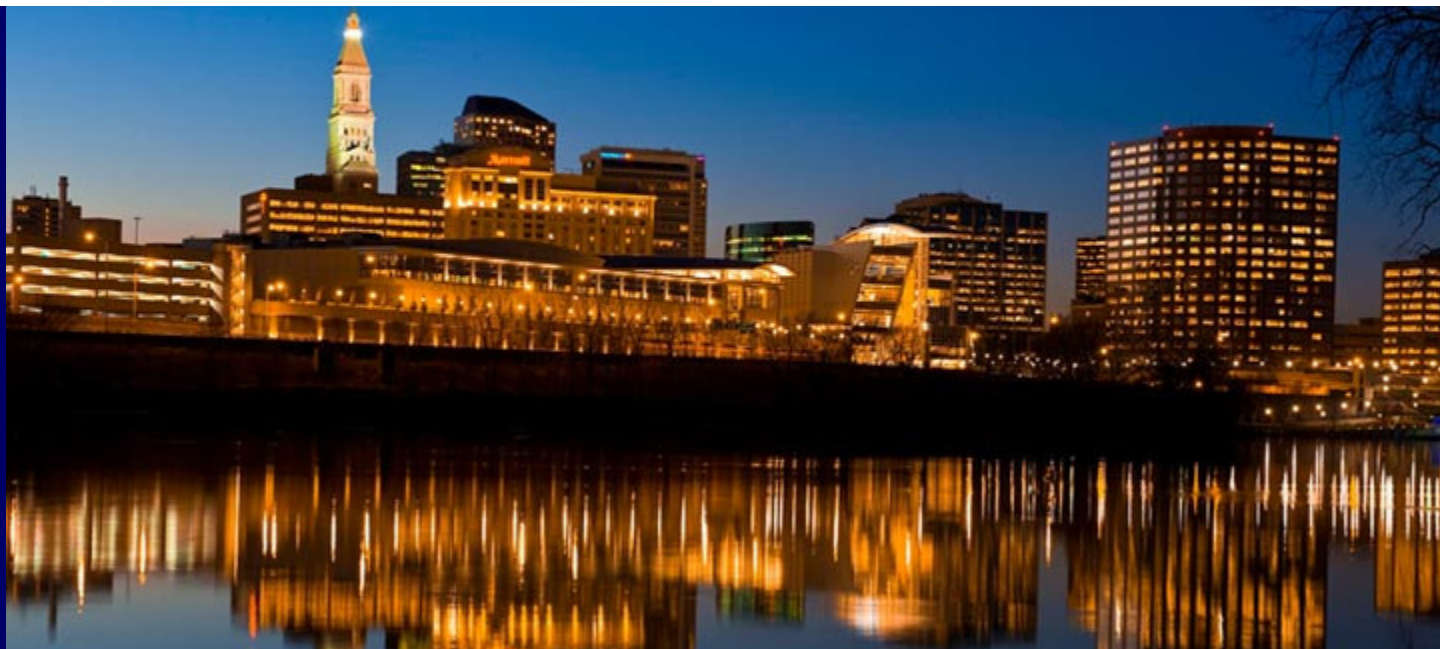




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**EEI Financial Conference**

November 10-13, 2013





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# NU Safe Harbor Provisions

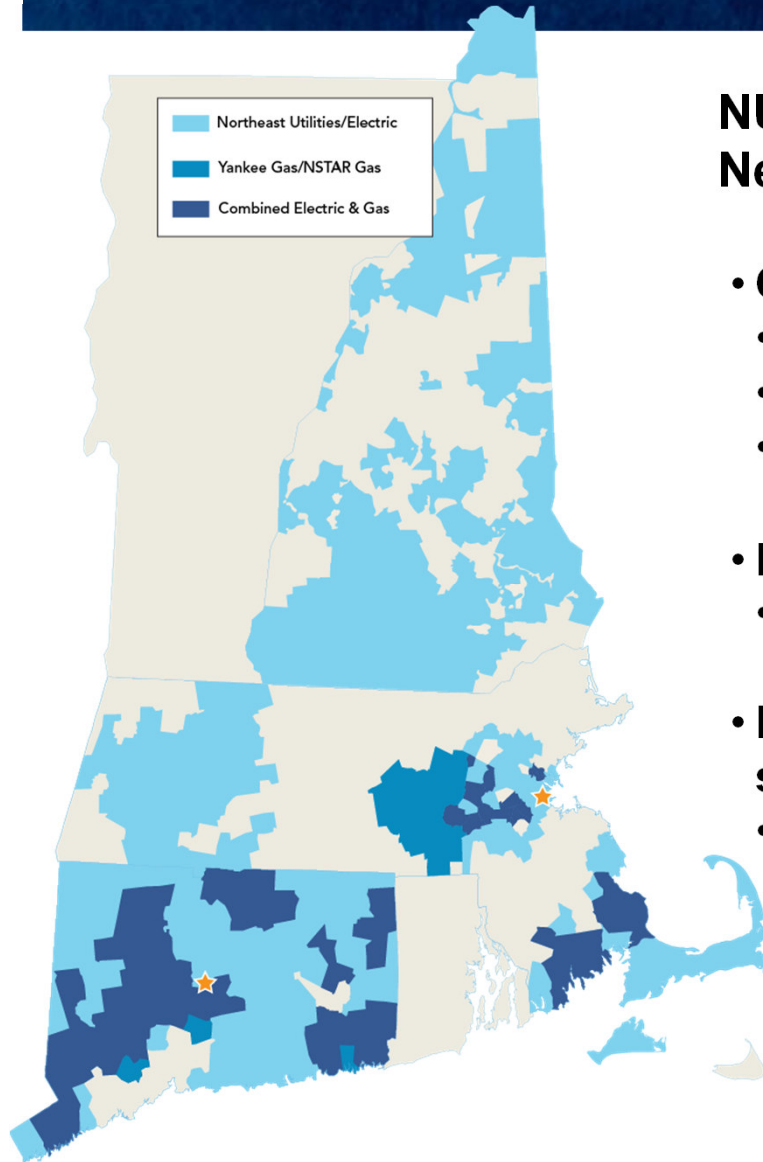
This presentation includes statements concerning NU's expectations, beliefs, plans, objectives, goals, strategies, assumptions of future events, future financial performance or growth and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, a listener or reader can identify these forward-looking statements through the use of words or phrases such as "estimate," "expect," "anticipate," "intend," "plan," "project," "believe," "forecast," "should," "could," and other similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual results or outcomes to differ materially from those included in the forward-looking statements. Factors that may cause actual results to differ materially from those included in the forward-looking statements, include, but are not limited to the possibility that expected merger synergies will not be realized or will not be realized within the expected time period; cyber breaches, acts of war or terrorism, or grid disturbances; actions or inaction by local, state and federal regulatory and taxing bodies; changes in business and economic conditions, including their impact on interest rates, collectability of receivables and demand for NU's products and services; fluctuations in weather patterns; changes in laws, regulations or regulatory policy; changes in levels and timing of capital expenditures; disruptions in the capital markets or other events that make NU's access to necessary capital more difficult or costly; developments in legal or public policy doctrines; technological developments; changes in accounting standards and financial reporting regulations; actions of rating agencies; and other presently unknown or unforeseen factors. Other risk factors are detailed from time to time in NU's reports filed with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date on which such statement is made, and NU undertakes no obligation to update the information contained in any forward-looking statements to reflect developments or circumstances occurring after the statement is made or to reflect the occurrence of unanticipated events. We encourage you to consult such disclosures.

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.

# NU Has Extensive Scale and Scope



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## NU serves 525 cities and towns throughout New England

- **Comprised of:**
  - Four electric companies
  - Two natural gas companies
  - One three-state electric transmission business
- **Providing reliable electric and natural gas service to:**
  - 3.6 million electric and natural gas customers
- **Leveraging investments for our customers & shareholders:**
  - \$13 billion combined rate base



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## Total Shareholder Return Outperformed All Benchmarks Over Longer Term

	Cumulative Returns				
	2012	3-Year	5-Year	10-Year	15-Year
<b>NU</b>	<b>12.1%</b>	<b>67.7%</b>	<b>48.9%</b>	<b>260.9%</b>	<b>399.1%</b>
EEl Index	2.1%	31.1%	7.6%	166.5%	184.3%
S&P 500	16.0%	36.3%	8.6%	98.5%	92.8%
Rank in EEl Index	14 <sup>th</sup>	6 <sup>th</sup>	12 <sup>th</sup>	10 <sup>th</sup>	1 <sup>st</sup>
Percentile in EEl Index	74 <sup>th</sup>	90 <sup>th</sup>	78 <sup>th</sup>	81 <sup>st</sup>	100 <sup>th</sup>



## NU's Key Investment Attributes



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- 6 – 9% annual EPS growth in low-risk business model
- Very strong balance sheet and credit ratings with no equity issuances planned
- Low payout ratio supports long-term dividend growth is in line with EPS growth
- Experienced, highly successful management team
- Top electric transmission developer over the past decade
- Well positioned to grow and thrive as New England expands sustainable energy policies

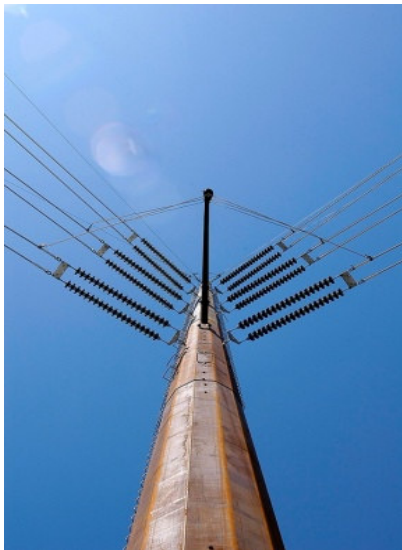
# NU's 6-9% Projected EPS CAGR is Supported By Three Key Initiatives



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Continued significant growth in electric transmission investment



Customer conversions from heating oil to natural gas



Implementing best practices from NU-NSTAR merger



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## Third Quarter and Nine Months 2013 Results

	<i><b>Third Quarter</b></i>	<i><b>Nine Months</b></i>
Electric Distribution & Generation	\$0.50/share	\$1.10/share
Electric Transmission	\$0.18/share	\$0.68/share
Natural Gas Distribution	(\$0.03)/share	\$0.11/share
NU Parent & Other	\$0.04/share*	\$0.07/share*
<b>Total Recurring Earnings</b>	<b>\$0.69/share*</b>	<b>\$1.96/share*</b>

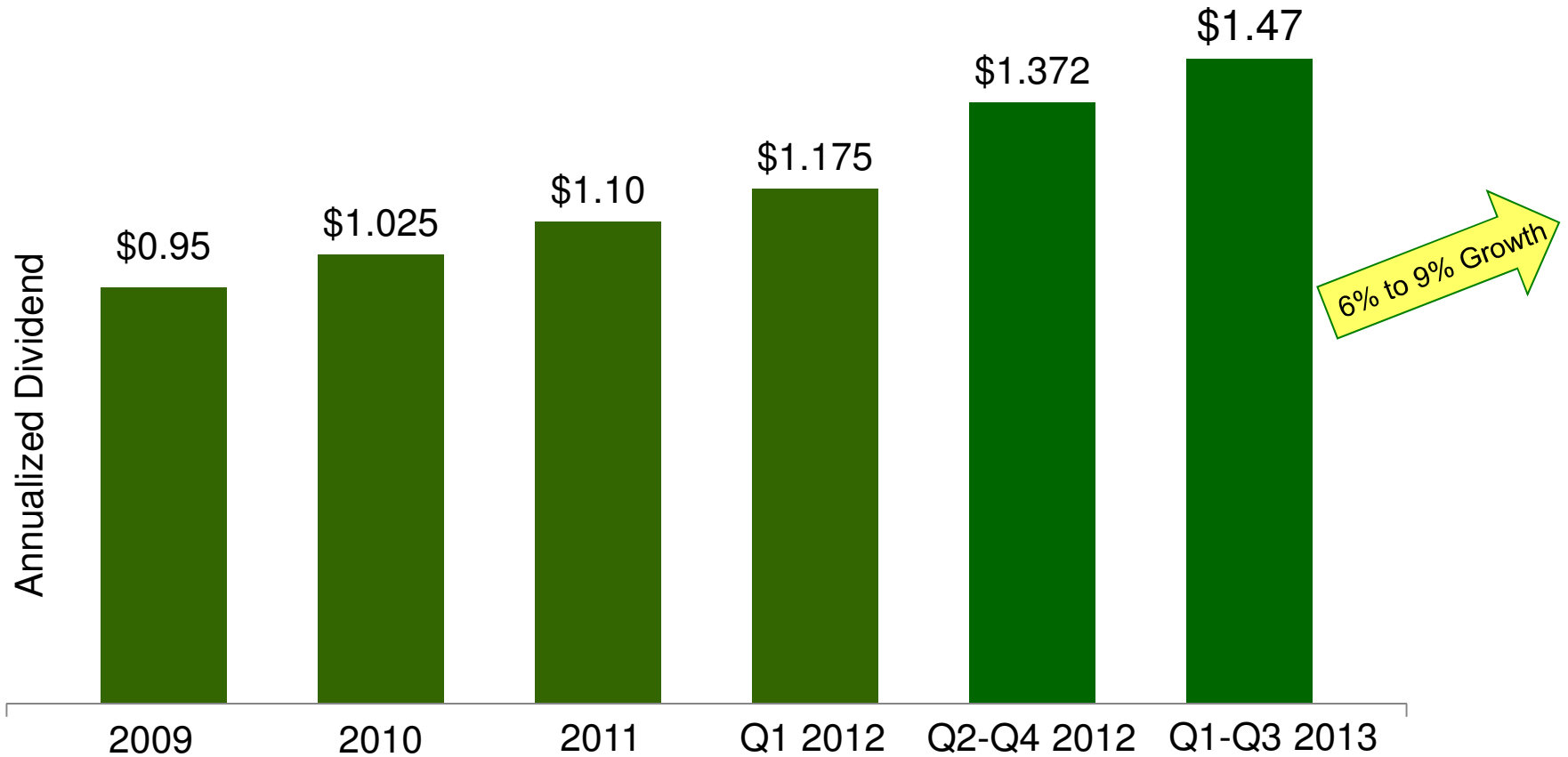
\*Represents non-GAAP earnings, which exclude \$7 million and \$10.6 million of integration costs for the third quarter and first nine months of 2013, respectively. GAAP consolidated earnings were \$0.66/share and \$1.93/share, respectively.



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## Dividend Growth In-Line with Earnings Growth







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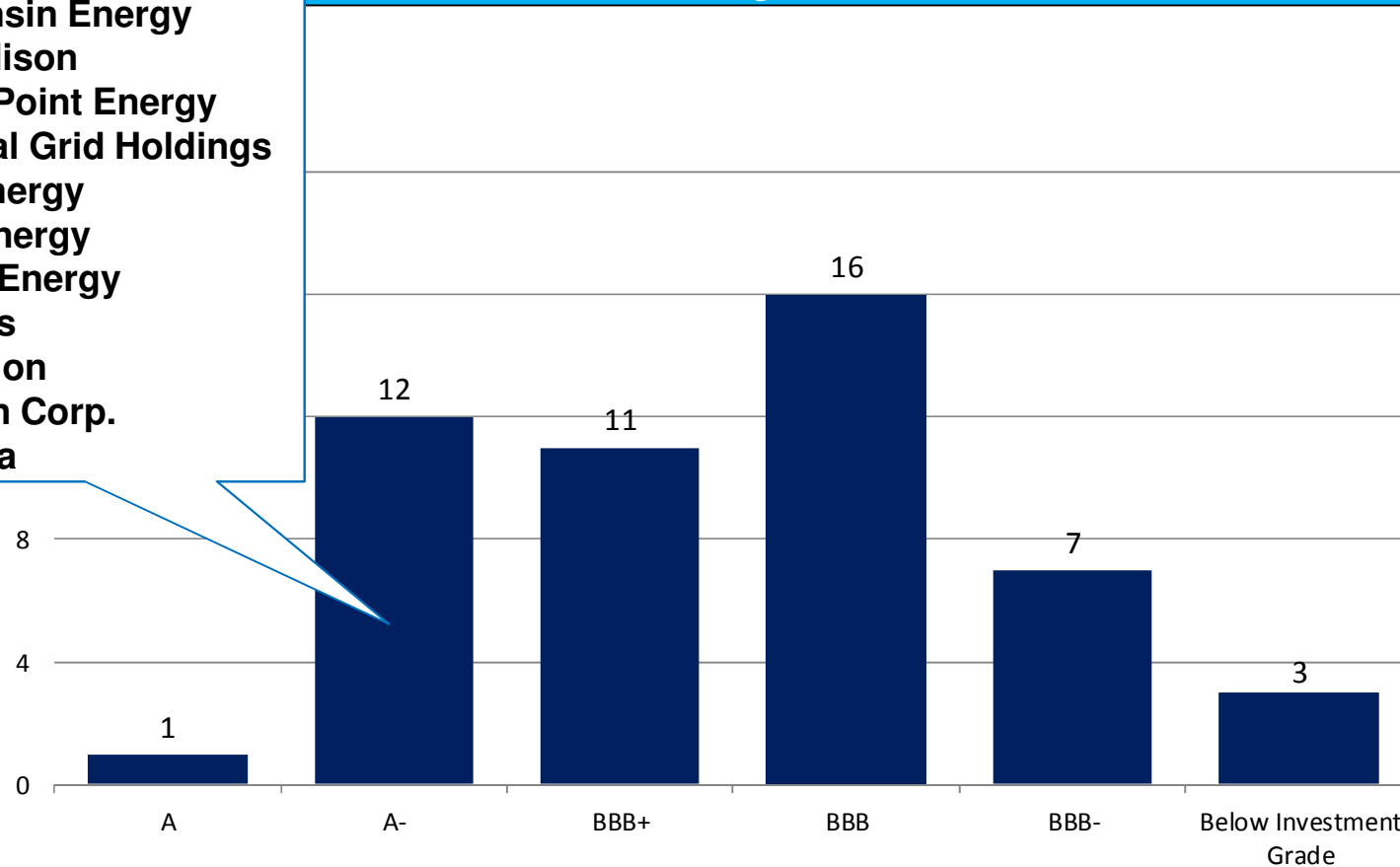


## Very Strong Ratings Help to Lower Interest Costs

### 1. *Northeast Utilities*

2. Wisconsin Energy
3. Con Edison
4. CenterPoint Energy
5. National Grid Holdings
6. Xcel Energy
7. OGE Energy
8. Alliant Energy
9. Integrys
10. Dominion
11. Vectren Corp.
12. NextEra

### Utilities Credit Ratings Distribution<sup>(1)</sup>



1. Source: Standard & Poor's, "Issuer Ranking: U.S. Electric, Gas, and Water Utilities, Strongest-to-Weakest" (7/30/13). Long-Term Rating of U.S. Investor-Owned Regulated Electric Utilities, excluding subsidiaries.

# NU Highly Focused on Advancing Clean Energy Solutions



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- NU's annual energy efficiency spending now exceeds \$400 million and is expected to reach \$500 million by 2015
  - Distribution companies allowed full cost recovery and incentive on energy efficiency expenditures
- Renewable portfolio standards in place:

	<u>2012</u>	<u>2020</u>	<u>2025</u>	
CT	16%	27%	27%	<i>(Percentage of electricity that must come from qualifying renewable sources)</i>
MA	16.6%	27.1%	33.35%	
NH	5.6%	20.3%	24.8%	

- Executed several wind contracts for nearly 800 MW of capacity
- Pursuing siting approval of Northern Pass Transmission Project that will bring 1,200 MW of clean energy from Canada to New England
- New Connecticut policy should increase Yankee Gas heating customers by 80,000+ in 10 years
- Announced third solar site that will double WMECO solar generation portfolio to 8MW

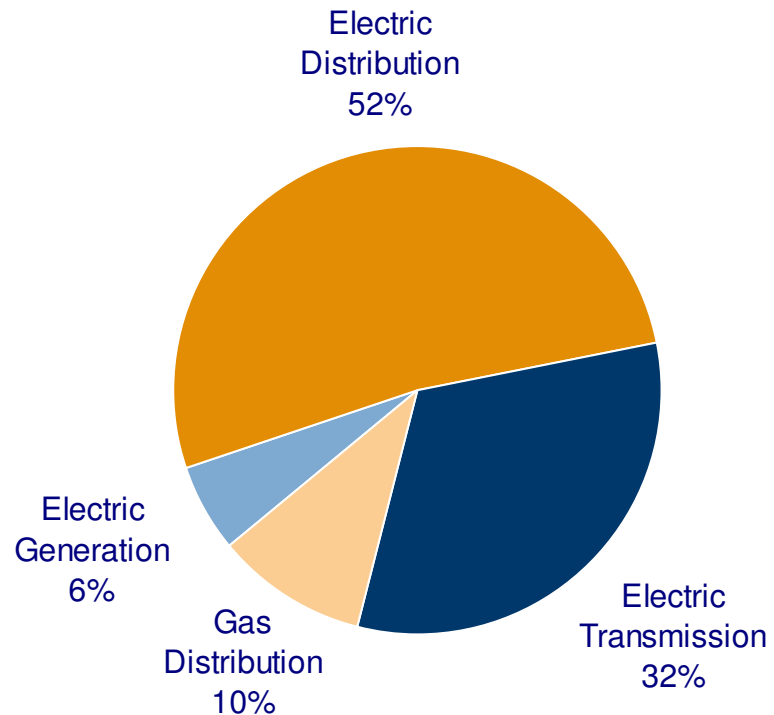


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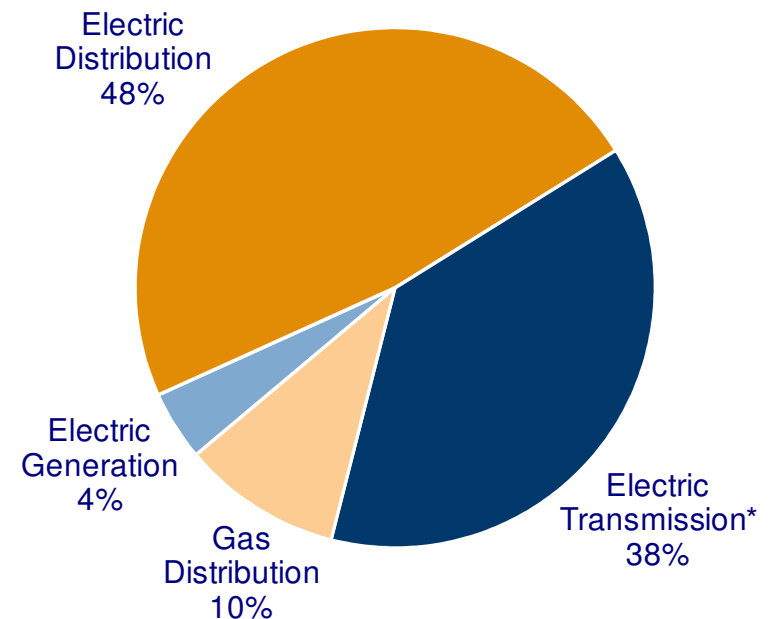
# Regulatory and Business Segment Diversity

## Rate Base By Business



**Combined 2012 Rate Base: \$13.1 billion**

## Rate Base By Business



**Projected Combined 2015  
Rate Base: \$15.3 billion**

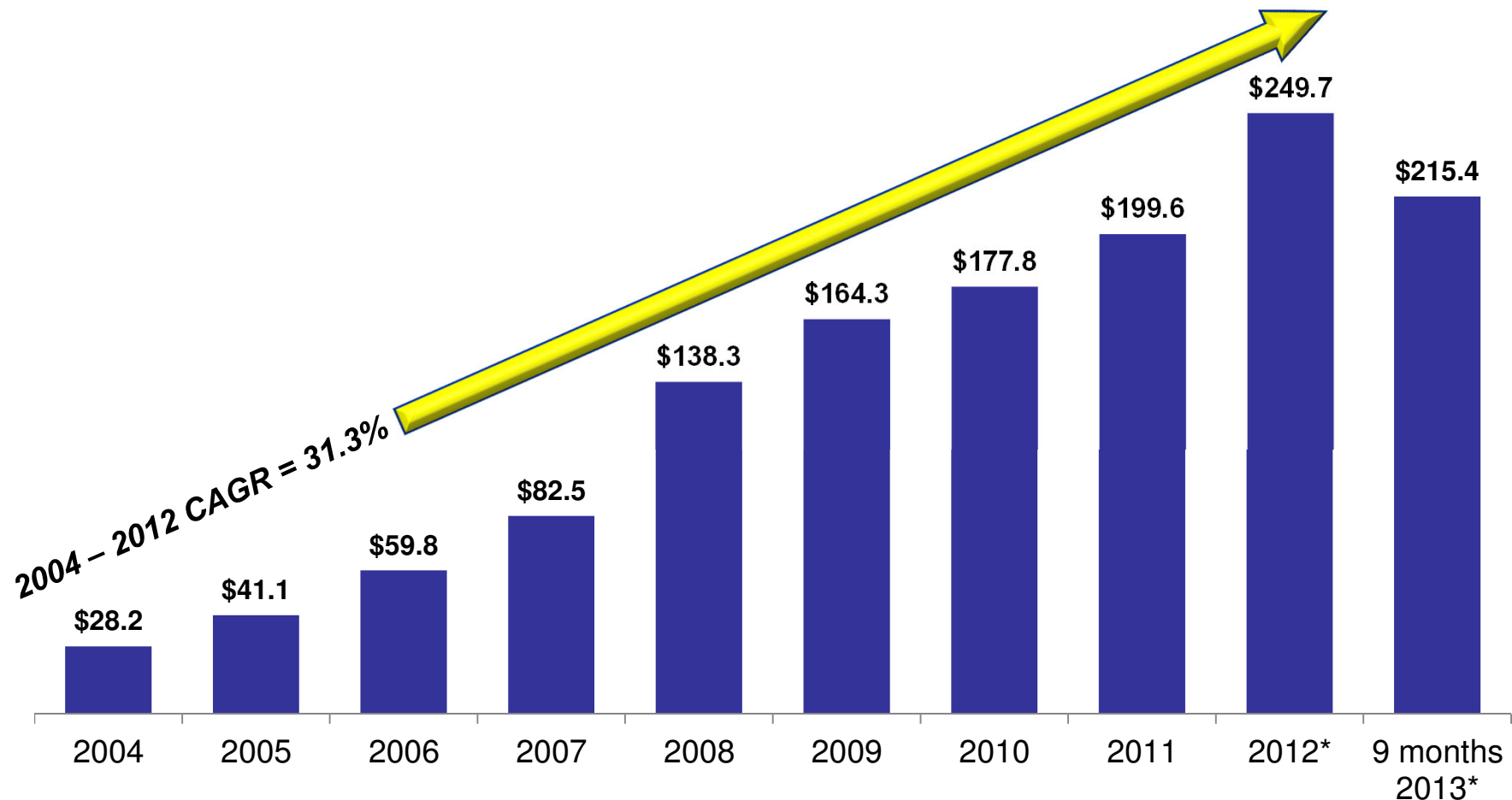
\*Electric Transmission includes projected Northern Pass AFUDC as of 12/31/15



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## NU Transmission Earnings Have Grown Rapidly in Recent Years



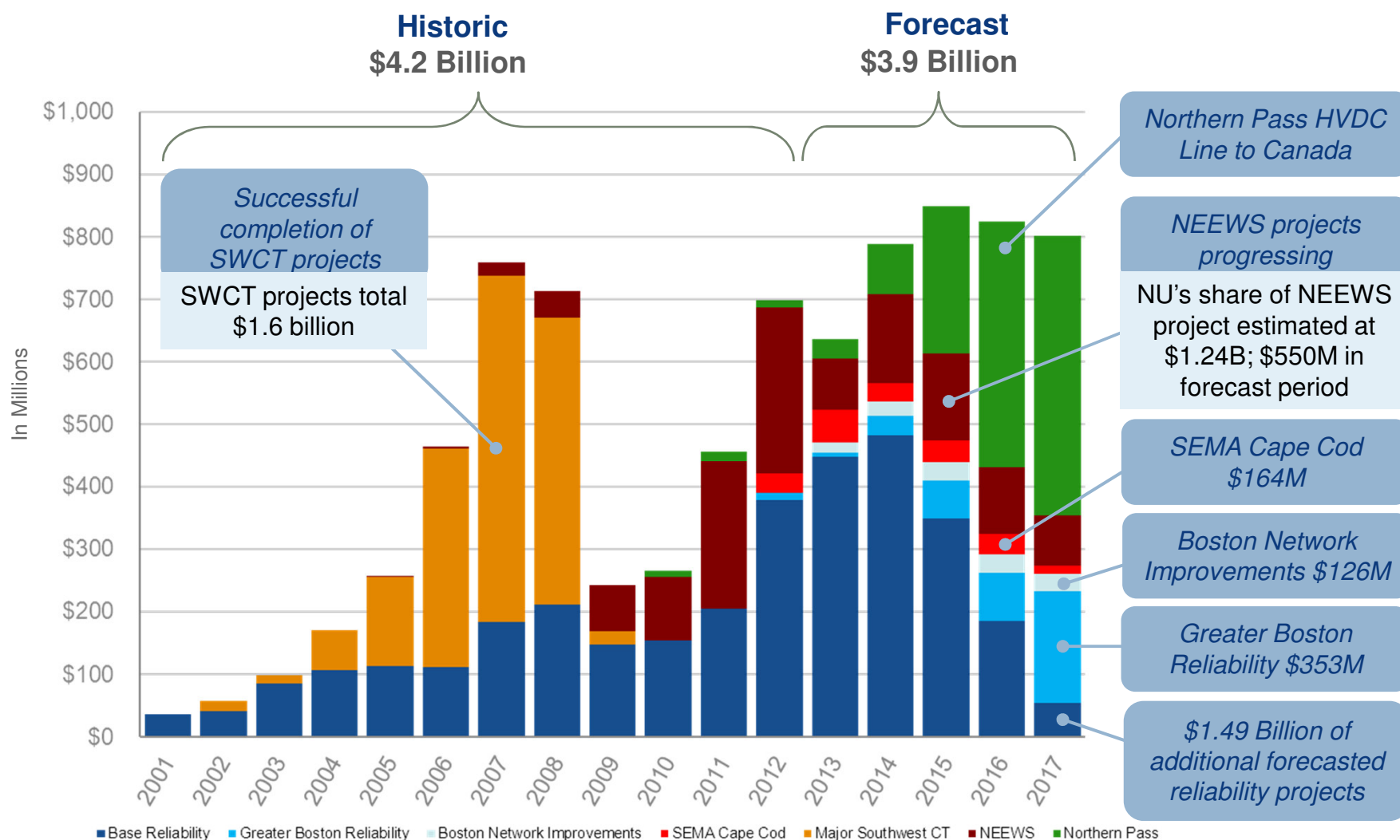
\*Includes NSTAR Electric transmission earnings for last 9 months of 2012 and first 9 months of 2013.



# Transmission's Projected Capital Investment Has Grown to \$3.9B



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# NEEWS Transmission Update

## Greater Springfield Reliability Project

**Under Construction**

- Projected in-service: late 2013
- Total budgeted NU cost: \$718 million
  - Expected to be approximately 6% below budget
- Project is approximately 98% complete
- Final leg of 345-kV work completed in March; 115- kV line and substation work by year-end

## Greater Hartford Central Connecticut Reliability Project (GHCC)

**In Planning Phase**

- ISO-NE issued its needs assessment for CCRP, expanding the study to include other electricity connected areas inside CT
- Project is expected to morph into a sizable group of projects
- ISO-NE expected to identify preferred transmission solutions in the first half of 2014
- Projected in-service: 2017
- Total projected NU cost: \$300 million

## Interstate Reliability Project

**In Siting Phase**

- Joint project with National Grid (*NU in CT; NGrid in MA & RI*)
- CT section approved by Siting Council in January 2013; Rhode Island section approved in June
- MA siting, Army Corps of Engineers decisions expected second quarter of 2014
- Projected commencement of construction: mid- 2014
- Projected in-service: late 2015
- Total projected NU cost: \$218 million



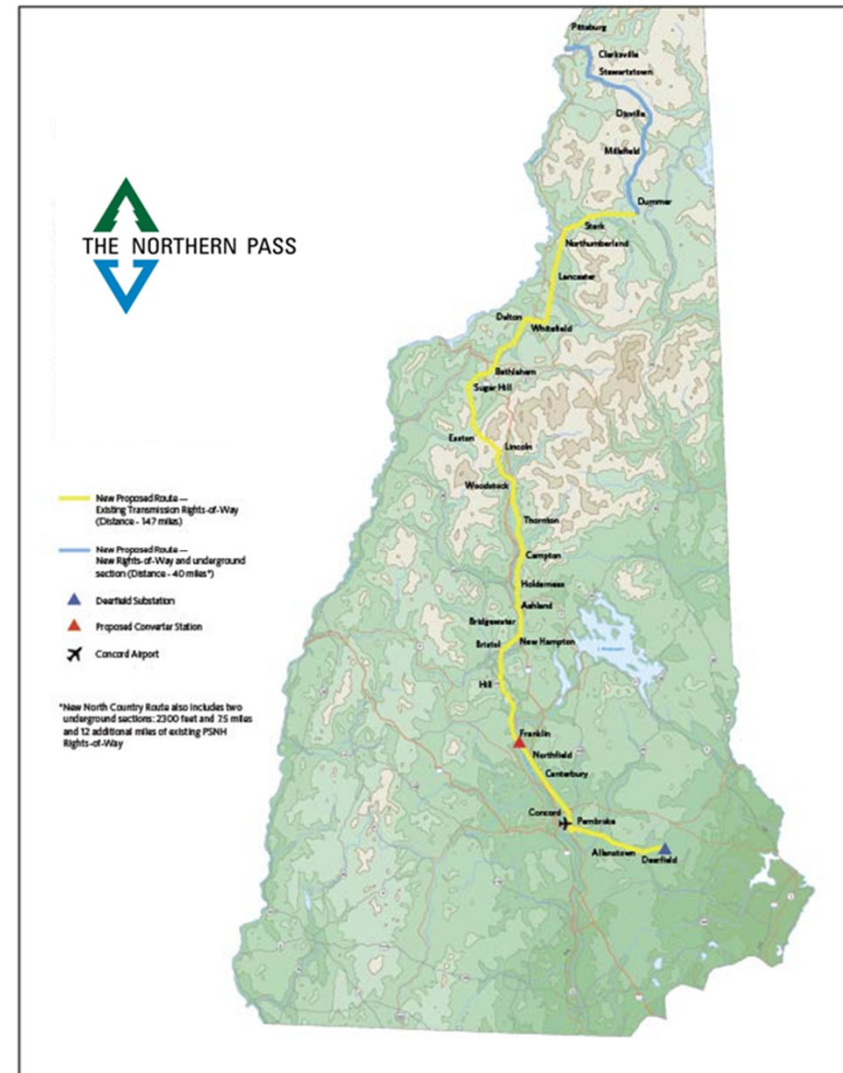


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# Northern Pass Transmission Project Overview

- 1,200 MW of clean energy
- \$1.4 billion HVDC line, terminal and AC facilities
- Participant-funded structure; no impact on the Regional Transmission Rate
- 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 (147 HVDC, 40 AC)
- 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 CO<sub>2</sub>
  3. Economic value through construction jobs and new tax base – 1,200 jobs and \$28 million per year in property taxes
  4. Reduces growing dependence on natural gas generation



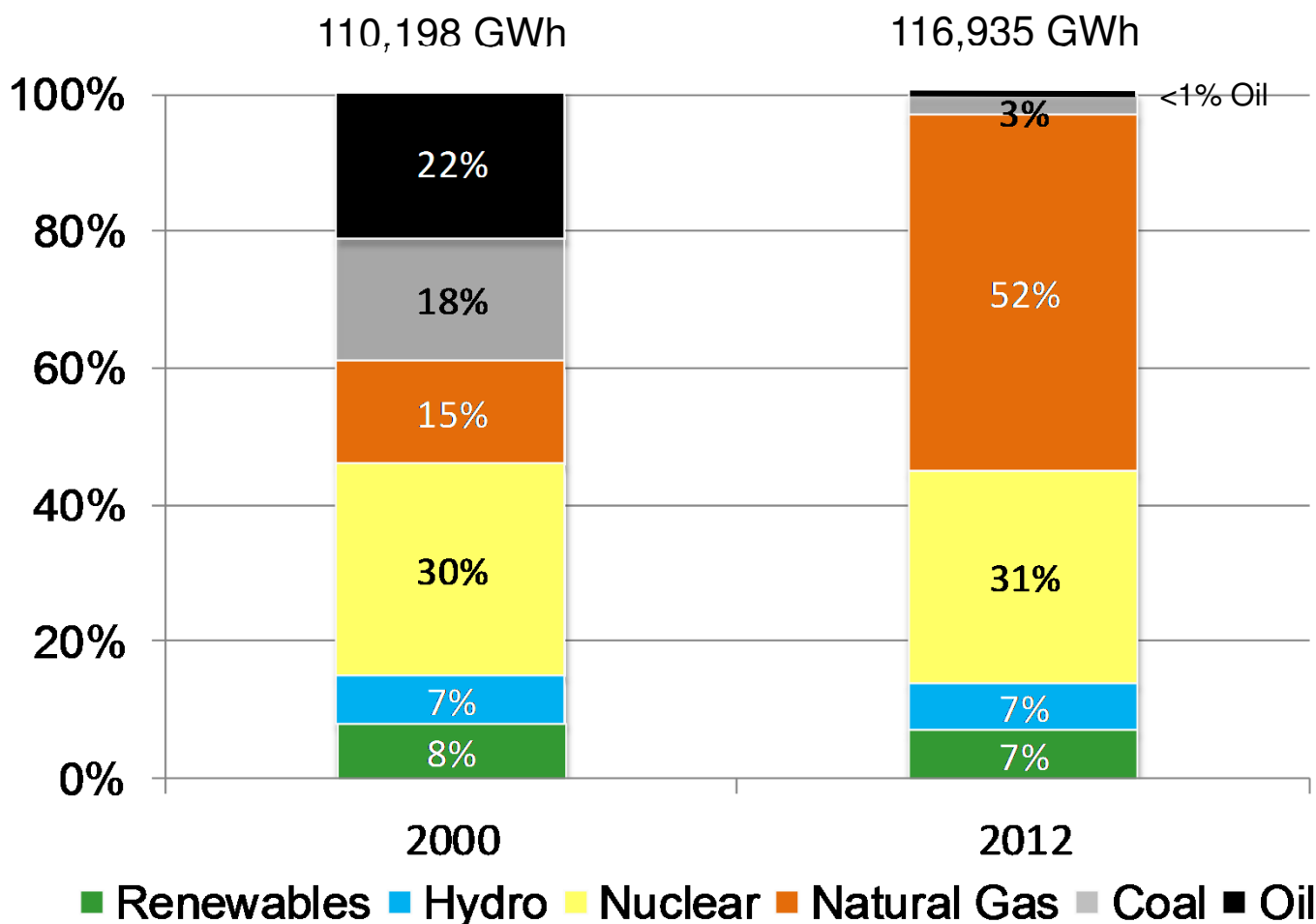
# New England Has Grown Heavily Dependent on Natural Gas Generation



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## *New England Generation Mix*



Source: ISO-New England



# NPT Permitting Process



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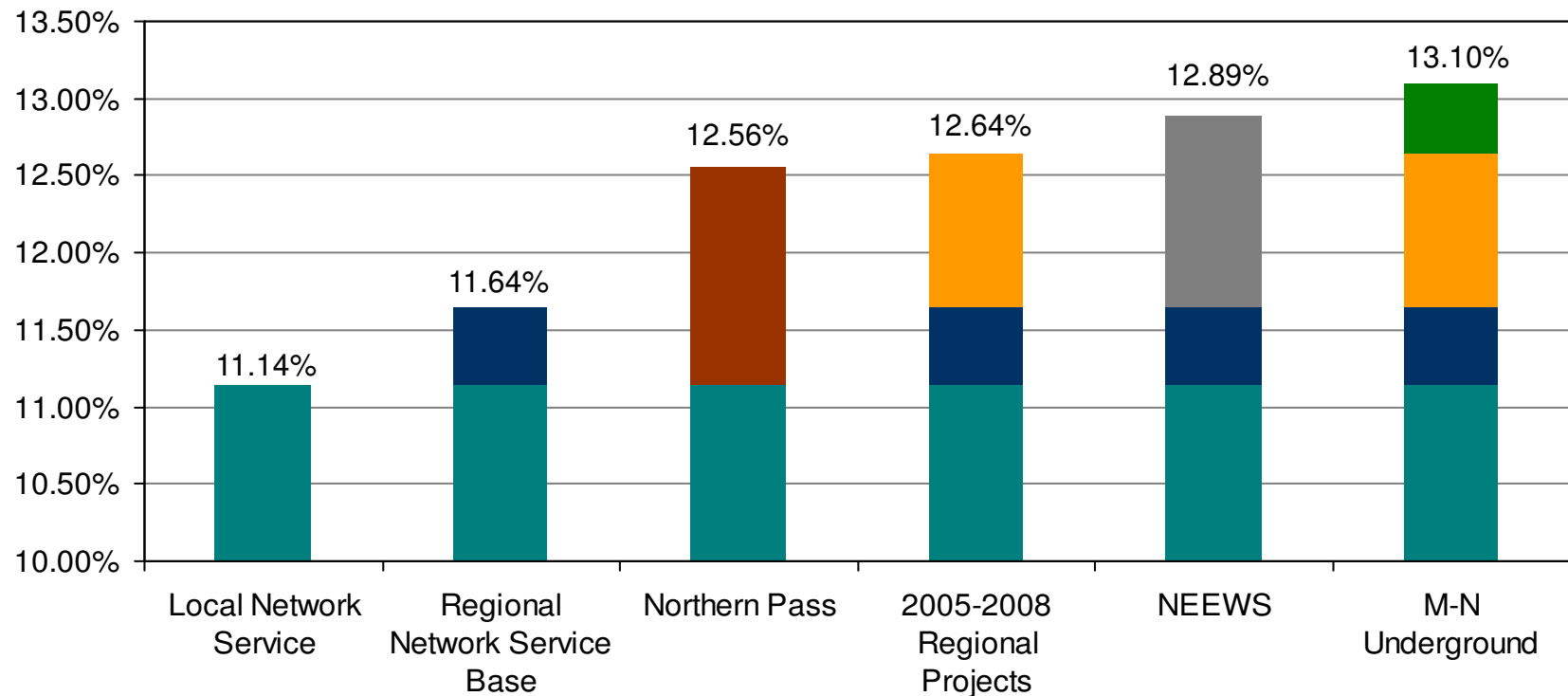
Who	Required Permit	Why	Timeline
NH Site Evaluation Committee: 15 members from 8 state agencies	Certificate of Site and Facility	Must review all applications of large scale energy facilities	Application expected to be filed in 2014. NHSEC procedures provide for a decision 9 months after application is determined complete
Lead federal review: U.S. Department of Energy	Presidential Permit	Project crosses international border	Draft Environmental Impact Statement (EIS) expected in 2014; final EIS expected in 2015 with final order at least 30 days later
Other federal agencies: U.S. Forest Service	Special Use Permit	About 10 miles of NPT traverse long-time PSNH transmission corridor in White Mountain National Forest	Initial application filed in 2011; updated application in 2013 review concurrent with DOE
Army Corps of Engineers	404 Permit	Review of wetland and watercourse impacts	Review concurrent with DOE
EPA	None	Cooperating agency with DOE on EIS	Review concurrent with DOE



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## Review of FERC-Approved Transmission ROEs



- NU's Local Network Service Tariff ROE (this is the New England base ROE that is subject of 9/30/11 and 12/27/12 complaint proceedings at FERC)
- NE RTO Incentive adder of 50 basis points on regional assets
- ISO-NE Planned Regional projects in-service before 1/1/09 (D.C. Circuit Court rejected appeal on 1/29/10)
- Middletown-Norwalk advanced technology adder of 46 basis points for underground cable system
- 125 basis point NEEWS incentive (request for rehearing denied by FERC on 6/28/11)
- 142 basis point Northern Pass incentive (request for rehearing denied by FERC on 8/5/11)



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## Distribution Earnings Growth to Come From Declining Operating and Interest Costs While Rate Freezes in Effect

- **Rate Certainty:**
  - Distribution rates frozen through 12/31/15 for three Massachusetts utilities
  - PSNH, Yankee Gas operating under multi-year rate plans
  - CL&P distribution rates to be reset 12/1/14
- **Cost Reductions:**
  - Expected 3% annual reduction in O&M through 2015 from \$1.6 billion base in 2012
  - Approximately 70% of savings retained by company; 30% flow to customers during fixed rate period
- **Lower Interest Costs**
  - More than \$30 million of annual savings achieved since merger



# Financing Activities Completed or Planned

- Implemented new commercial paper program at NU

## DEBT RETIRED SINCE MERGER

Security	\$Millions	Date	Coupon
CL&P PCRBs	\$116.4	10/1/12	5.85% – 5.95%
WMECO PCRBs	\$53.8	10/1/12	5.85%
NSTAR Electric Unsecured	\$400	10/15/12	4.875%
PSNH PCRBs	\$109	5/1/13	5.45%
NU Unsecured	\$250	6/1/13	5.65%
WMECO Unsecured	\$55	9/1/13	5%
CL&P PCRBs	\$125	9/3/13	1.25%
NU Unsecured	\$300	9/20/13	Variable

## DEBT ISSUED SINCE MERGER

Security	\$Millions	Date	Yield
WMECO Unsecured	\$150	10/4/12	2.673%
NSTAR Electric Unsecured	\$400	10/15/12	2.406%
CL&P Secured	\$400	1/15/13	2.574%
NU Unsecured	\$450	5/13/13	2.83%
NU Unsecured	\$300	5/13/13	1.464%
NSTAR Electric Unsecured	\$200	5/17/13	Variable

## UPCOMING MATURITIES/MANDATORY TENDERS

Security	\$Millions	Date	Coupon
Yankee Gas Secured	\$75	1/1/14	4.8%
NSTAR Electric Unsecured	\$300	4/15/14	4.875%
PSNH Secured	\$50	7/15/14	5.25%
CL&P Secured	\$150	9/15/14	4.8%



## Natural Gas Distribution: Growth Opportunities for NU



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- Shale gas is a game changer for the region
- Very attractive opportunities for NU due to natural gas' low saturation, cost and environmental advantages over competing fuels

### Home Heating Market Penetration

	U.S.	Connecticut	Massachusetts
Natural Gas	53%	32%	48%
Oil	7%	48%	34%

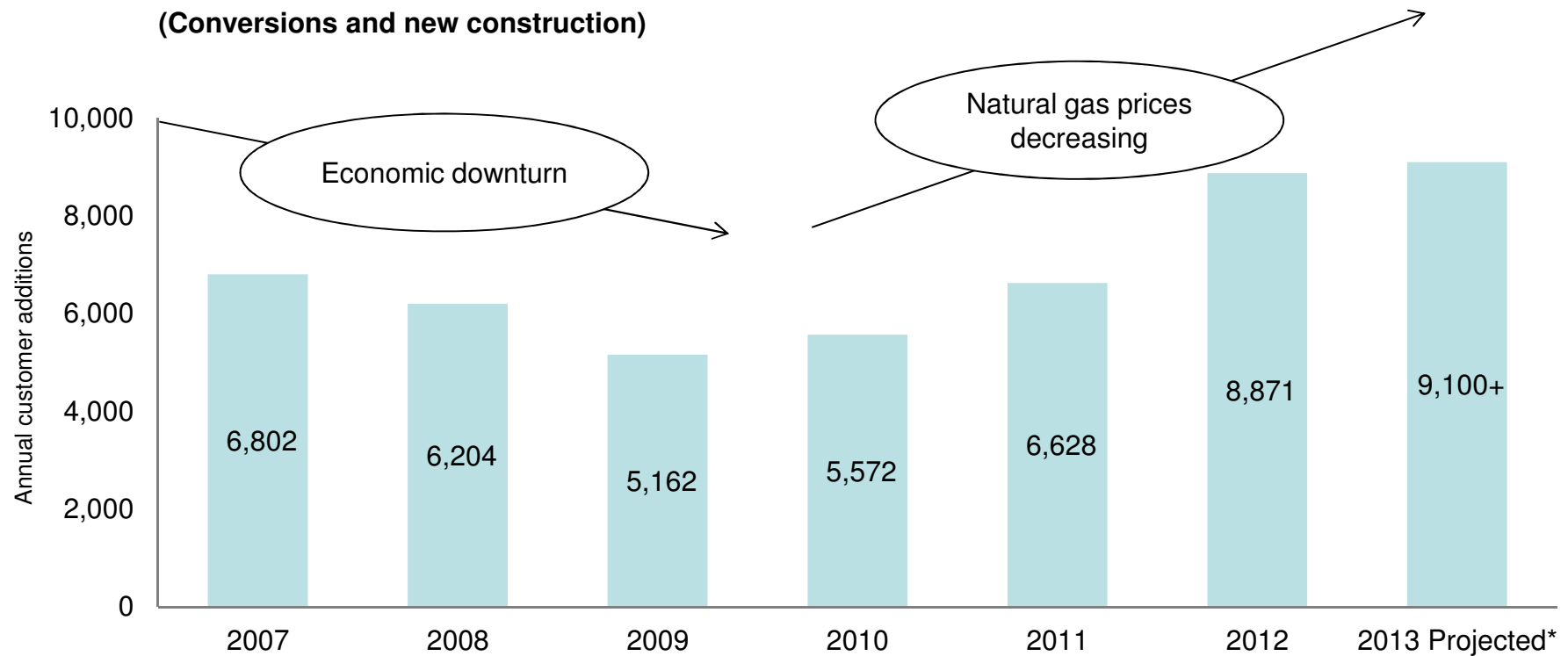


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## Customer Growth Has Picked Up for NU's Natural Gas Business

### NU Natural Gas Business – NSTAR Gas, Yankee Gas 2007-2012 Annual Customer Additions (Conversions and new construction)



\*7,805 through September 30, 2013

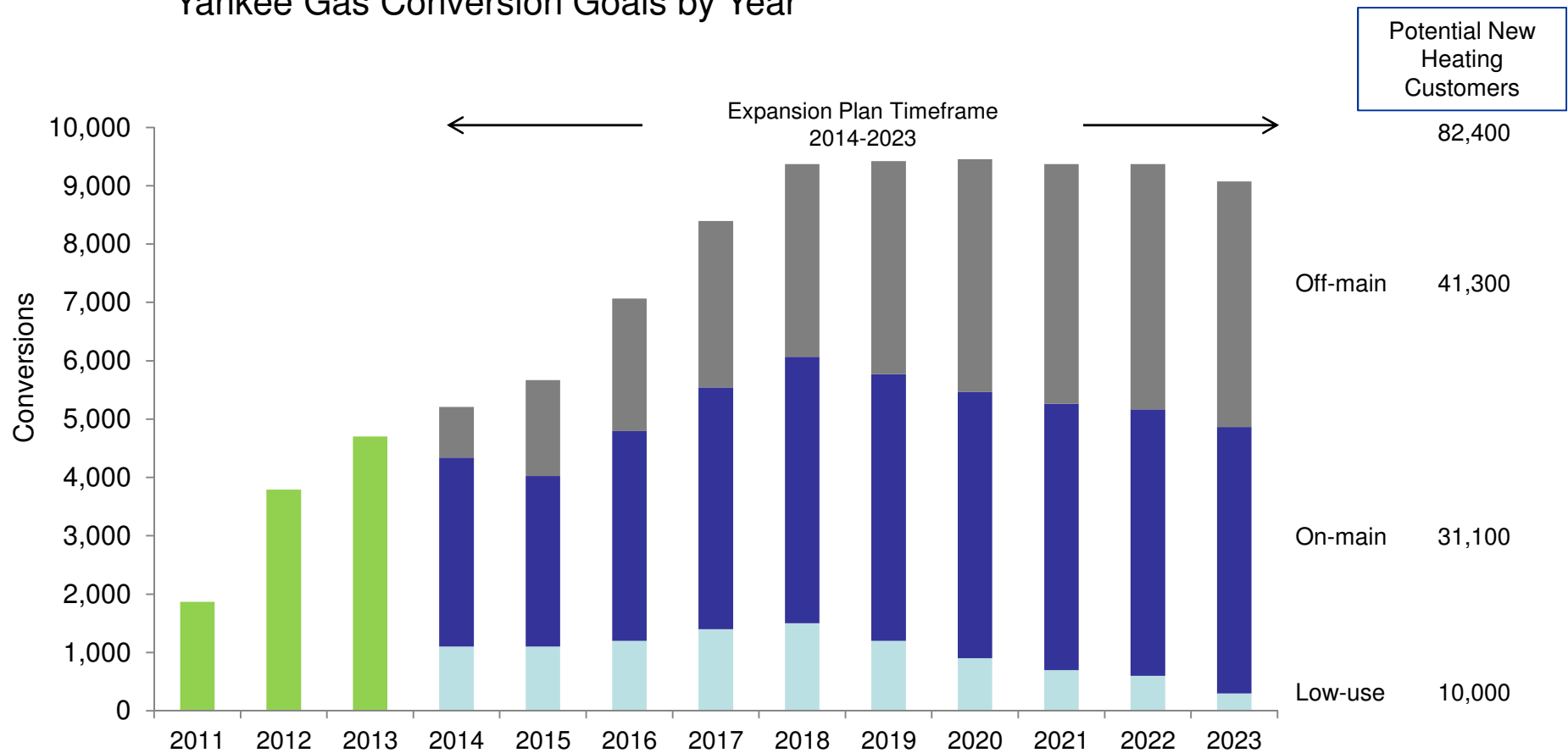


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## Connecticut Plan Conversions Targets

### Yankee Gas Conversion Goals by Year





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## CT Comprehensive Energy Strategy ... Benefits to the State Cited in the Plan

### Economic

- \$2.8 billion of NPV savings for those who convert
- \$436 million injected annually into state economy by Year 10
- \$107 million annually in lower commercial and industrial costs by Year 10
- 5,000 net increase in jobs by end of 10 years
- Increased tax revenue to state and municipalities

### Environmental

- 820,000 ton reduction (7%) in annual CO<sub>2</sub> emissions
- Reduced SO<sub>x</sub> and NO<sub>x</sub> emissions
- Increased funding for natural gas energy efficiency

### Energy Supply

- 262 million gallon annual reduction (43%) in state fuel oil consumption by Year 10
- Expansion of natural gas pipeline capacity brings more access to lower cost gas
- Larger natural gas distribution system brings economies of scale





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## EPS Growth Beyond 2013

### Major Drivers

**Long-term  
6% - 9%  
CAGR off of  
\$2.28 in 2012**

- Continued investment in transmission reliability projects, including NEEWS
- Northern Pass Transmission Project
- Increase in gas conversions
- Increased cost savings

- Higher property tax and depreciation expense



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# Appendix

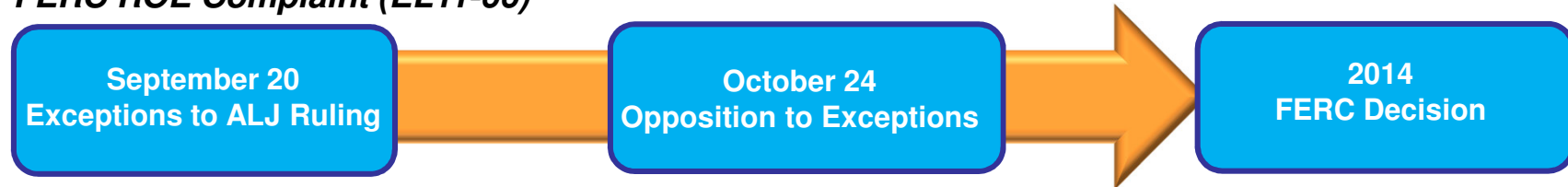


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## Pending Significant Regulatory Dockets

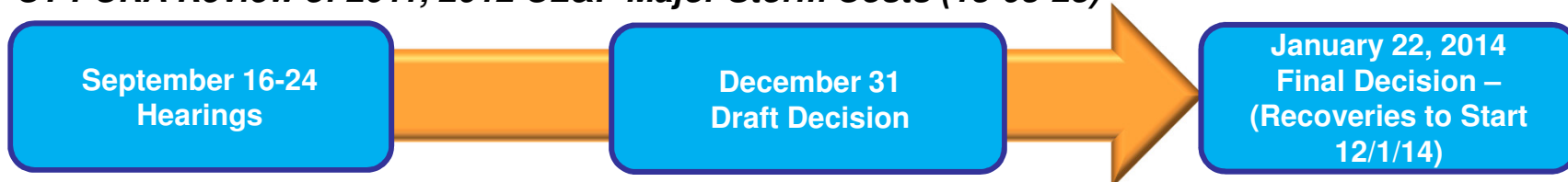
### ***FERC ROE Complaint (EL11-66)***



### ***CT PURA Review of Yankee Gas/UI Natural Gas Expansion Plan (13-06-02)***



### ***CT PURA Review of 2011, 2012 CL&P Major Storm Costs (13-03-23)***



# The Regulatory Environment: NU Business Segments Have a High Level of Rate Certainty



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<b>Distribution</b>	NSTAR Electric	Rates frozen through 12/31/15; reconciling adjustments continue to operate
	NSTAR Gas	
	WMECO	
	CL&P	Rates frozen through 11/30/14; reconciling adjustments continue to operate
	Yankee Gas	Operating under rate plan effective 7/1/11
	PSNH	Multi-year rate plan through 6/30/15. Final increase took effect 7/1/13
<b>Transmission</b>		Fully reconciling rates – no general rate cases
<b>Generation</b>	PSNH	Fully reconciling rates – no general rate cases
	WMECO (solar)	