	5,951,780	5,844,083	5,572,502	5,213,434	4,809,431	4,697,467
1.5%	1.8%	4.9%	6.9%	8.4%	2.4%	4.6%
340,351	335,474	330,655	323,562	316,487	306,569	299,493
39,538	39,430	39,285	38,914	38,358	37,404	36,865
4	5	4	4	4	5	5
392	390	390	392	387	375	370
380,285	375,299	370,334	362,872	355,236	344,353	336,733
1.3%	1.3%	2.1%	2.1%	3.2%	2.3%	2.7%
6,862	7,012	7,015	6,842	6,774	6,249	6,077
5.88¢	4.61¢	3.83¢	3.78¢	3.34¢	3.51¢	2.99¢
$ 403	$ 324	$ 269	$ 258	$ 226	$ 220	$ 181
5.29¢	4.05¢	3.28¢	3.24¢	2.88¢	2.97¢	2.57¢
$ 26,427	$29,643	$ 29,611	$ 21,001	$ 16,940	$ 14,671	$ 11,624
$ 66,198	$ 60,592	$ 41,391	$ 31,073	$ 15,400	$ 14,000	$ 35,700
279,152	254,699	236,391	225,228	228,576	199,065	168,630
58,305	33,690	34,075	34,460	9,845	10,230	10,615
35,571	35,571	35,571	35,571	35,571	35,571	35,571
235,711	214,022	203,600	167,954	139,387	122,355	111,182
$674,937	$598,574	$551,028	$494,286	$428,779	$381,221	$361,698
$ 20,647	$ 25,044	$ 24,969	$ 18,275	$ 14,310	$ 12,058	$ 10,108
$ 1.67	$ 2.10	$ 2.19	$ 1.87	$ 1.75	$ 1.70	$ 1.48
$ .88	$ .53	$ 1.05	$ .80	$ .54	$ .23	$ .09
$ 1.66	$ 1.55	$ 1.46	$ 1.41	$ 1.35½	$ 1.34	$ 1.34
99%	74%	67%	75%	77%	79%	91%
7X	6X	7X	9X	9X	8X	7X
12,357,075	11,899,435	11,378,432	9,748,304	8,163,930	7,082,622	6,825,636
50,015	48,915	49,621	45,613	41,497	38,989	36,840
9.2%	12.0%	13.4%	11.9%	10.9%	10.3%	9.1%
2.0X	2.6X	2.5X	2.4X	2.6X	2.7X	2.5X
12.9%	10.9%	9.3%	8.6%	8.9%	10.4%	9.7%
$16.89	$17.73	$17.25	$16.67	$16.44	$16.26	$16.29
15%	19%	22%	24%	26%	25%	29%
30	33	39	39	47	41	33
48	42	31	24	22	32	36
6	5	7	12	4	1	1
1	1	1	1	1	1	1
100%	100%	100%	100%	100%	100%	100%
8.38%	8.23%	7.69%	7.45%	7.38%	6.65%	6.16%
2.0X	2.7X	3.0X	2.5X	2.4X	2.4X	2.2X
7.91%	6.55%	6.58%	6.60%	5.66%	5.71%	5.75%
1,523	1,526	1,290	1,348	1,268	1,119	1,142
1,193	1,207	1,173	1,124	1,089	1,035	903
28%	26%	10%	20%	16%	8%	27%
63%	61%	62%	62%	60%	58%	65%
2.52¢	1.56¢	0.98¢	0.89¢	0.63¢	0.81¢	0.73¢
49%	37%	30%	29%	23%	29%	29%
2,008	2,000	1,971	1,962	1,948	1,947	1,940
$625,796	$552,384	$513,170	$459,695	$397,905	$342,681	$307,597
$795,041	$694,837	$634,041	$559,487	$483,425	$425,072	$397,734
$ 97,928	$ 60,068	$ 69,982	$ 84,713	$ 65,333	$ 49,743	$ 32,419
21%	32%	31%	27%	37%	63%	0%
25.6%	36.3%	30.9%	32.9%	34.9%	36.0%	32.7%

Management

Central Maine Power Company Board of Directors (clockwise from bottom left) listed below.

Board of Directors

***George H. Ellis* **65**
Boston, Massachusetts
Chairman of The Board of the Company
Retired President and Chief Executive Officer
Home Savings Bank

*****Priscilla A. Clark** 62
Portland, Maine
Vice President and Treasurer
Casco Bay College

***Leon A. Gorman** 50
Yarmouth, Maine
President
L.L. Bean, Inc. (Sporting Goods)

*****James H. Titcomb** 67
Sanford, Maine
Partner
Titcomb, Fenderson & Knight
Attorneys

*****Carlton D. Reed, Jr.** 54
Woolwich, Maine
President
Reed and Reed, Inc. (Construction)

****Colin C. Hampton** 62
Portland, Maine
President
Union Mutual
Life Insurance Company

(Effective April 19, 1984)

****John J. Russell** 57
Portland, Maine
Senior Vice President and Treasurer
Hannaford Bros. Co. (Food Distribution)

Galen L. Cole
(Retired from Board December 27, 1984)

****E. James Dufour** 50
Skowhegan, Maine
Vice President and Treasurer
William Philbrick Company
(General Insurance & Real Estate)

Charles E. Monty 57
Augusta, Maine
Executive Vice President
and Chief Operating Officer

****John W. Rowe** 39
Augusta, Maine
President and Chief Executive Officer

Galen L. Cole, President of Cole Enterprises, retired from Central Maine Power Company's Board of Directors December 27, 1984. He served at various times on the Executive, Salary, Audit and Nominating Committees of the Board. Mr. Cole has been a valued member of the company's Board for nearly eight years, providing his special insights with respect to the state's entrepreneurial activities.

Charleen M. Chase, 36, (not pictured), Executive Director of Oxford County Community Service and Androscoggin Valley Community Action Agency, was elected to the company's Board of Directors March 21, 1985.

*Executive and Finance Committee Members
**Governance Committee Members
***Audit Committee Members

Retirements

Norman J. Temple, Vice President of Legislative and Public Affairs for Central Maine Power Company, retired September 1, 1984, after nearly three decades of service with the company. He was named Vice President in 1966 and has been recognized for his service to the utility industry, the state of Maine, and numerous community and youth organizations.

Seward B. Brewster, Secretary and Clerk for Central Maine Power Company, retired December 1, 1984. He joined CMP in 1961 and became General Counsel, Clerk and Secretary in 1968. Mr. Brewster is returning to the private practice of law.

Officers

Ralph L. Bean 62
Vice President
Engineering

Richard A. Crabtree 38
Vice President, Finance and
Chief Financial Officer

William M. Finn 48
Secretary and Clerk

David T. Flanagan 37
Vice President
Law and Government Affairs

Lynn K. Goldfarb 45
Vice President
Customer Services

R. Edward Hanson, Jr. 47
Assistant Vice President and
Manager of Production

Robert S. Howe 45
Comptroller

Matthew Hunter 50
Senior Vice President
Customer Services and Division Operations

Walter W. Jabs 62
Assistant Vice President
Human Resources

Donald F. Kelly 53
Vice President
Power Supply

Sharon M. Lunner 40
Treasurer

Patrick S. Lydon 42
Assistant Vice President
Resource Planning and Budgets

Robert C. Matheson 39
Vice President
Human Resources and Administration

Charles E. Monty 57
Executive Vice President and
Chief Operating Officer

Joseph R. Moran 43
Vice President
Division Operations

Carol W. Oliva 37
Assistant Treasurer

Gerald C. Poulin 43
Assistant Vice President and
Manager of Engineering

John B. Randazza 56
Vice President
Nuclear Operations

John W. Rowe 39
President and Chief Executive Officer

Douglas Stevenson 36
Assistant Vice President
Regulatory Affairs

(ages as of March 1, 1985)

Central Maine Power Company
Edison Drive
Augusta, Maine 04336
(207) 623-3521

CMP Common Stock is Listed for Trading on the New York Stock Exchange (ticker symbol CTP). The stock is abbreviated CeMPw in daily newspaper listings of New York Stock Exchange transactions.

Stock Transfer Stock transfers will be made at the company's office in Augusta, Maine, or at Manufacturers Hanover Trust Company, P.O. Box 24935, Church Street Station, New York, N.Y. 10249

Registrars of Stock Key Bank of Central Maine, Augusta, Maine, Manufacturers Hanover Trust Company, New York, N.Y.

Annual Meeting Third Thursday each May.

Form 10-K Available Copies of CMP's Form 10-K, Securities and Exchange Commission Annual Report, are available free of charge. Requests and other inquiries should be directed to: Shareholder Services Department, Central Maine Power Company, Edison Drive, Augusta, Maine 04336 (207) 623-3521.

Too Many Annual Reports? You may receive extra CMP Annual Reports due to multiple stock accounts in your household. To stop unwanted copies, please write to Shareholder Services Department and enclose mailing labels from the extra reports.