

EEI 2014 Financial Conference

November 11- 14, 2014



**Northeast
Utilities**

Safe Harbor



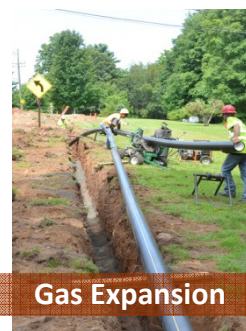
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All per share amounts in this presentation are reported on a diluted basis. The only common equity securities that are publicly traded are common shares of NU parent. The earnings per share (EPS) of each business do not represent a direct legal interest in the assets and liabilities allocated to such business, but rather represent a direct interest in NU's assets and liabilities as a whole. EPS by business is a non-GAAP (not determined using generally accepted accounting principles) measure that is calculated by dividing the net income or loss attributable to controlling interests of each business by the weighted average diluted NU parent common shares outstanding for the period. In addition, recurring EPS excluding certain charges related to the April 10, 2012 closing of the merger between NU and NSTAR are non-GAAP financial measures. Management uses these non-GAAP financial measures to evaluate earnings results and to provide details of earnings results by business and to more fully compare and explain NU’s results without including the impact of the non-recurring merger and related settlement costs. Management believes that these non-GAAP financial measures are useful to investors to evaluate the actual and projected financial performance and contribution of NU’s businesses. Non-GAAP financial measures should not be considered as alternatives to NU consolidated net income attributable to controlling interests or EPS determined in accordance with GAAP as indicators of NU’s operating performance.

A Rare Investment Opportunity

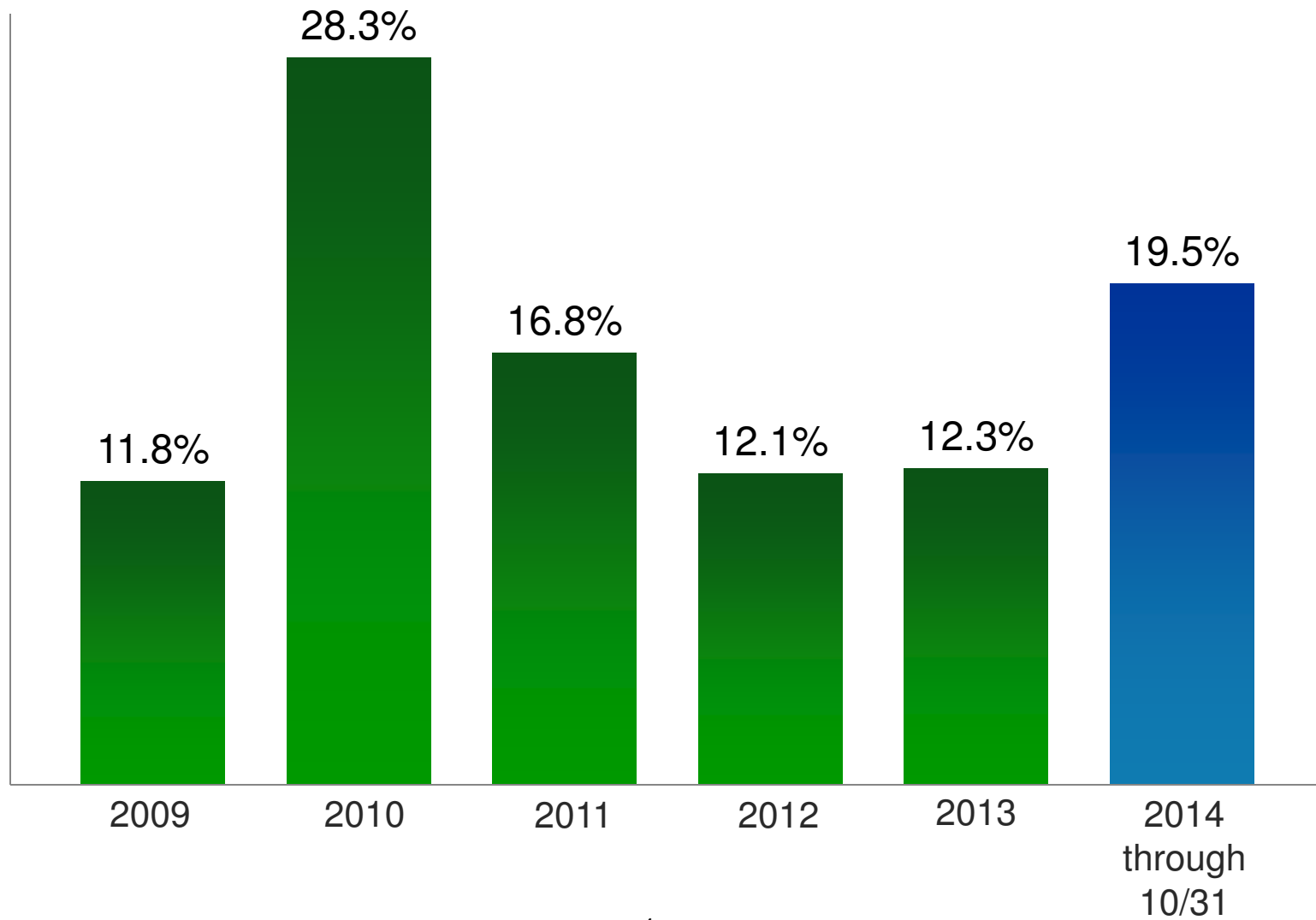


- Projected long-term EPS growth of 6%-8%
 - Unique electric and gas transmission growth platform
 - Unique opportunity to reduce O&M by 3% - 4% annually
 - Unique robust gas expansion plans
- 2014 EPS range of \$2.60 to \$2.70 consistent with growth rate
- Projected dividend growth in-line with earnings
- Very strong financial condition
- Top-tier customer service and reliability
- An experienced management team with a proven track record



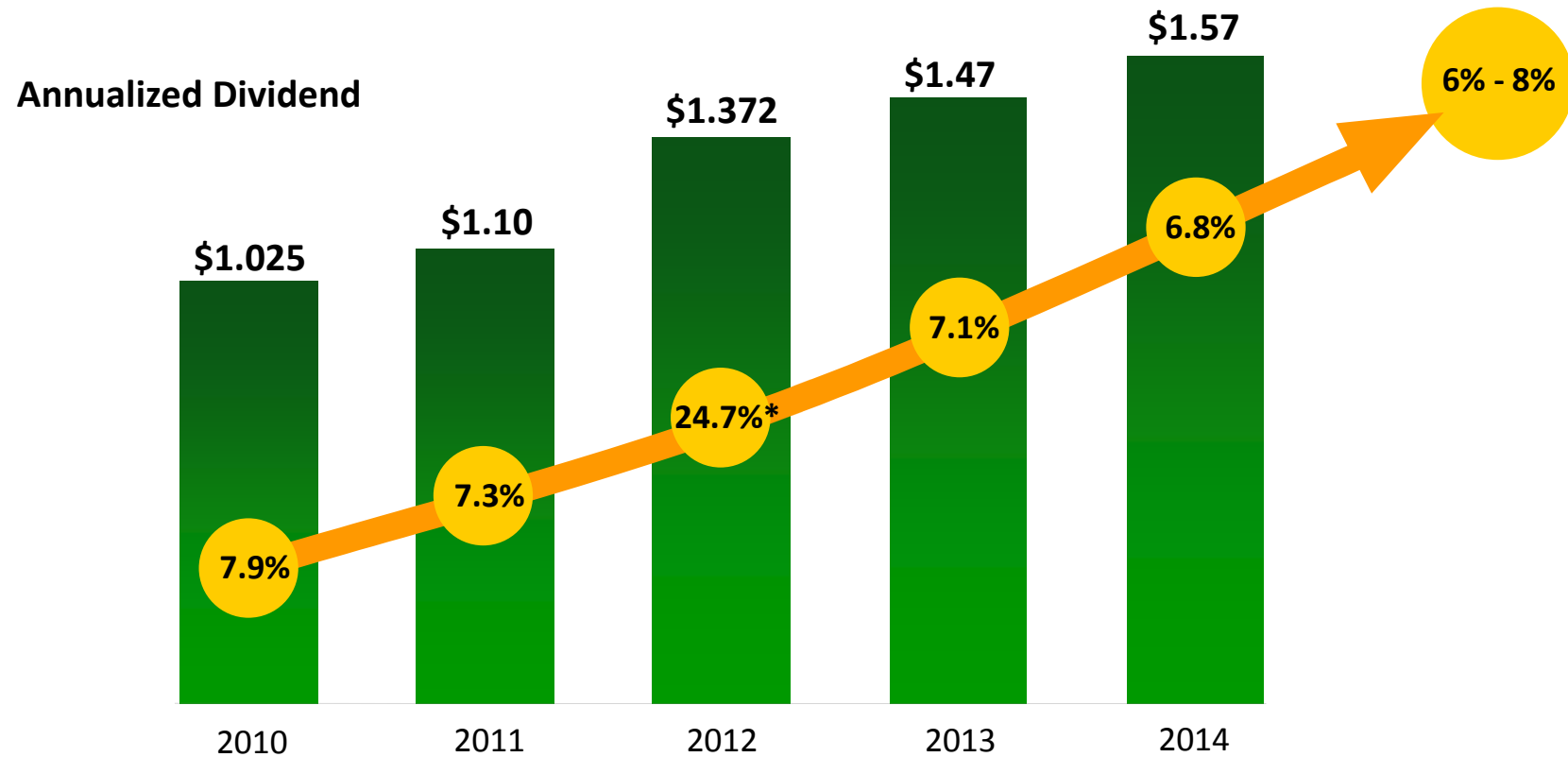


Strong Record of Total Shareholder Return





Dividend Growth In-Line with Earnings Growth



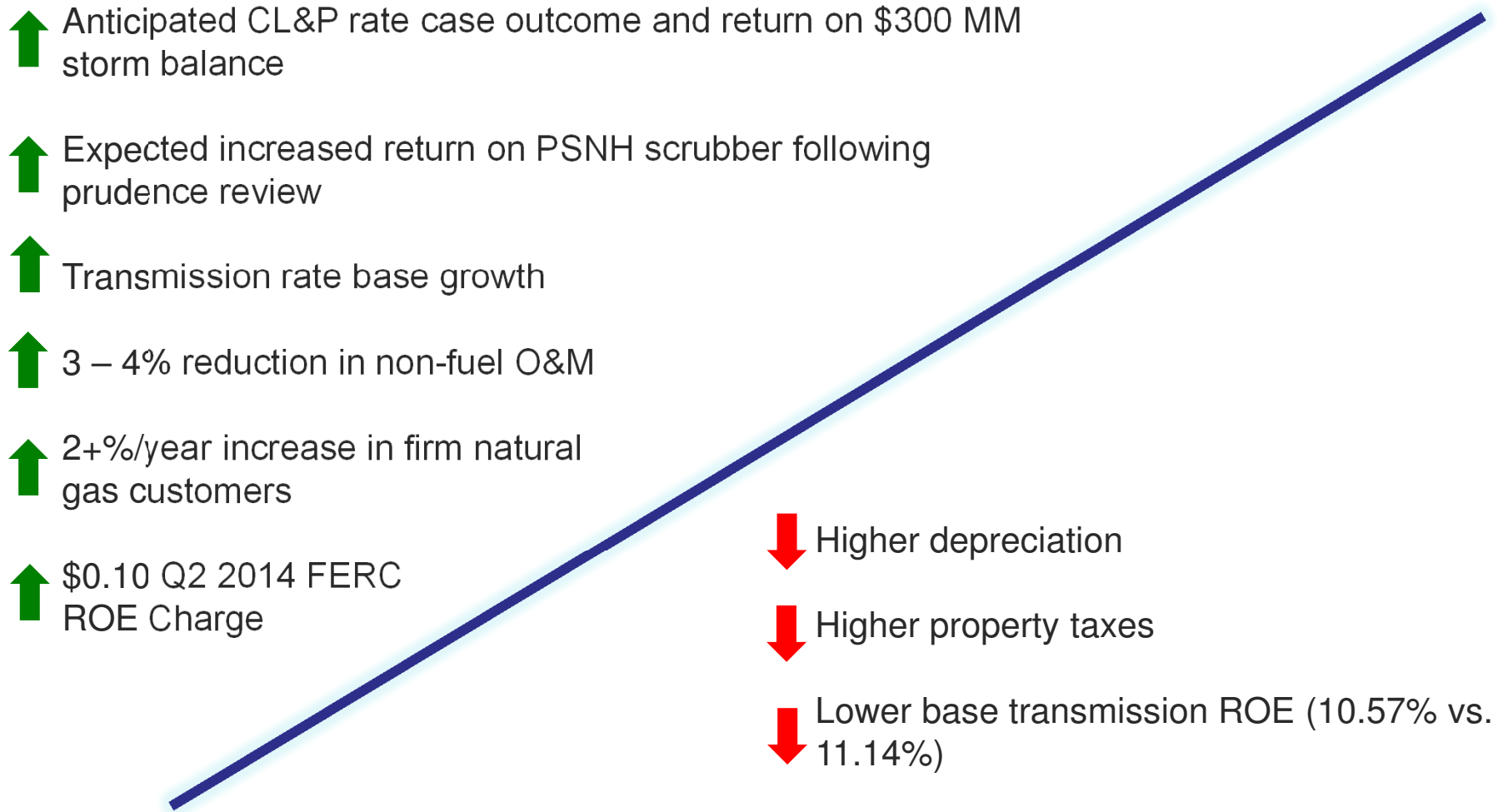
** Reflects impact of the merger*



Q3 and YTD 2014 Results

	Q3 EPS 2014	Q3 EPS 2013	YTD EPS 2014	YTD EPS 2013
Electric Distribution	\$0.48	\$0.50	\$1.10	\$1.10
Electric Transmission	\$0.28	\$0.18	\$0.65	\$0.68
Natural Gas Distribution	(\$0.03)	(\$0.03)	\$0.14	\$0.11
Parent & Other	\$0.02	\$0.04	\$0.04	\$0.07
Total Excluding Integration	\$0.75	\$0.69	\$1.93	\$1.96
Integration Costs	(\$0.01)	(\$0.03)	(\$0.04)	(\$0.03)
Reported	\$0.74	\$0.66	\$1.89	\$1.93

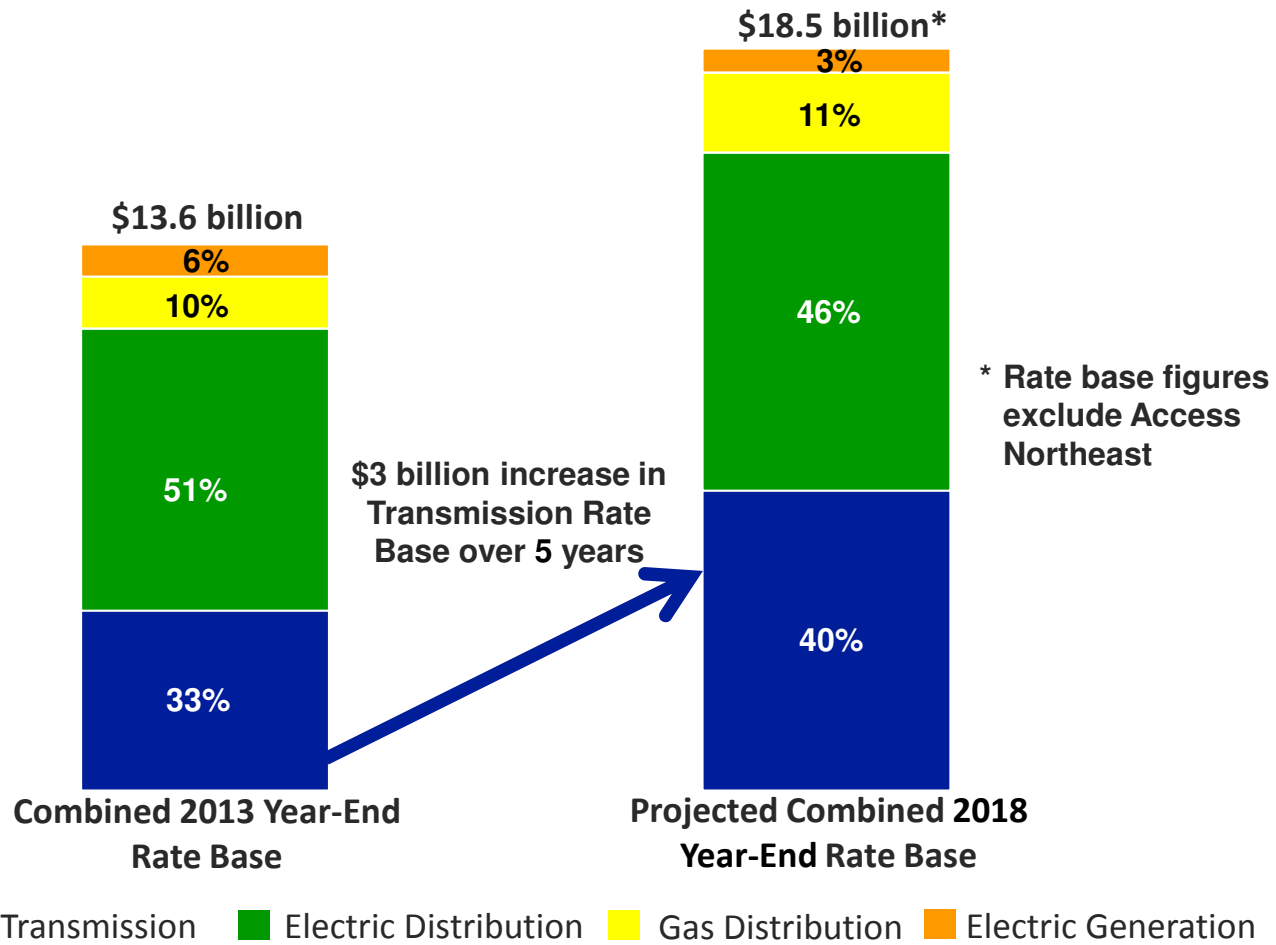
Preliminary Key 2015 Earnings Growth Drivers vs. 2014



NU Consolidated ROE Will Grow as Transmission Portion of NU Rate Base Expands



Rate Base By Business





Status of Major Transmission Projects

Project	Scope	Expected Total Investment by 12/31/14	Remaining Amount	Work Ahead
NEEWS/GHCC	~\$1.28 billion investment in CT, Western MA	~\$925 million	~\$355 million	Complete IRP in 2015 Complete GHCC in 2018
NPT	~\$1.43 billion investment in NH	~\$145 million, including land purchased	~\$1.29 billion	Complete siting in 2016 Complete project in 2018
Greater Boston Solutions	~\$490 million in MA	~\$30 million	~\$460 million	Completion in 2018
NH 10-Year Reliability	~\$335 million in NH	~\$150 million	~\$185 million	Completion in 2018
Other Reliability Projects	~\$1.44 billion from 2014 to 2018	~\$425 million invested in 2014	~\$1 billion	Completion in 2018
Non-Traditional Projects	Multiple initiatives inside and outside New England	<ul style="list-style-type: none"> ▪ Inside New England: Focus on NESCOE process ▪ Outside New England: Exploring alliances ▪ Potential investment: \$2 billion 		

Progress on Major CT Reliability Projects



Interstate Reliability Project

- Joint project with National Grid
- Siting approval in place
- Construction began in March 2014
- 62% complete as of September 30, 2014
- Projected completion: End of 2015
- Total projected NU investment: \$218 million

Greater Hartford Central Connecticut Reliability Project (GHCC)

- New set of solutions presented to ISO-New England Planning Advisory Committee in July 2014
- 4 sets of projects for Greater Hartford, Manchester, Middletown and NW CT
- Projected completion: late 2017
- Total projected investment: Approximately \$350 million



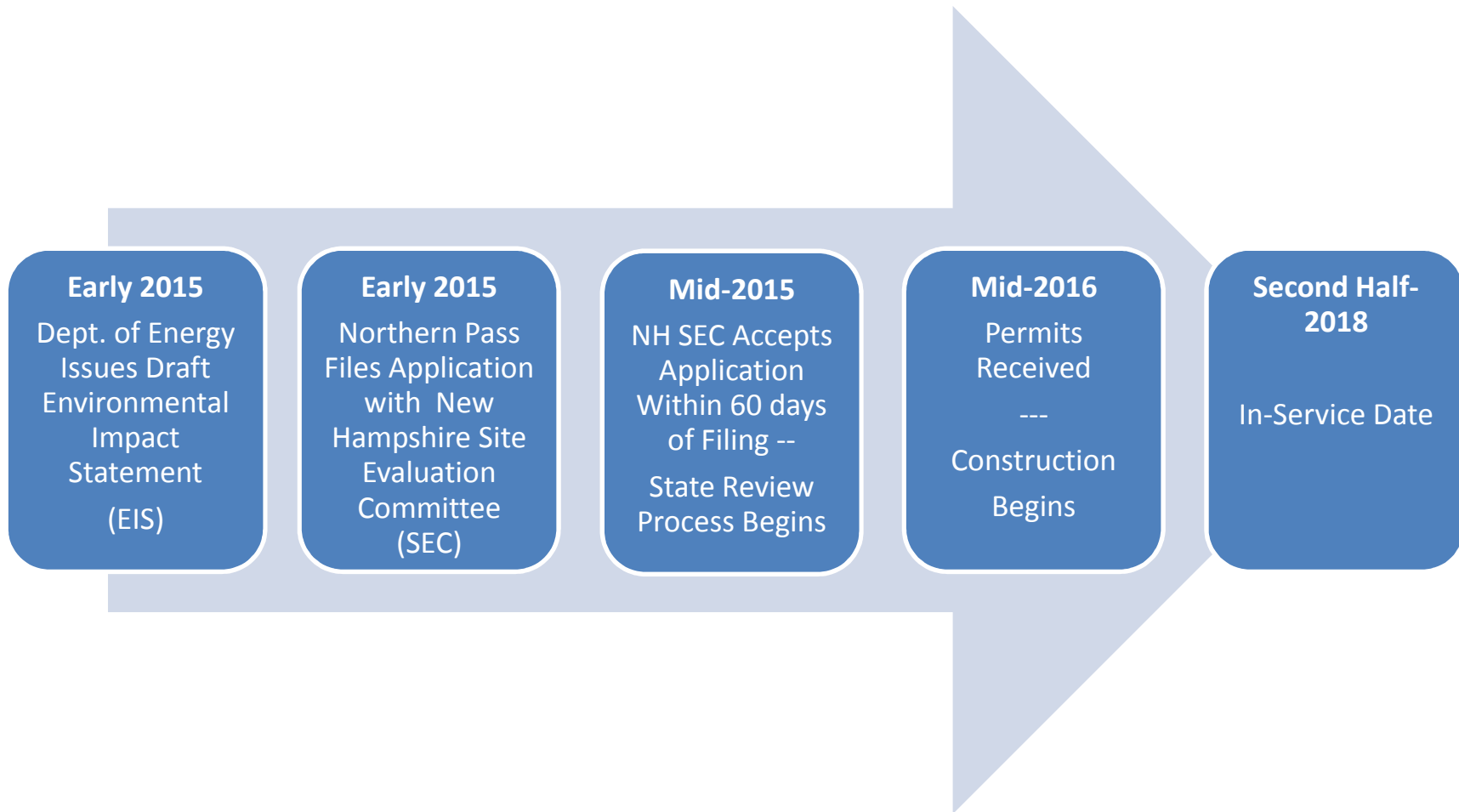
NPT - Overview



- 1,200 MW of clean energy
- \$1.432 billion HVDC line, terminal and AC facilities
- Participant-funded with opportunity for regional funding
- Uses HVDC technology at +/- 300-kV with AC/DC converters in Quebec and NH
- AC radial 345-kV line to connect to the New England bulk power grid
- New route identified June 27, 2013. Approximately 187 miles of new transmission including 8.7 miles of underground in 2 locations (147 miles HVDC, 40 miles AC)
- I.3.9 approval was granted by ISO-NE on 12/31/2013
- Expected to provide significant benefits to the region:
 1. Energy value through reduced wholesale market prices - \$200-\$300 million per year for New England
 2. Environmental value through carbon emissions reductions – annual reduction of up to 5 million tons of CO₂
 3. Economic value through construction jobs and new tax base – 1,200 jobs and \$1.1 billion over 40 years in property taxes
 4. Reduces growing dependence on natural gas generation



Northern Pass Timeline

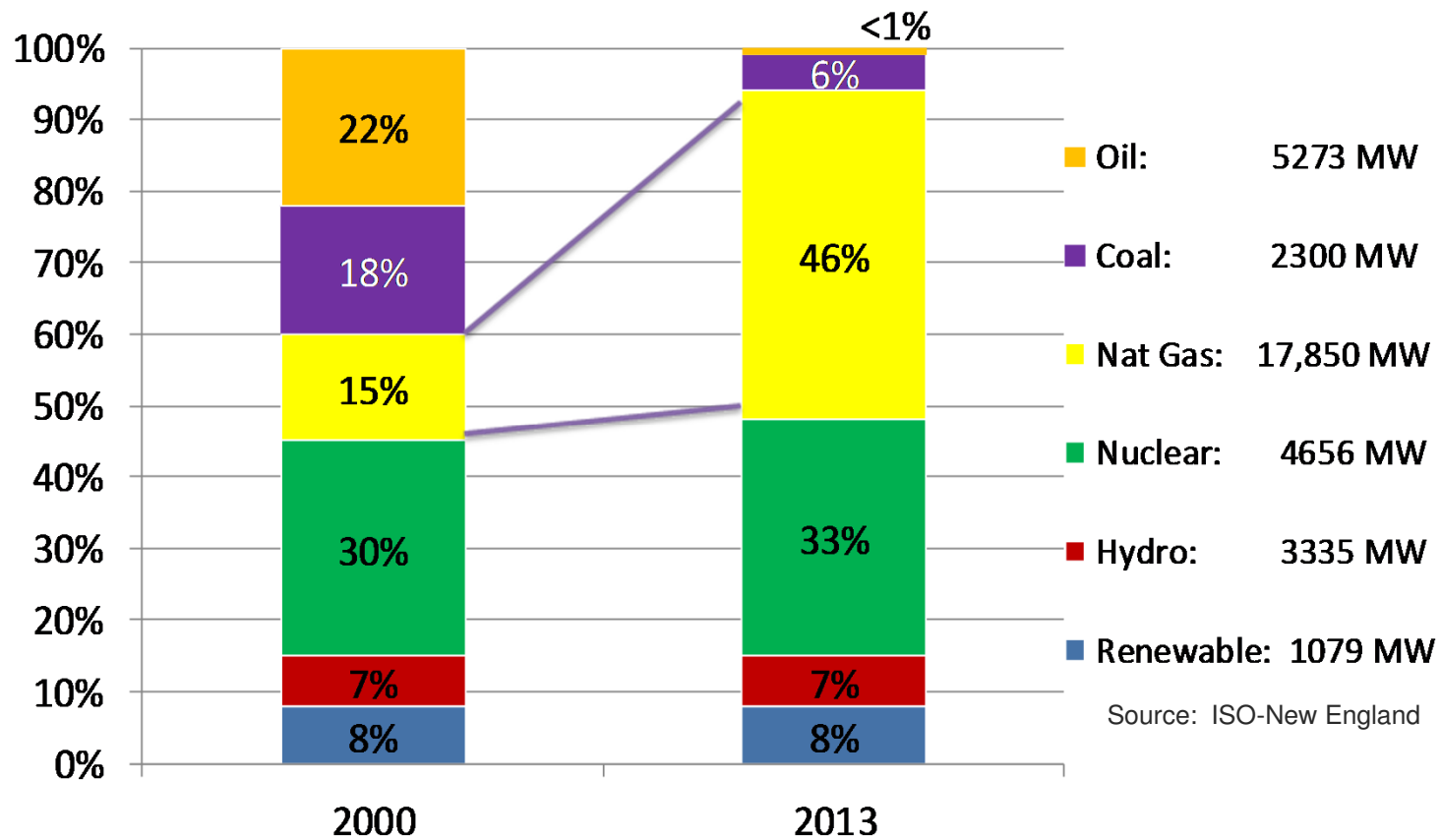


New England Has Experienced a Significant Increase in Natural Gas Generation



Annual Energy Output

Generating Capability



Yet 75 Percent of Region's Natural Gas Generation Was Unavailable During Winter Peak Demand...



...And Critical Oil, Coal, Nuclear Units Retiring

Fuel Mix During Peak Demand on 1/7/14

2014 Retirements

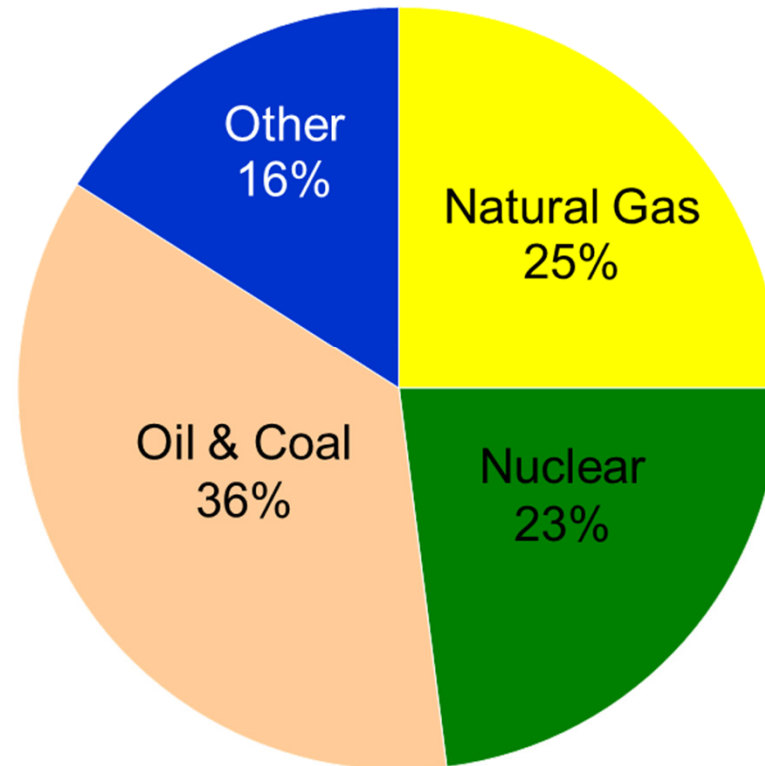
Salem Harbor (coal & oil) - RETIRED
Mt. Tom (coal) - RETIRED
VT Yankee (nuclear) - TO RETIRE

~ 1,400 MW

2017 Announced Retirements

Brayton Point (coal & oil)
Norwalk Harbor (oil)
Bridgeport Harbor (coal)

~ 2,000 MW



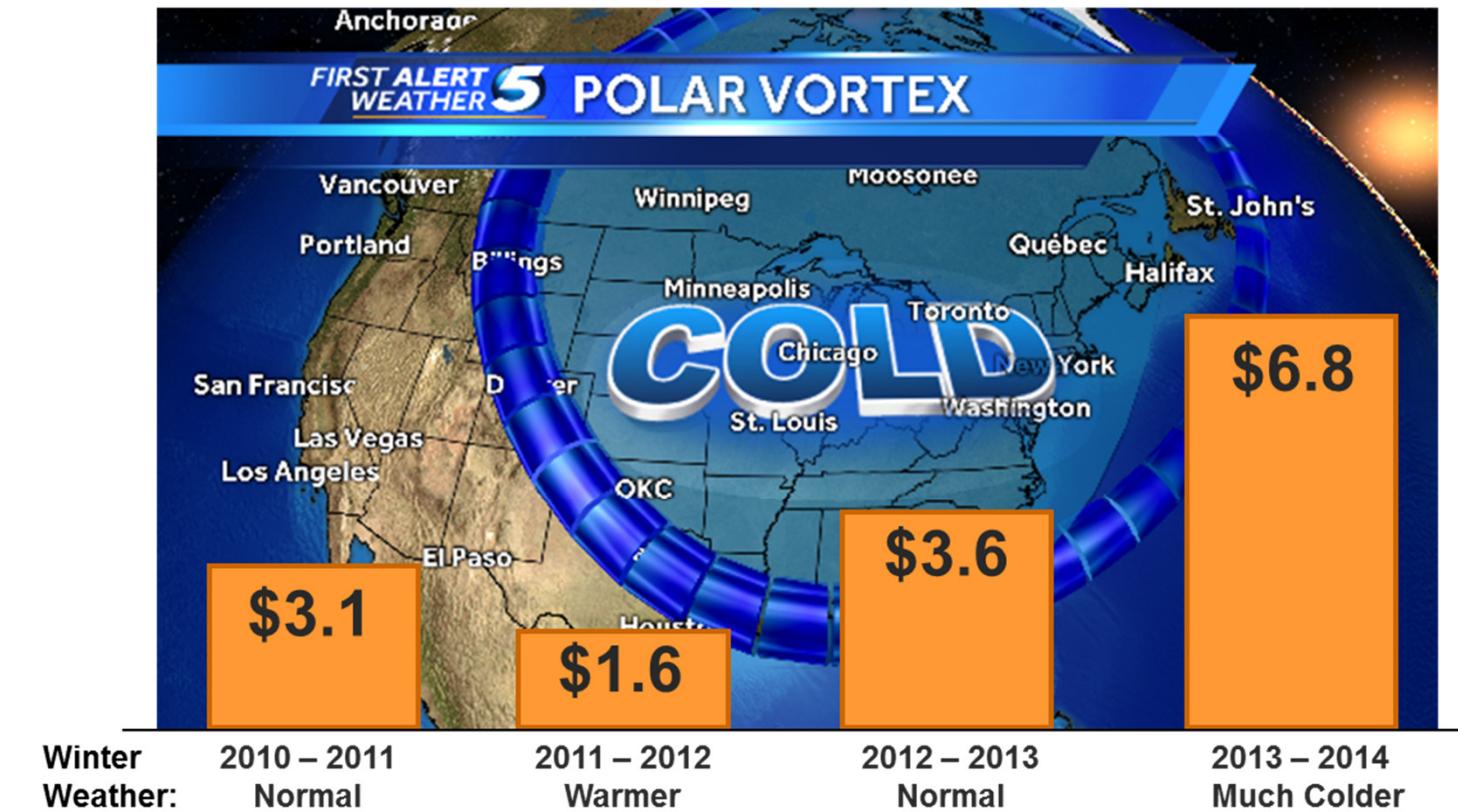
Source: ISO-New England

\$3 Billion Cost Increase in Last Winter



The cold weather last winter exposed vulnerabilities in electric and gas infrastructure

Winter Season Wholesale Electricity Costs December thru March; ISO-NE region (\$ billions)

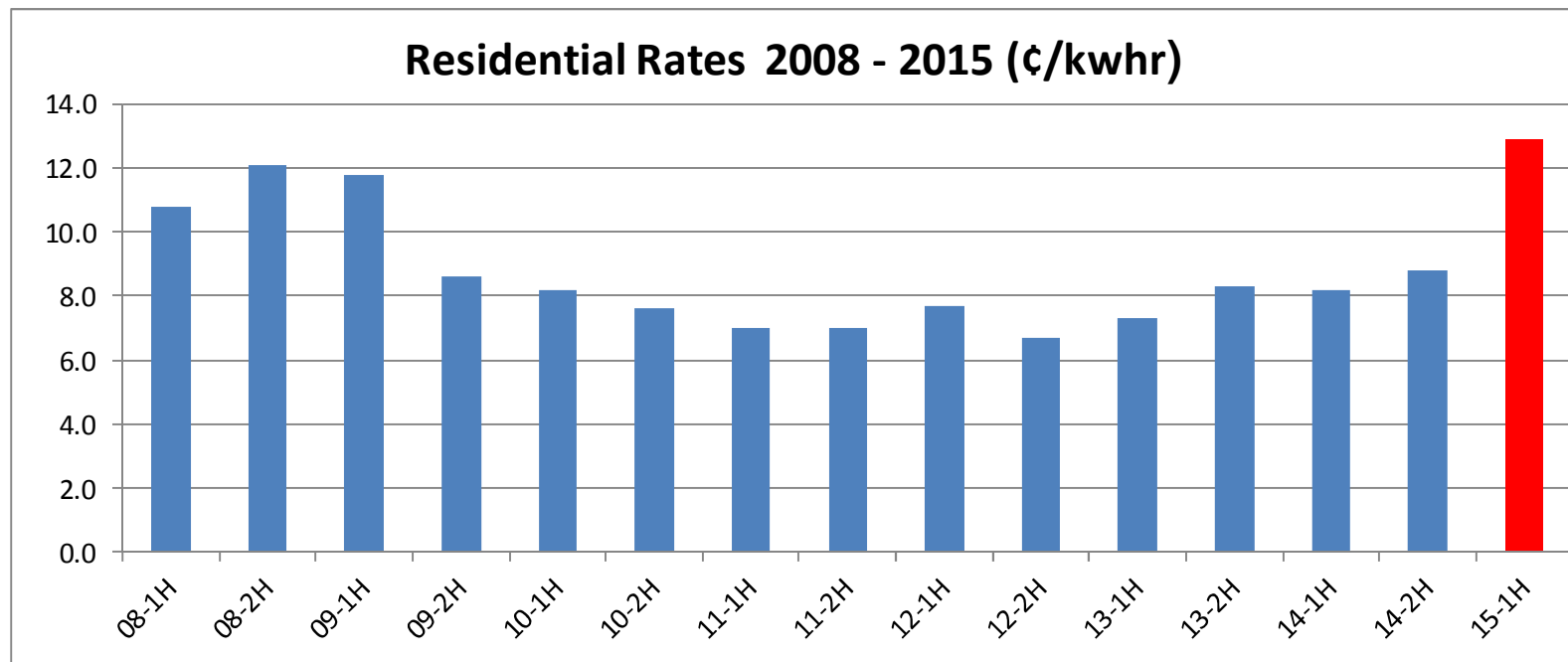


Source: KOCO-TV

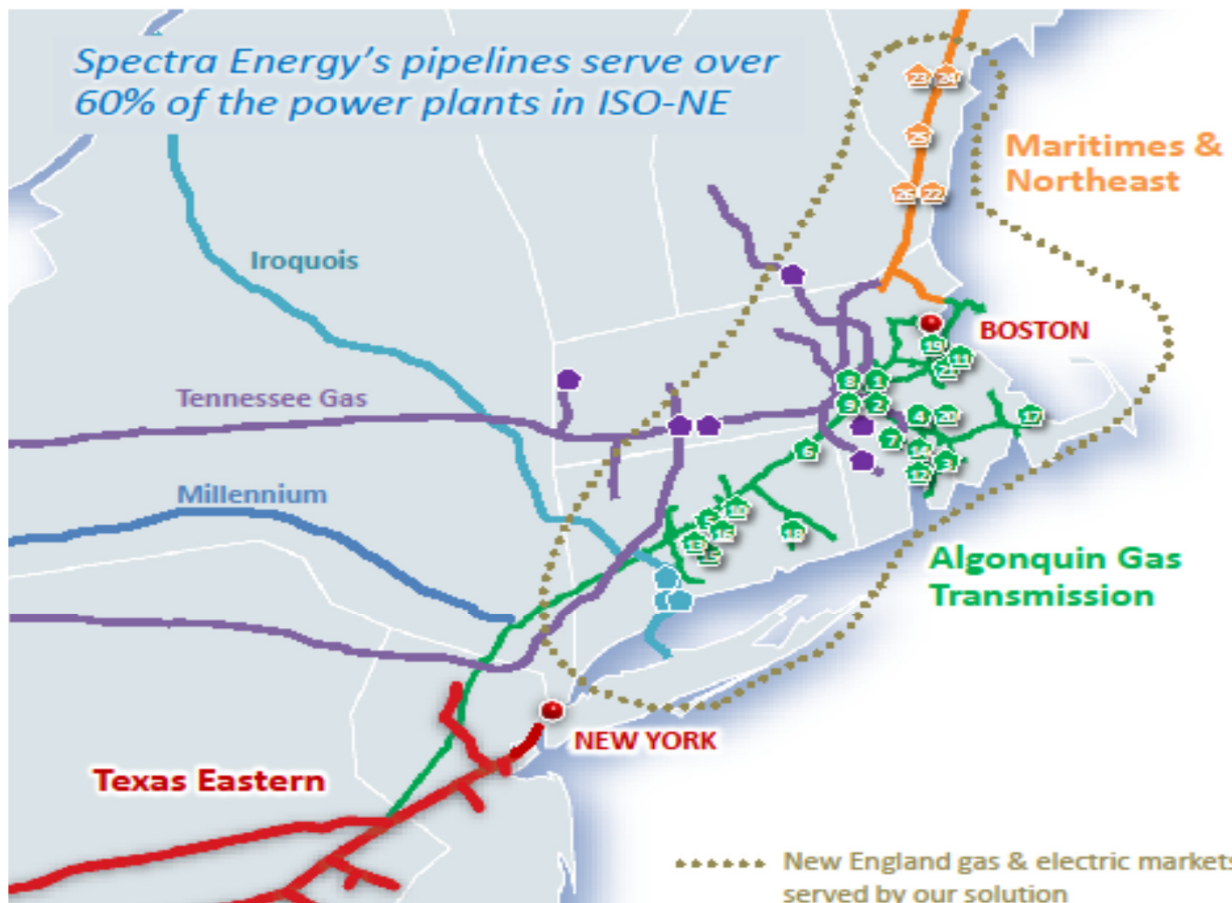
Infrastructure Deficiency Driving Retail Rates Sharply Higher



- Price increases despite abundant nearby natural gas and hydro
- Pipeline constraints caused supply costs to increase by \$3 billion during 2013-2014 winter
- Liquidity reduced due to suppliers leaving New England market
- Failed auctions for retail supply



Additional Investment in Spectra Energy Pipelines Will Provide a Regional Solution



Generation served by AGT

- | | |
|----|-----------------------------|
| 1 | ANP Bellingham |
| 2 | Bellingham |
| 3 | Dartmouth Power |
| 4 | Dighton Power |
| 5 | Kleen Energy |
| 6 | Lake Road |
| 7 | Manchester Street |
| 8 | Milford Power |
| 9 | Ocean State Power |
| 10 | Genconn Power |
| 11 | Fore River |
| 12 | Tiverton |
| 13 | Wallingford Energy |
| 14 | Brayton Point |
| 15 | CMEEC - Pierce Power |
| 16 | Middletown |
| 17 | Mirant Canal |
| 18 | Montville |
| 19 | Potter Street (BELD I) |
| 20 | TMLP |
| 21 | Watson Generating (BELD II) |

Generation served by M&N

- | | |
|----|------------|
| 22 | Newington |
| 23 | Casco Bay |
| 24 | Bangor Gas |
| 25 | Westbrook |



We support a regional approach to expedite construction of gas infrastructure

Generation Demand

- Support NESCOE approach to securing new gas infrastructure
- EDCs subscribe to long term firm gas infrastructure contracts
- Capacity Manager resells the gas use rights, primarily to electric generators
- Annual costs net of resale revenues to be recovered from electric customers

Gas LDC Demand

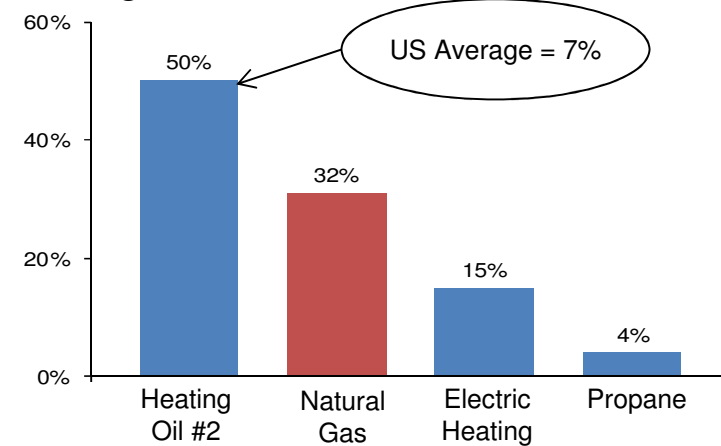
- Traditional “Open Season” process where gas LDCs subscribe to pipeline capacity
- Agreements approved by state regulatory commissions
- Costs recovered from natural gas customers

NU Natural Gas LDCs: Significant Expansion Ahead

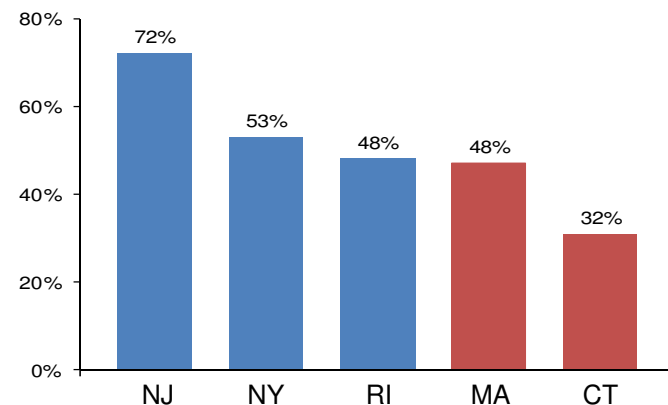


- Shale gas lowering natural gas prices in Northeast
- Oil heat much more expensive, yet remains dominant fuel source
- Huge conversion potential
- Favorable enabling legislation in Connecticut and Massachusetts
- Long-term pipeline contracts, storage guarantee firm natural gas supply
 - New supply contracts approved in Connecticut and Massachusetts
- Cast-iron and bare steel pipe replacement programs a priority in CT and MA

CT Residential Market Penetration by Heating Source



CT & MA residential gas heating penetration vs. nearby states



Sources: SNL; Energy Information Administration State Energy Data System (SEDS); Northeast Gas Association

Significant Massachusetts Gas Initiatives Taking Shape



Project	Status	Cost
Upgrade of 3 bcf Hopkinton LNG facility	Ratemaking methodology now under DPU review	Up to \$200 MM
Legislatively mandated 25-year plan to replace NSTAR Gas older bare steel, cast iron pipe	Joint plan with NSTAR Gas and other Massachusetts LDCs filed 10/31/14	\$42 MM in 2015 \$47 MM in 2016 Escalating thereafter; recovery through capital tracker
Legislatively mandated gas expansion plan	To be filed by NSTAR Gas with DPU	Not yet determined, but recovery through tracker



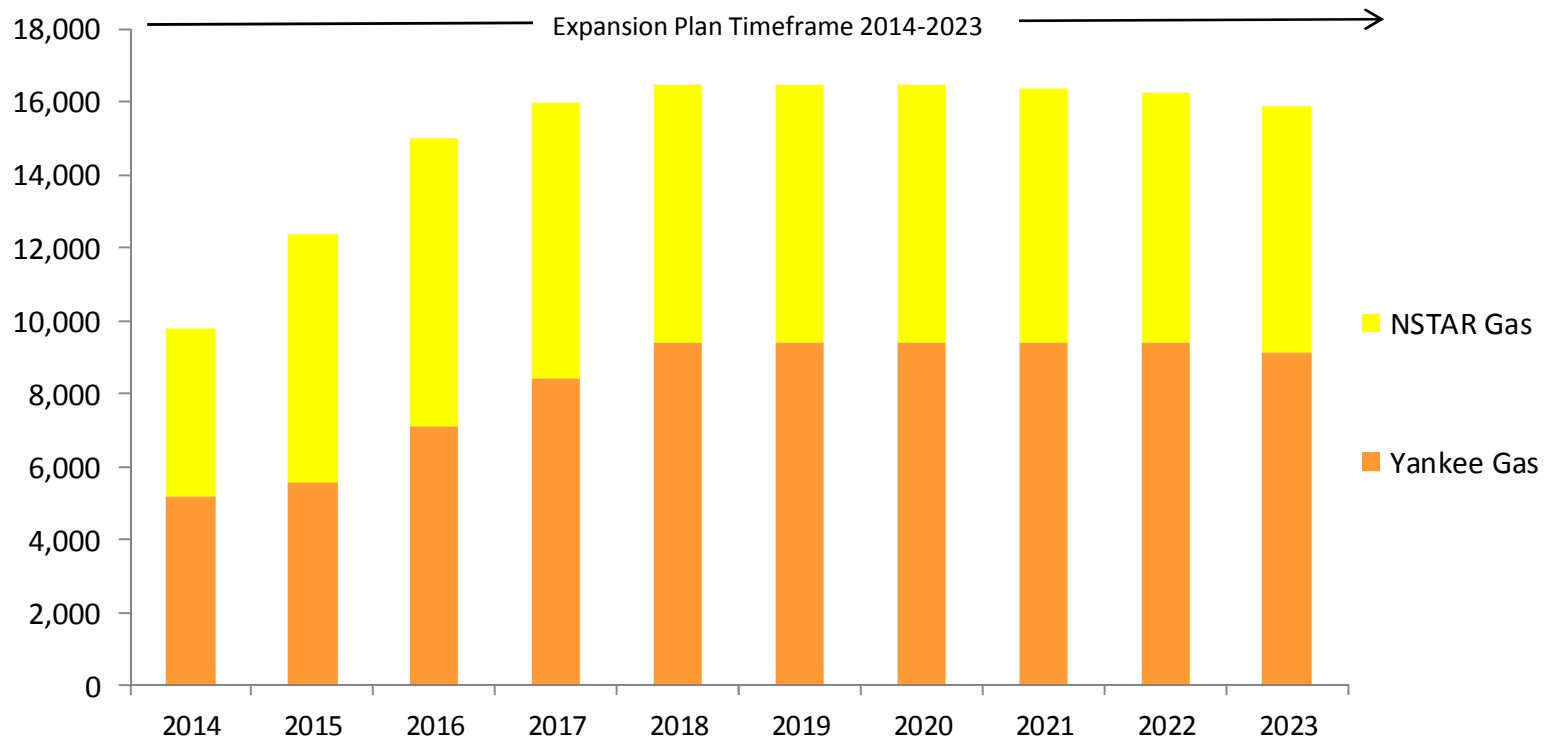
Gas Expansion



Potential for More Than 150,000 Additional New Heating Customers Over the Next Ten Years



Potential natural gas conversion targets by year



Long-term Rate Stability



<u>Jurisdiction</u>	<u>Company</u>	<u>Commentary</u>
Massachusetts	NSTAR Electric	Base rates frozen through 12/31/15 with limitations on number of concurrent filings; NSTAR Gas to file first in 12/14 for new rates effective 1/1/16
	NSTAR Gas	
	WMECO	
Connecticut	CL&P	Rate case filed 6/9/14; hearings and briefing complete Final decision due 12/17/14
	Yankee Gas	Rate case filing anticipated in Q2 2015
New Hampshire	PSNH	Multi-year rate plan through 6/30/15

Key Elements of CL&P Rate Case



- Distribution rate increase request of approximately \$122 million
- Driven by increased investment in reliability, which has improved significantly
 - \$726 million of investment projected from 7/1/12 (end of last 2-year rate plan) through 12/31/15; \$465 million already in service
 - Higher local property taxes and state gross earnings tax (\$35 million of increase)
 - 2013 reliability best since 2000
- Lower O&M expense through strong financial management, operating changes, merger integration

Other Regulatory Initiatives



FERC ROE Case



- 10/16/14 order lowered base ROE to 10.57%
- Multiple requests for reconsideration pending
- Second and third complaints filed

Generation Update



- Merrimack Scrubber Case
 - Completed September 2011
 - Favorable staff testimony
 - Hearings completed in October 2014
- Generation divestiture review under way

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