



**Northeast
Utilities**

**Analyst Day
October 5, 2012**





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NU Safe Harbor Provisions

This presentation contains 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 are based on the current expectations, estimates, assumptions or projections of management and are not guarantees of future performance. These expectations, estimates, assumptions or projections may vary materially from actual results. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors that could cause our actual results to differ materially from those contained in our forward-looking statements, including, but not limited to, actions or inaction of local, state and federal regulatory and taxing bodies; changes in business and economic conditions, including their impact on interest rates, bad debt expense and demand for our products and services; changes 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 our 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; the outcome of our merger; and other presently unknown or unforeseen factors. Other risk factors are detailed in our reports filed with the Securities and Exchange Commission (SEC). Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake 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.

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 and 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, the second quarter and first half 2012 earnings and 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 and guidance by business and to more fully compare and explain our second quarter and first half 2012 and 2011 results without including the impact of the non-recurring merger-related costs. Management believes that this measurement is 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.

Welcome to Boston!



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BOSTON
SEAPORT DISTRICT



Today's Agenda



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Tom May
President & CEO

The New NU



David McHale
Executive Vice President & CAO

Merger Integration
Redefining the Customer Experience



Lee Olivier
Executive Vice President & COO

Transmission Development Initiatives
Region's Increasing Demand for Natural Gas



Jim Judge
Executive Vice President & CFO

NU's Attractive Investment Thesis
Financial Outlook



Excellent, Timely Investment Opportunity with a Unique Value Proposition

Significant
Transmission &
Gas
Opportunities



- Diversified across 4 regulatory jurisdictions
- Strong financial condition; among the highest credit ratings in the industry

Low Near-Term
Rate Case Risk



- Low risk profile

No Required
Equity
Issuances



- \$12 billion market cap enhances liquidity
- Strong, experienced management

Low Payout
Ratio/Strong
Dividend
Growth Outlook



- Top-tier record of producing shareholder value

Attractive EPS
Growth
Potential



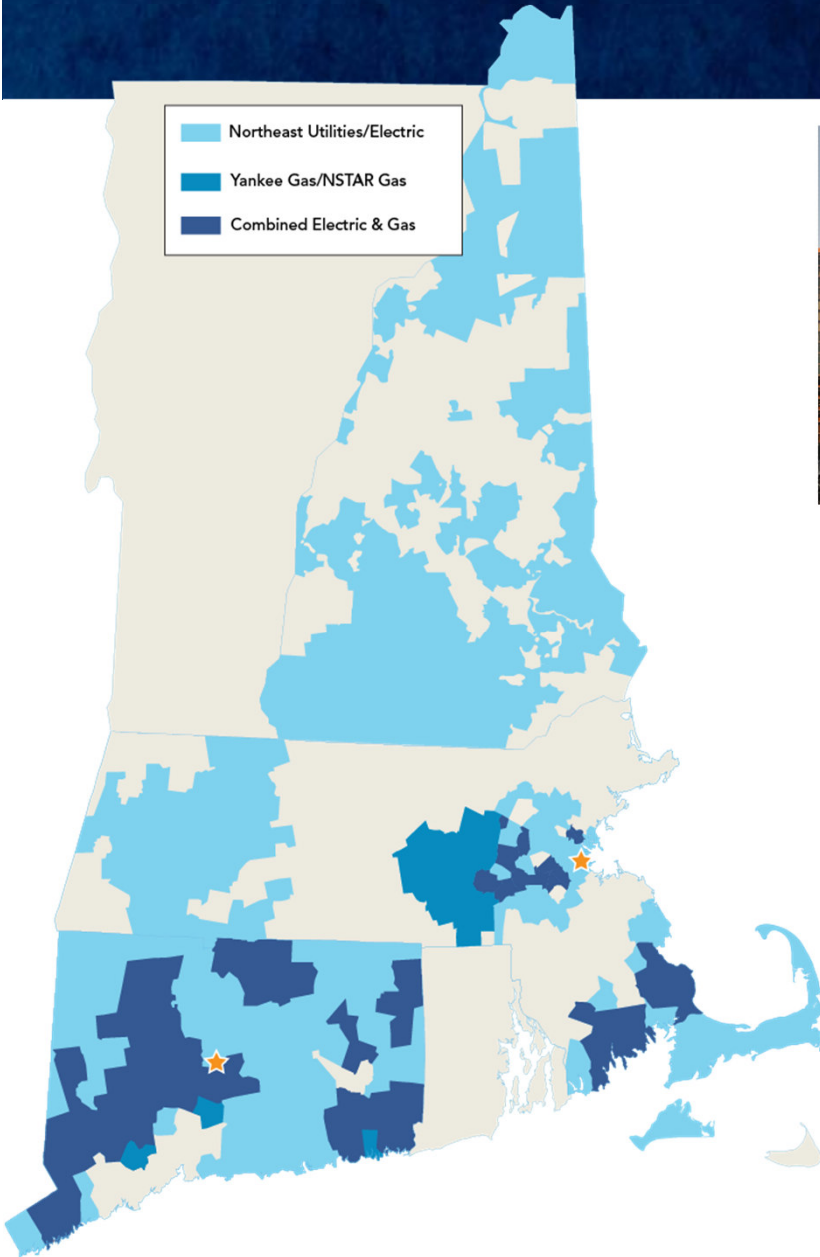
“Crown Jewel” of a Service Territory



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- Northeast Utilities/Electric
- Yankee Gas/NSTAR Gas
- Combined Electric & Gas



**Seaport District
Boston, MA**



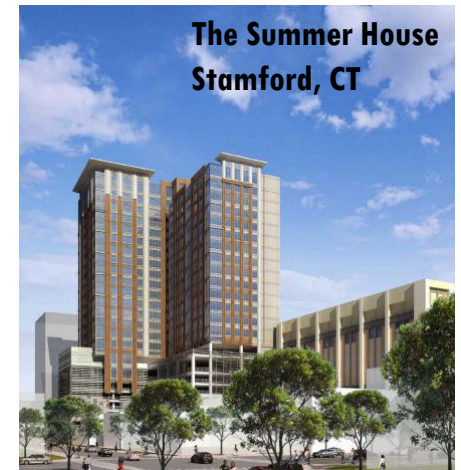
**Back Bay
Boston, MA**



Cambridge, MA



**Hospital Expansion
Stamford, CT**



**The Summer House
Stamford, CT**



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Boston's Building Boom



BUILDING BOSTON

22 Business Week Business, 1 August to September 6, 2012

ROOM TO GROW

A slate of mega projects are proof that developers and public planners are putting Greater Boston's space constraints to the test

For a region of the country that's not supposed to have enough land available for mega-development projects, the Boston area sure seems to have a lot of mega-developments under way these days.

Greater Boston is packed with major developments that promise to transform huge swaths of under-utilized and abandoned property into commercial and residential hubs. Below is a rendering of the planned 3.2 million square foot NorthPoint development in East Cambridge.



Seaport/Innovation District | Boston
Area: 100
Developers: 11.3 million square feet of mixed-use office, residential and retail space; 1.9 million square feet now under construction
Estimated cost: \$5.1 billion in approvals, \$1.1 billion currently under construction
Lead developer: Hines and Skanska
Lead Architects: The Fallon Co.; HYM; The Drive Co.; Boston Global Investors



BOSTON Herald

FOR MARKET INFORMATION, GO TO BOSTONHERALD.COM



FLYING HIGH Operator Chris Rand, left, and below, is seen with his crane high above the future Vertex Pharmaceuticals headquarters on Fan Pier in Boston's Seaport District.

YEAR OF THE CRANE

Operators have bird's-eye view of building boom

By GREG TURNER
Vertex Pharmaceuticals workers wondering what the view will look like out their office windows after their Cambridge firm's big move to Fan Pier should ask Chris Rand. But they might have to climb up 16 stories to find him.



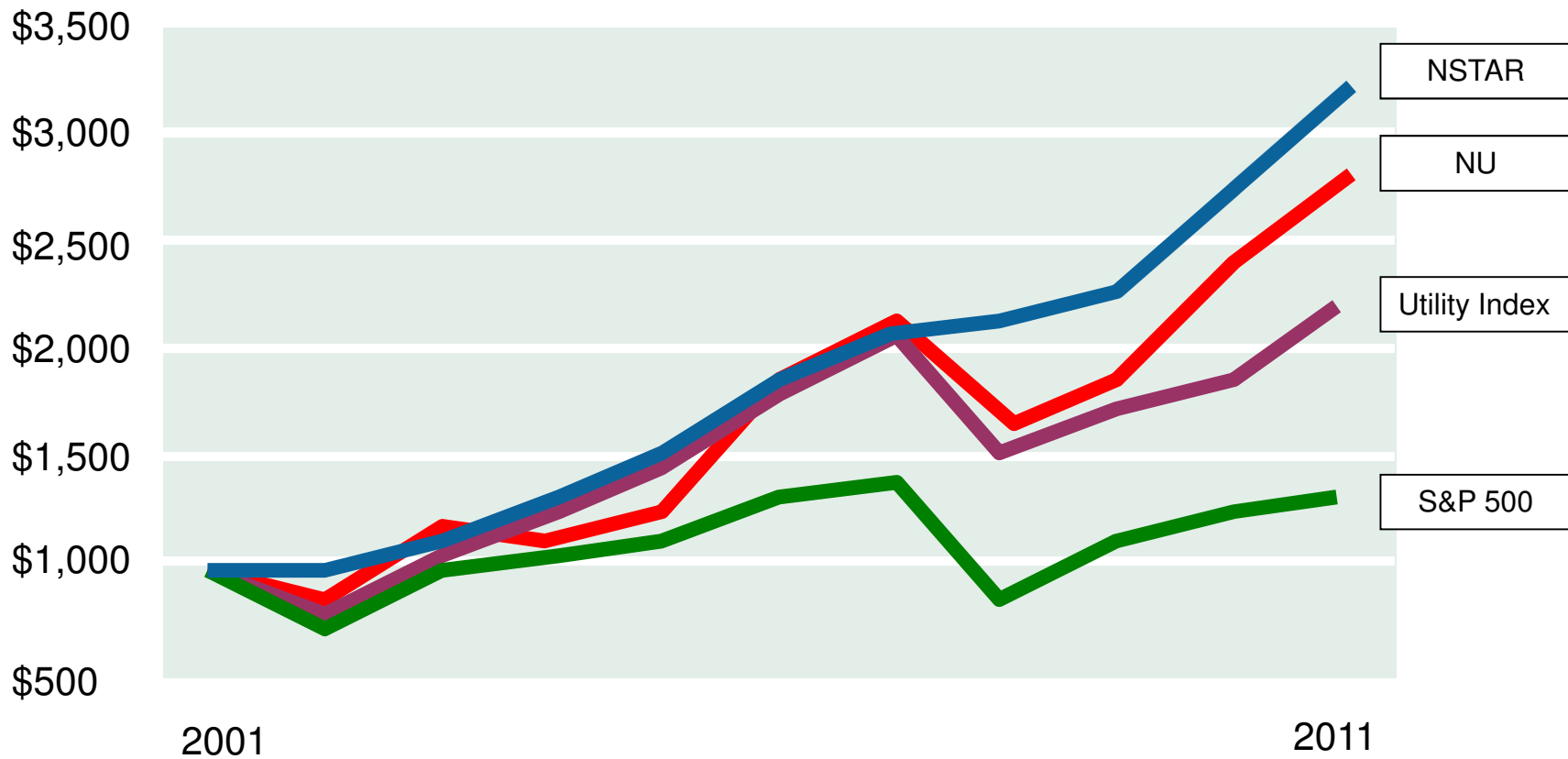
UP ABOVE There are four cranes working on the two-building, 18-story Vertex Pharmaceuticals project.

Turner Construction job for Fan Pier developer Joe Fallon. The \$800 million project broke ground in July 2011 and recently passed its 1.1 million square feet, the nation's largest privately funded construction project -- broke ground in July 2011 and recently passed its "tapping off" milestone on a 300,000-sq-ft Local 4 of the International Union of Operating Engineers. Workers start out as silvers and not as apprentices for a minimum of four years. "I have to talk a company into being in charge of a million-dollar machine and a giant operation," said Brian Sweeney of Middleboro, Rand's older brother for several years. "It's like the gentleman's club. You kind of have to kick the door down to get in."

A Great Management Team that Delivers ...



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Creating Superior Value



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Growing the Transmission and Gas Businesses



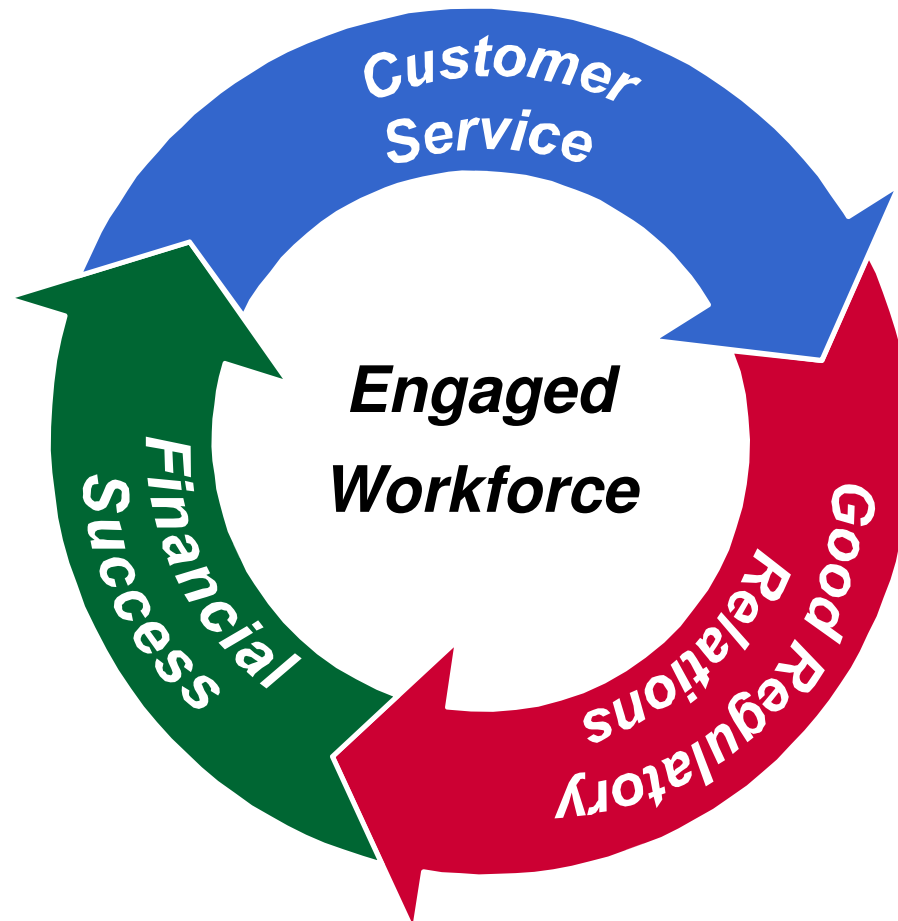
Redefining the Customer Service Model



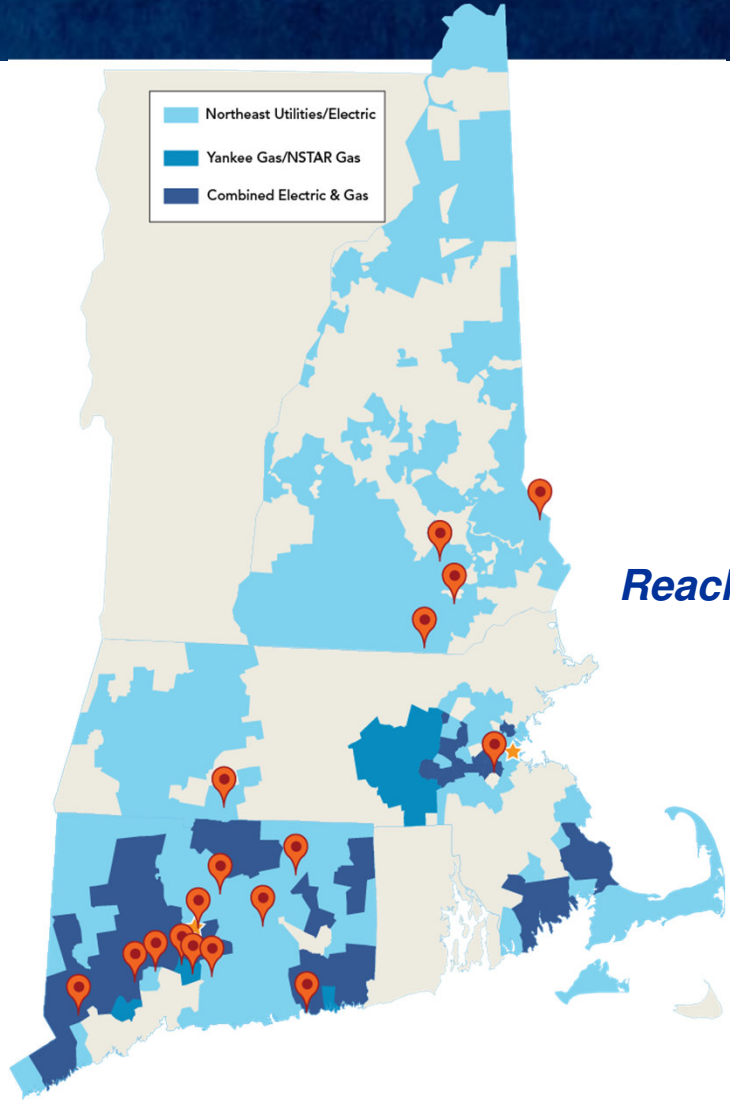
“One Company” Delivering Great Service



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Walking the Talk ...



Reaching out to regulators and employees ...





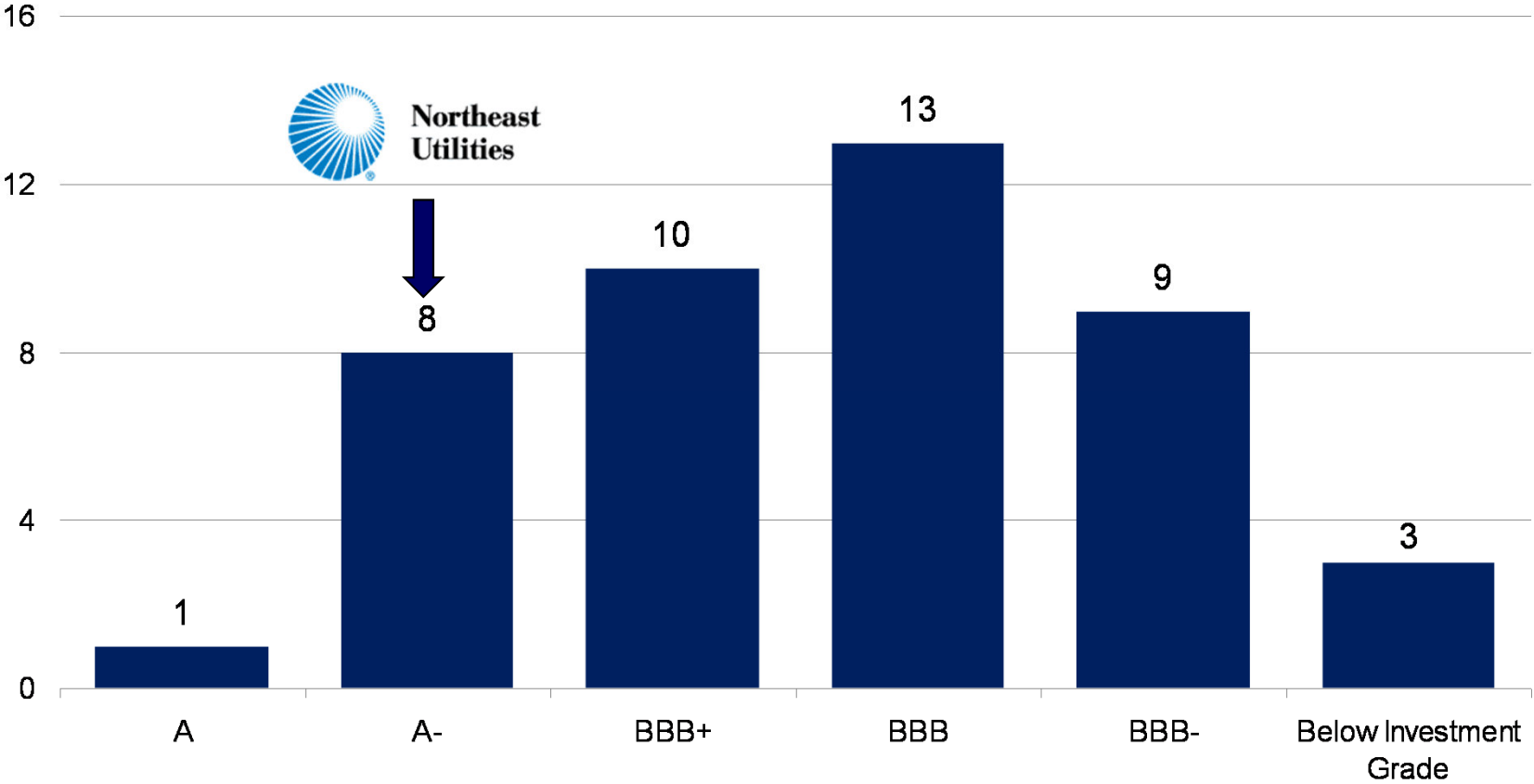
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Very Strong Financial Condition

Utilities Credit Ratings Distribution⁽¹⁾

Number of Issuers



1. Source: Standard & Poor's, "Industry Report Card: U.S. Regulated Electric Utilities' Credit Quality Remains Stable" (3/28/12). Long-Term Rating of U.S. Investor-Owned Regulated Electric Utilities, excluding subsidiaries. NU Ratings as of April 5, 2012.

Proud of the Past and Optimistic About Our Future

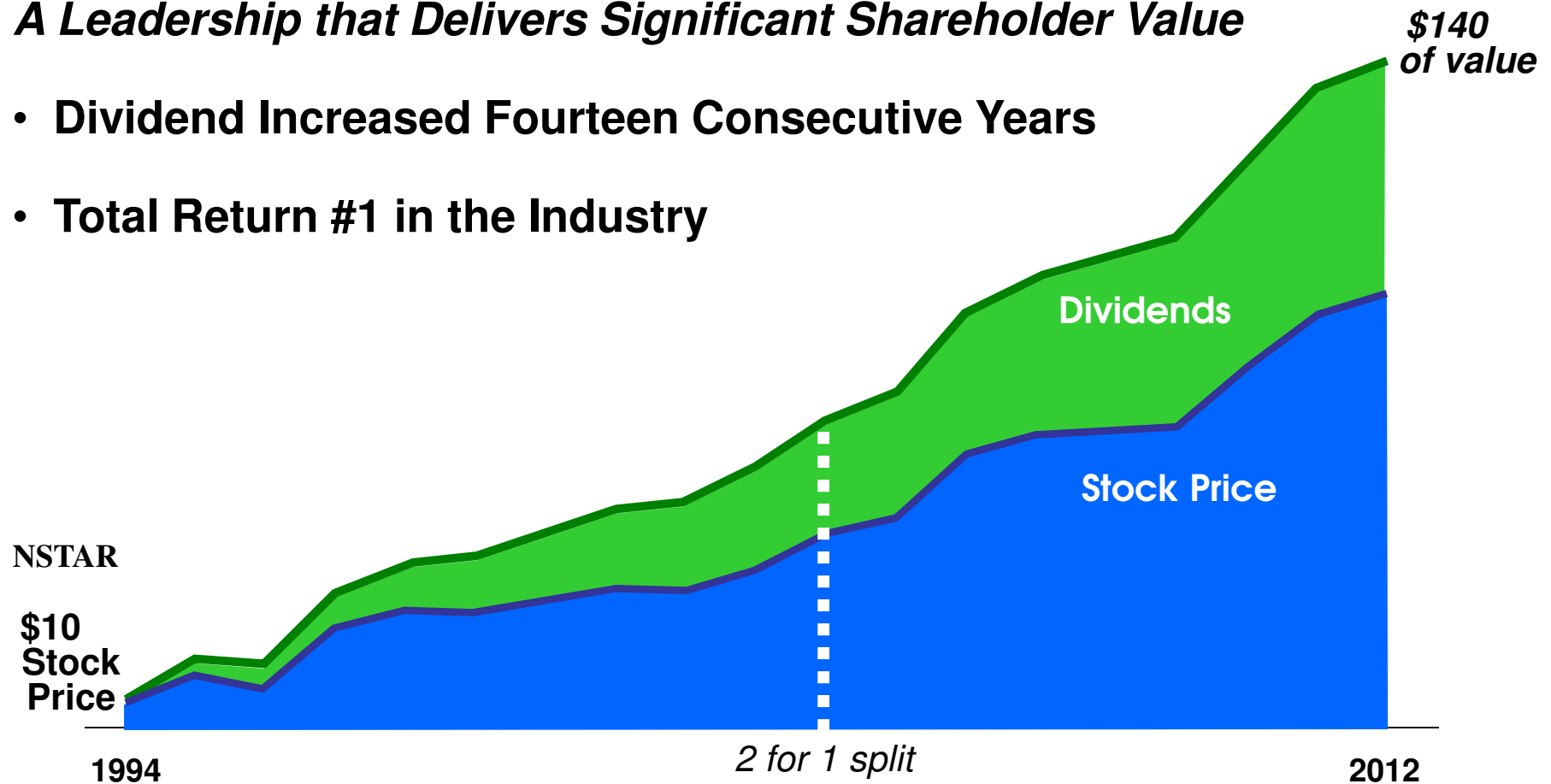


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A Leadership that Delivers Significant Shareholder Value

- Dividend Increased Fourteen Consecutive Years
- Total Return #1 in the Industry





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Integration and Customer Service Review

David McHale
*Executive Vice President &
Chief Administrative Officer*



- Merger Integration
- Redefining the Customer Experience
- Connecticut Energy Policy

Merger Integration



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- Integration is more than just cost savings . . . it's about bringing together two companies, two cultures and two leadership teams to create one successful company
- Realignment of the organization, the people and resources to fully commit towards improving the customer experience while reducing costs
- Early indications are that NU is well positioned to not only meet the original strategic intent of the merger, but to outperform expectations
- Merger related savings support the company's O&M targets – achieve a declining cost structure through the 2015 planning horizon

Merger Integration Priorities



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Support the company's strategic, financial and operational objectives through two paths:

1. Implement the one company model
 - Transition to a centralized corporate service delivery model
 - Deploy resources geographically to support the businesses
 - Drive consistency and standardization throughout the company

2. Identify merger integration initiatives
 - Organizational restructuring
 - Non-labor integration opportunities

Merger Integration Priorities



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The “One Company” Model

- Improve customer service through a new customer care organization structured as a “meter to cash” model
- Implement a fully integrated supply chain organization
- Develop enterprise-wide information technology solutions and investments through one organization
- Align electricity, natural gas, fuel and renewable procurement under one energy supply organization
- Centralize corporate relations, community relations and economic development to more effectively support customers and communities

Merger Integration Priorities



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Merger integration initiatives

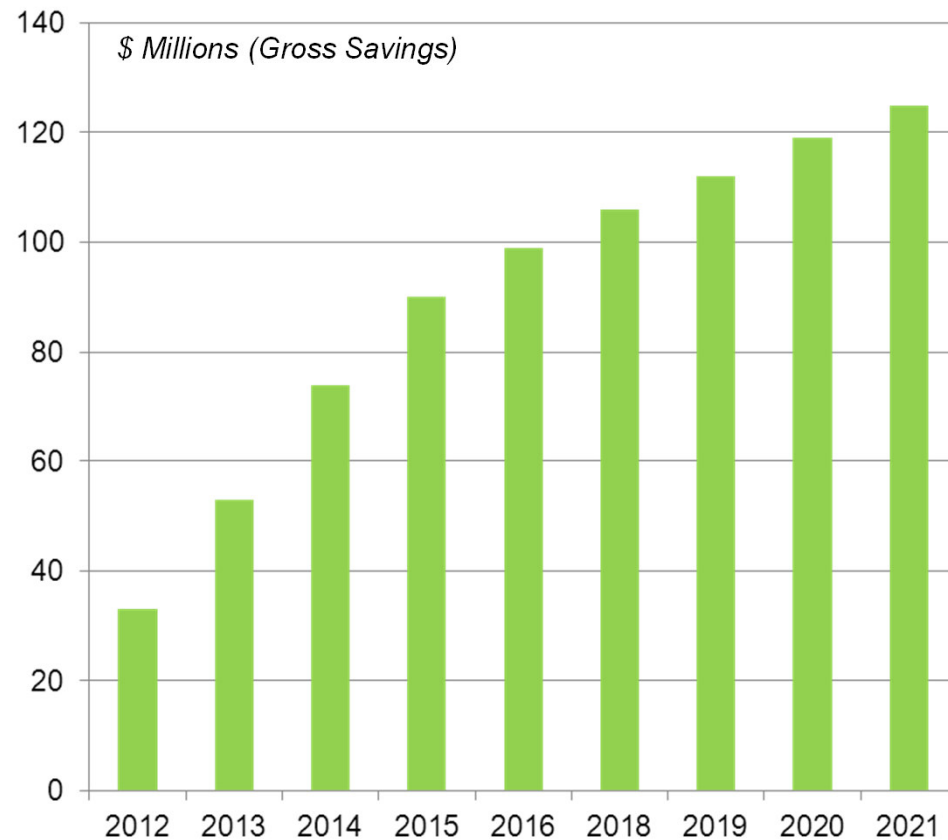
Category	Activity
Staffing Levels	✓ Achieving reductions in staff, vendors and contractors
Information Technology	✓ Consolidating IT infrastructure, data storage, data centers, security ✓ Implementing enterprise-wide application investments across major functional platforms, including finance, HR, operations, customer service
Supply Chain	✓ Achieved significant savings in consolidated vendor and supplier contracts, negotiating most favorable terms ✓ Focus on improving inventory turns, inventory reduction where appropriate, standardization of equipment purchases and stocking processes
Customer Care	✓ Comprehensive assessment of the entire “meter to cash” process
Operations	✓ Initiated a complete review of the operating company processes to drive performance improvement, standardization and cost reduction



Merger Cost Savings: Initial Assessment

Estimated Cost Savings

(Source: 2011 Net Benefit Analysis)



Ten Year Savings

\$948 million gross, \$784 million net

- Labor
- Administrative
- Advertising
- Benefits
- Insurance
- IT
- Professional Services
- Shareholder Services
- Vehicles
- Association Dues
- Director Fees
- Credit Lines
- Procurement
- Contract Services

Improving the Customer Experience



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- A key tenet of the merger is to improve the customer experience while lowering costs; it's the linchpin of this company's success
- Recent survey data indicates NU has the highest customer satisfaction ratings among all mid-sized Eastern gas distribution companies
- We will re-define the customer experience in the electric distribution business
 - Increasing the reliability of our service
 - Increasing situational awareness and customer information during service interruptions
 - Providing an excellent customer call center experience
 - Developing an increasing array of customer solutions including energy efficiency (EE), financing options for EE and natural gas conversions, payment and communication options

NSTAR Gas, Yankee Gas Have Superior Customer Favorability Ratings



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1. NSTAR Gas
2. Yankee Gas
3. South Jersey Gas
4. Columbia Gas of Pennsylvania
5. Elizabethtown Gas
6. Rochester Gas & Electric
7. Columbia Gas of Massachusetts
8. NYSEG
9. Peoples Natural Gas
10. Equitable Gas



Source: 2012 JD Power Gas Utility Residential Customer Satisfaction Survey for Mid-Size Eastern Companies.

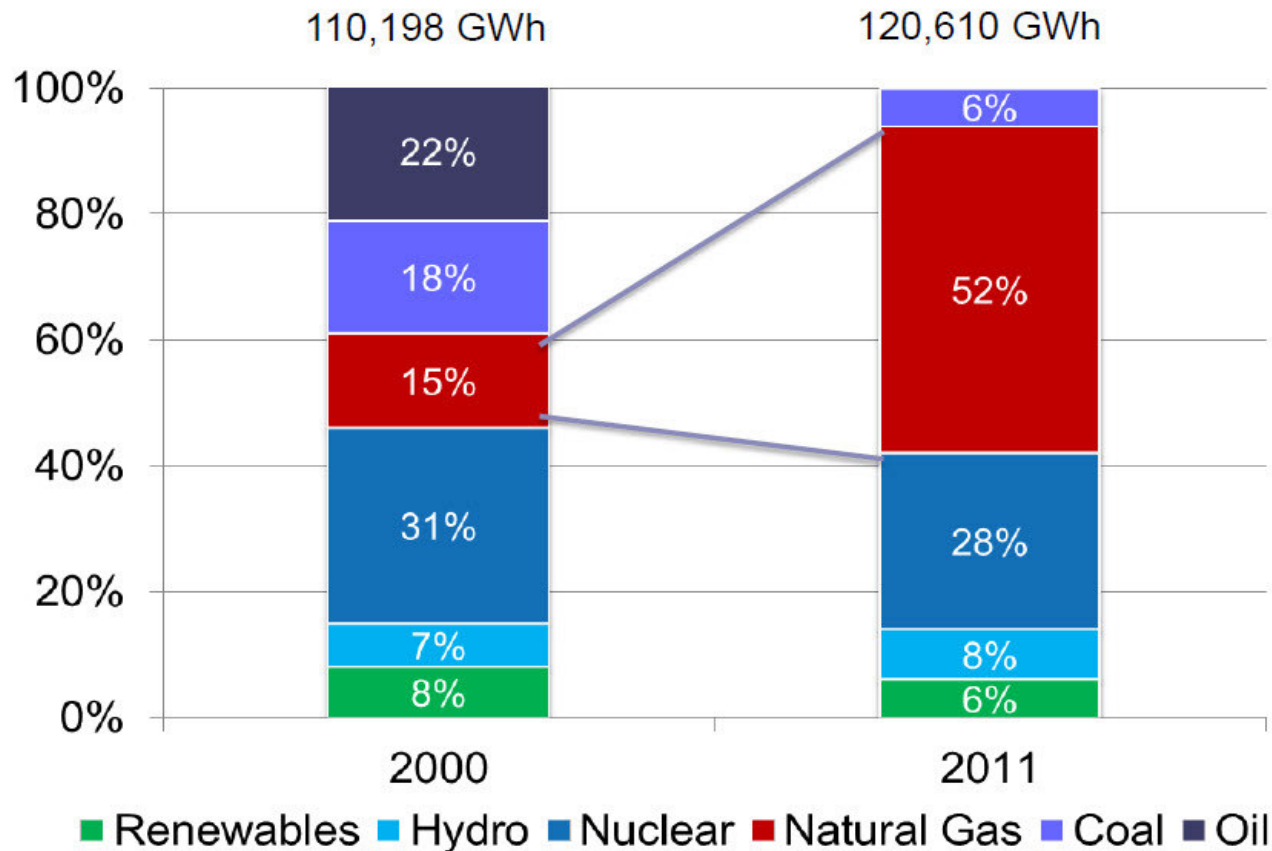


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New England Electric and Natural Gas Customers Benefiting From Lower-Priced, More Plentiful Gas

New England Energy Production

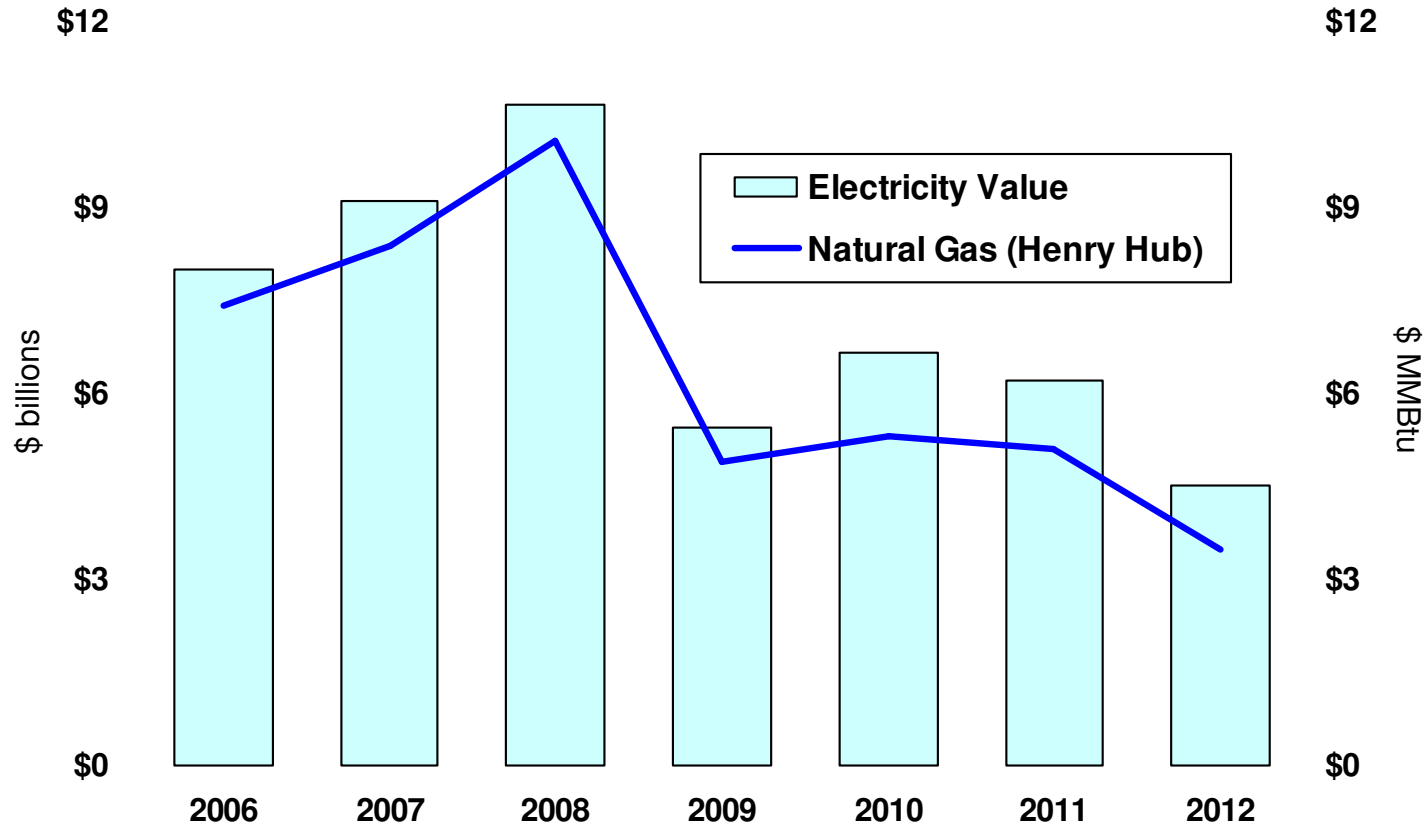


Source Data: ISO-NE



Natural Gas Prices Have Reduced New England's Wholesale Electricity Costs By More Than 50%

ISO-NE Wholesale Market Costs, Energy Component

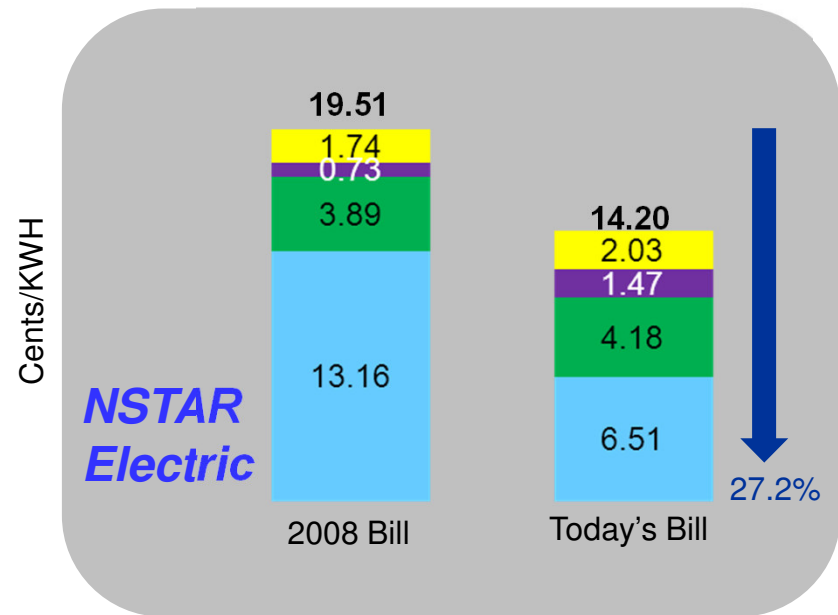
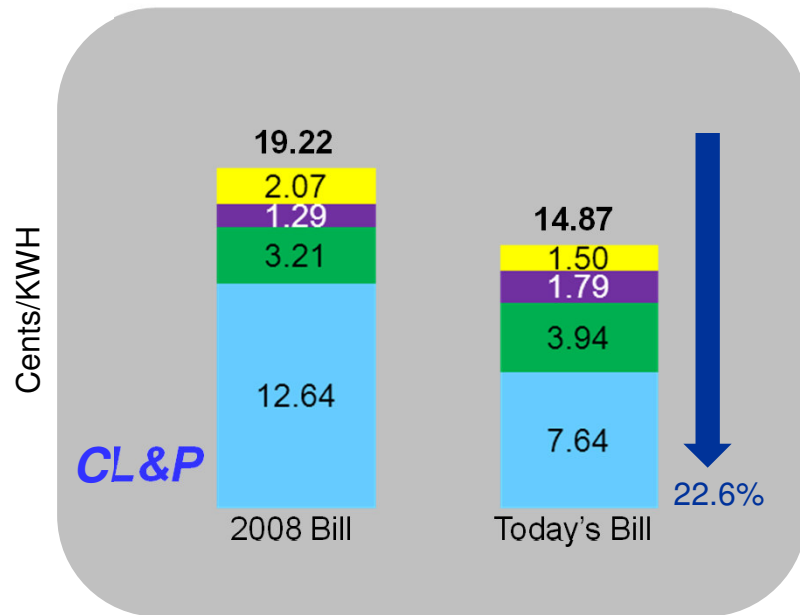


Average Cost (cents/kWh)

New England Wholesale	6.06	6.76	8.08	4.29	5.10	4.80	3.42
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Lower Wholesale Prices and Lower Congestion Costs Have Significantly Reduced Our Retail Electric Bills Since 2008



■ Generation/Supply
■ Transmission

■ Distribution
■ Other



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Connecticut Energy Policy Reflects Today's Marketplace and Enhancement of Previous Initiatives

- 2011 Connecticut legislation required the Department of Energy and Environmental Protection (DEEP) to prepare a comprehensive energy strategy (CES) in 2012 and every three years thereafter
- The strategy will develop policy and recommendations in 5 focus areas:

Transportation

Buildings

Industry

Electricity

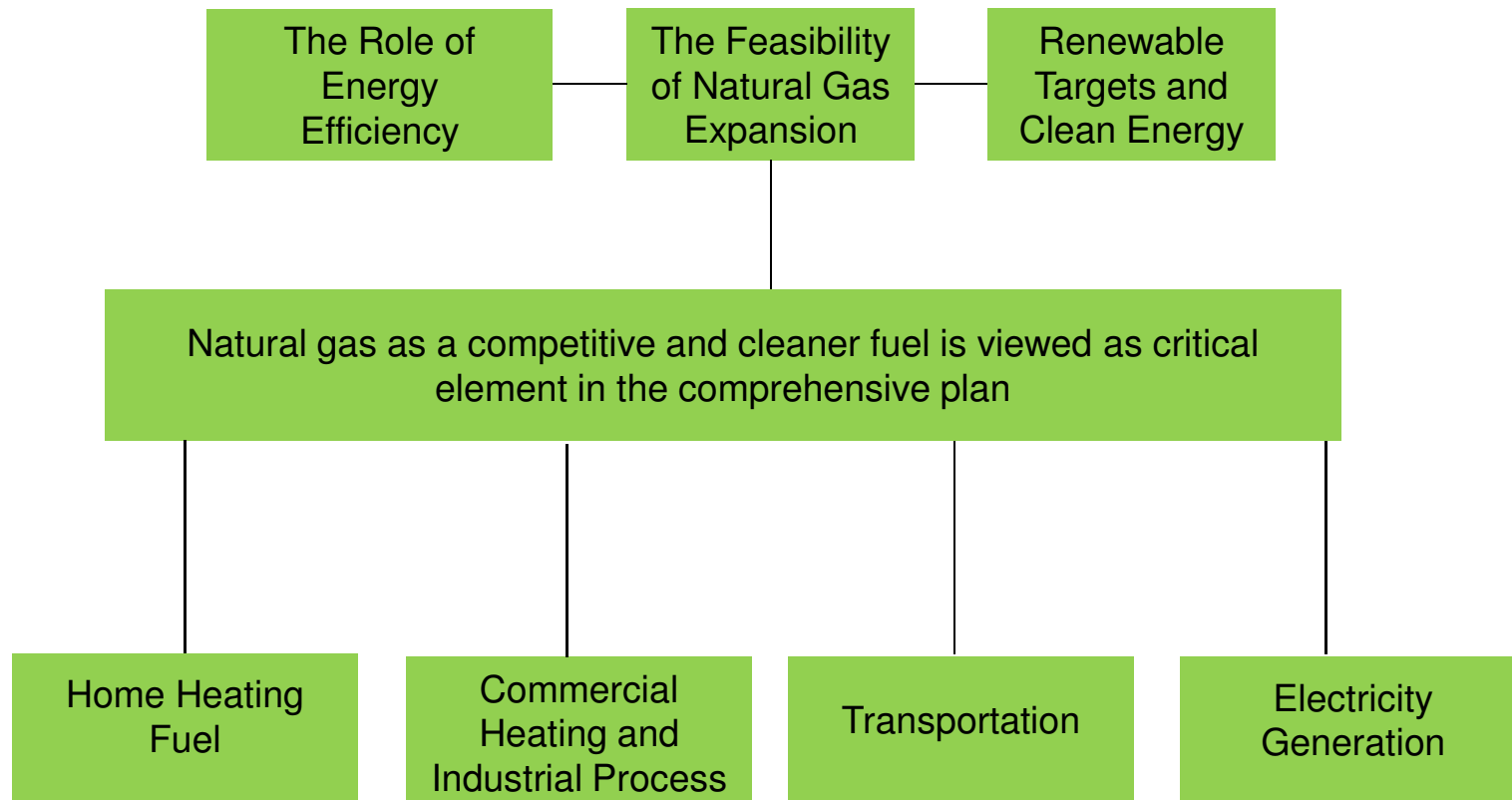
Natural Gas

- Emphasis placed on 80% carbon reduction by 2050 per the 2008 Connecticut Global Warming Solutions Act
- Expect the plan to support the State's goal of "cleaner, cheaper, more reliable" energy
- DEEP initiated the study with a broad-based stakeholder process in April 2012; draft study to be issued shortly



The Connecticut Comprehensive Energy Strategy

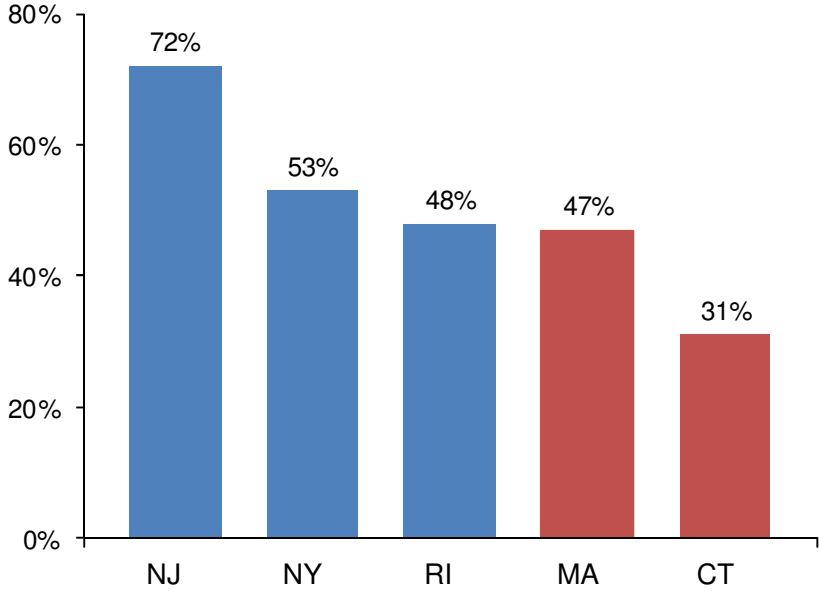
Central to the NU strategy, a number of themes are emerging:



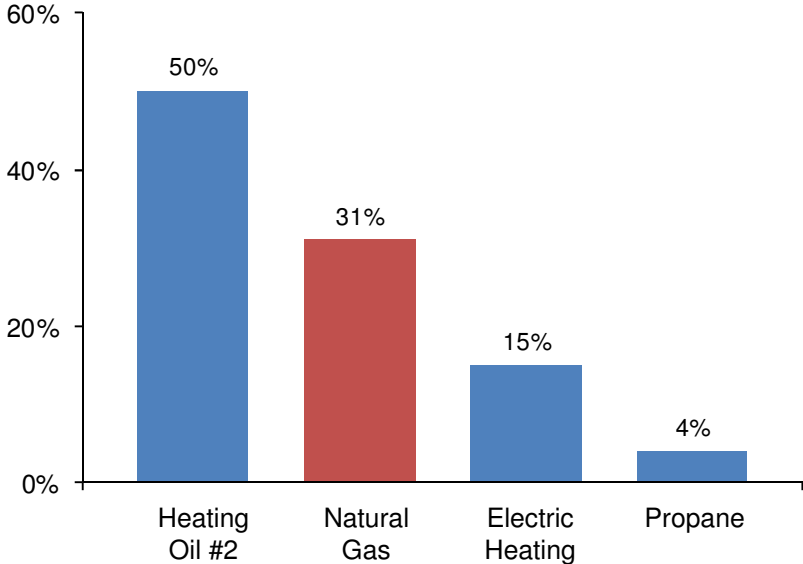


Lower Prices, Low Penetration Result in Significant Natural Gas Expansion Opportunities

CT & MA Residential Gas Heating Penetration vs. Nearby States



CT Residential Market Penetration by Heating Source



Key Policy Issues
 Incentives to customers to induce conversion, incentives to the utility to incent investment, recovery of capital, financing approaches

Summary



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- We are well positioned to capture tremendous value resulting from the merger
- Early indications point to significant cost reduction opportunities which are supportive of the company's desired earnings growth
- Improving the customer experience is critical to the success of this company and the recent customer satisfaction ratings for gas LDC prove we know how to delight our customers
- The new energy policy emerging in Connecticut creates a supportive environment for growth of our gas business, provides for additional customer solutions and demonstrates the state's willingness to engage in constructive energy policy



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Operations Review

Lee Olivier

*Executive Vice President &
Chief Operating Officer*



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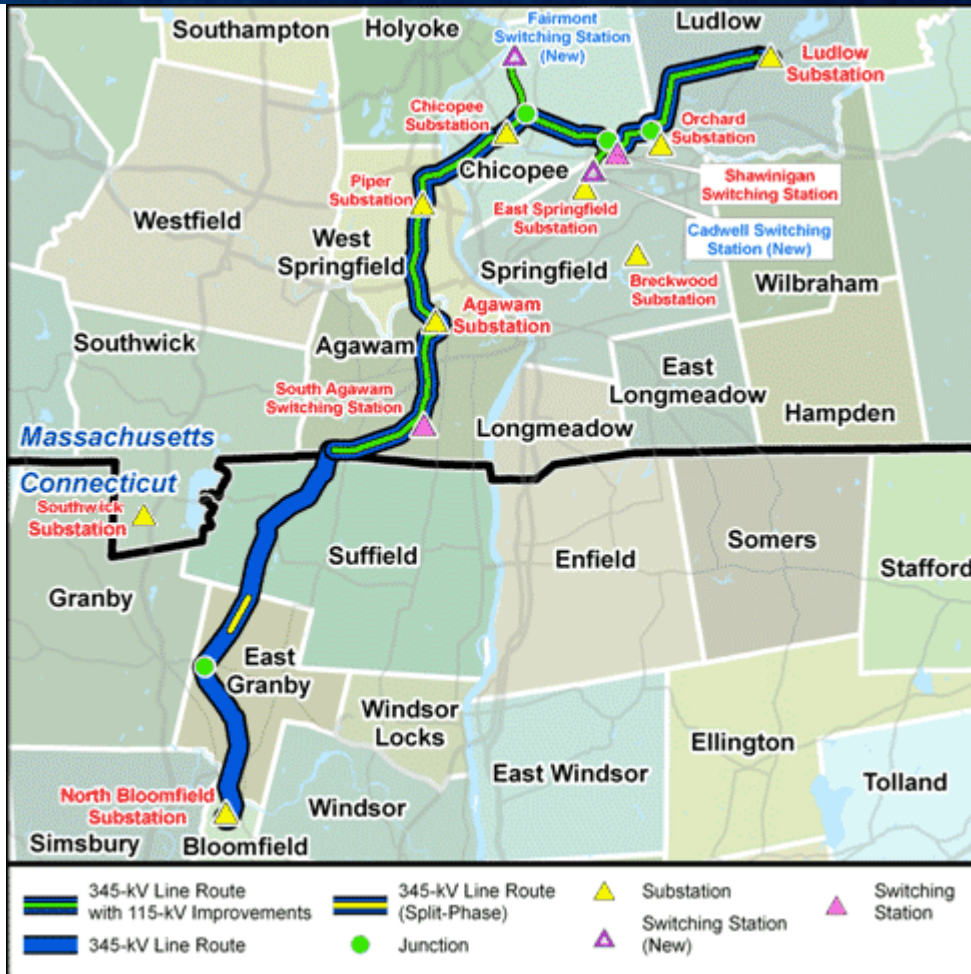


NU Transmission Shows Continued Excellence in Planning, Siting, Building and Operating High-Voltage Grid

- Since 2001, NU has sited and built highly complex and varied transmission projects in densely populated, congested areas
 - ✓ High-voltage, long distance underground (Middletown-Norwalk)
 - ✓ Undersea (Long Island Replacement Cable)
 - ✓ Combination overhead/underground in challenging communities (Bethel-Norwalk, Middletown-Norwalk)
 - ✓ Urbanized underground (Glenbrook Cables)
 - ✓ Densely populated, multi-state (Greater Springfield)
- Projects modified to reflect community and regulatory concerns; still built on or ahead of schedule and on or below budget
- NU's transmission program has achieved national recognition as an industry leader and for excellence in execution
- Significant value added to system reliability and the environment



The Greater Springfield Reliability Project – A Case Study In NU’s Transmission Development Expertise



Greater Springfield Reliability Project \$718M

Under Construction

- Projected in-service: late 2013
- Total projected NU cost: \$718 million
- Project 83% complete as of 9/15/12

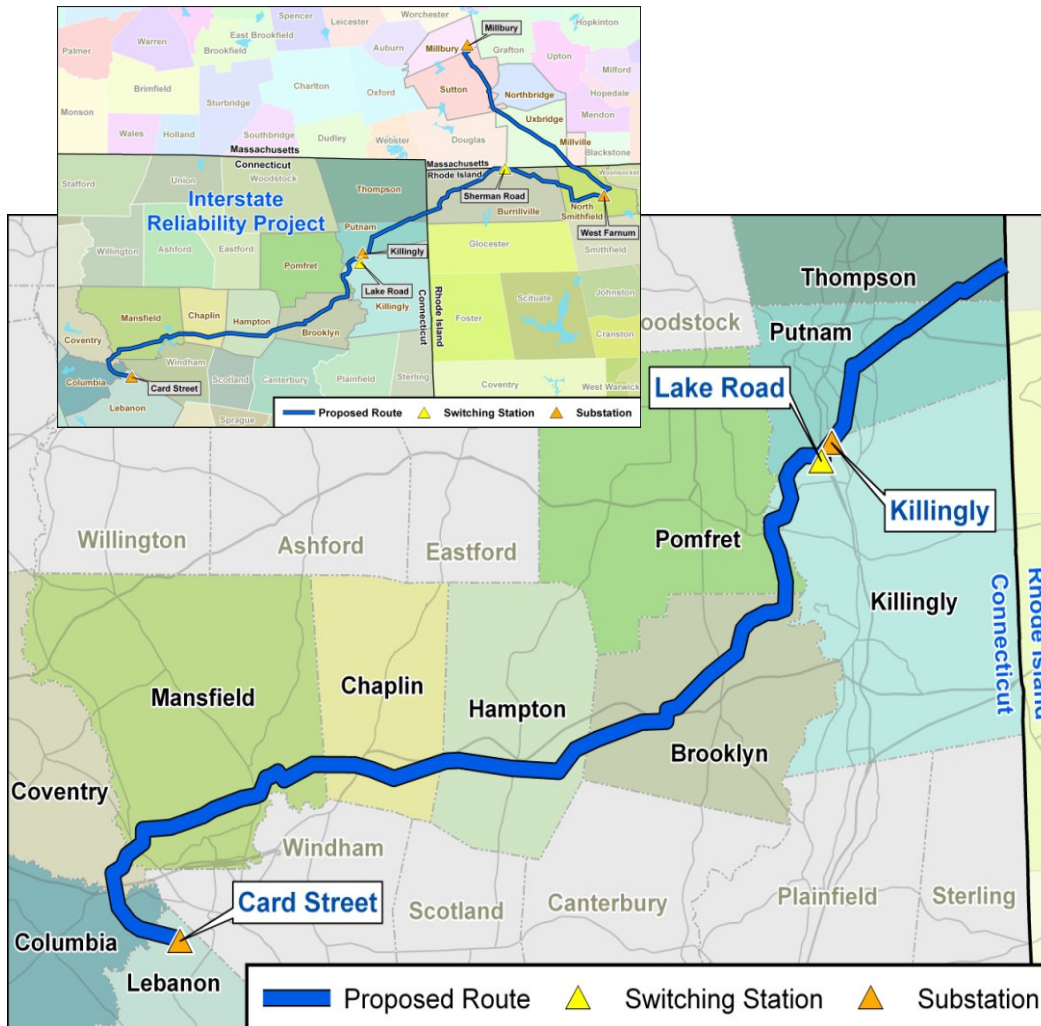
GSRP: Massive Scale and Scope

- 38 linear miles spanning 2 states and 8 towns
- 100 transmission circuit miles
- 600 structures
- 13 substations and switching stations (new/rebuilt)

Continued strong relationships and frequent communications with affected communities



NEEWS: Interstate Reliability Project



Interstate Reliability Project \$218M

In Siting Phase

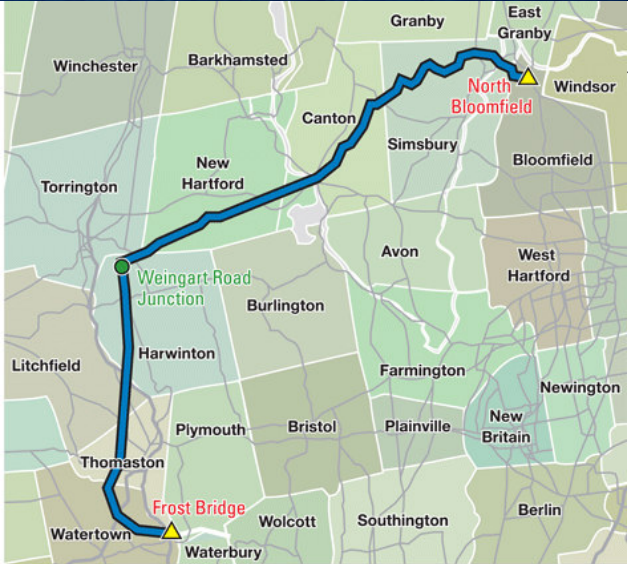
- Joint project with National Grid (*NU in CT; NGrid in MA & RI*)
- All major permit applications filed
- CT siting hearings are complete with decision in early 2013
- Projected commencement of construction: late 2013/early 2014
- Projected in-service: late 2015
- Total projected NU cost: \$218 million



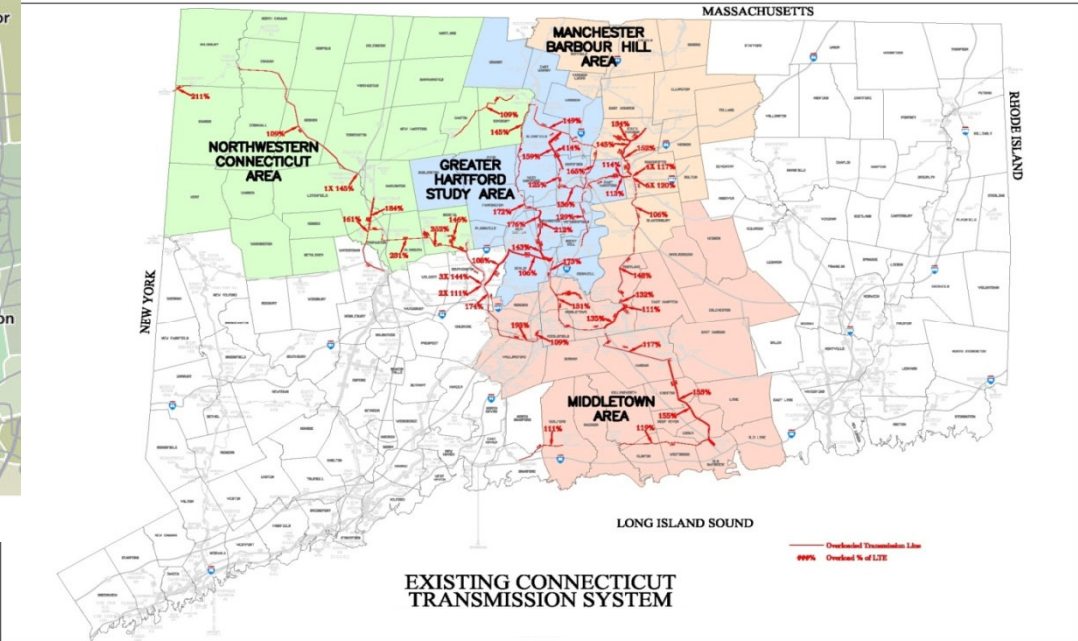
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NEEWS: Greater Hartford Central Connecticut Project (GHCC)



Proposed 345-kV Line Route Substation Junction



EXISTING CONNECTICUT TRANSMISSION SYSTEM

Overloaded Transmission Line
#99% Overload % of LTR

- The 345-kV “CCRP” was designed to address east-to-west power flow constraints across CT
- As expected, ISO has issued its need reassessment for CCRP, expanding the study to include other electricity connected areas inside CT
- ISO-NE presented the preliminary need results of this GHCC study to the Planning Advisory Committee in August 2012
- The results show severe thermal overloads and voltage violations in each of the four study areas
- 345-kV and 115-kV solutions are being considered to correct these reliability violations
- ISO process expected to provide preferred transmission solutions in 2013
- The previously estimated \$301M cost, with a 2017 in-service date, is a good placeholder for the GHCC solutions

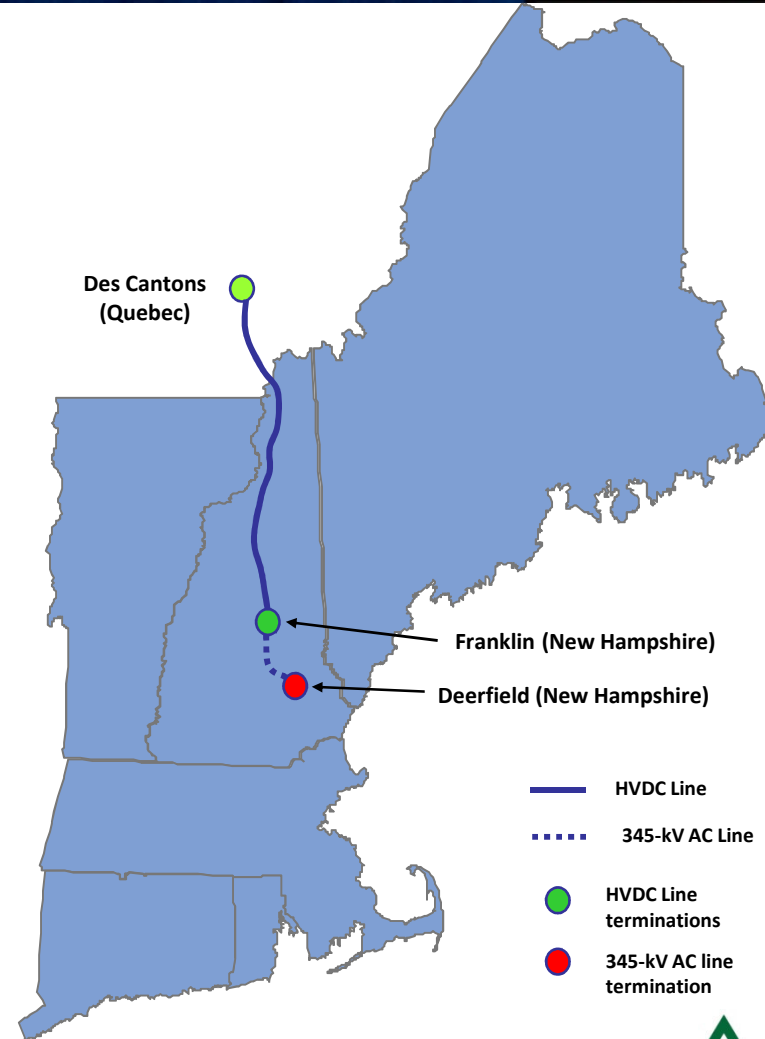


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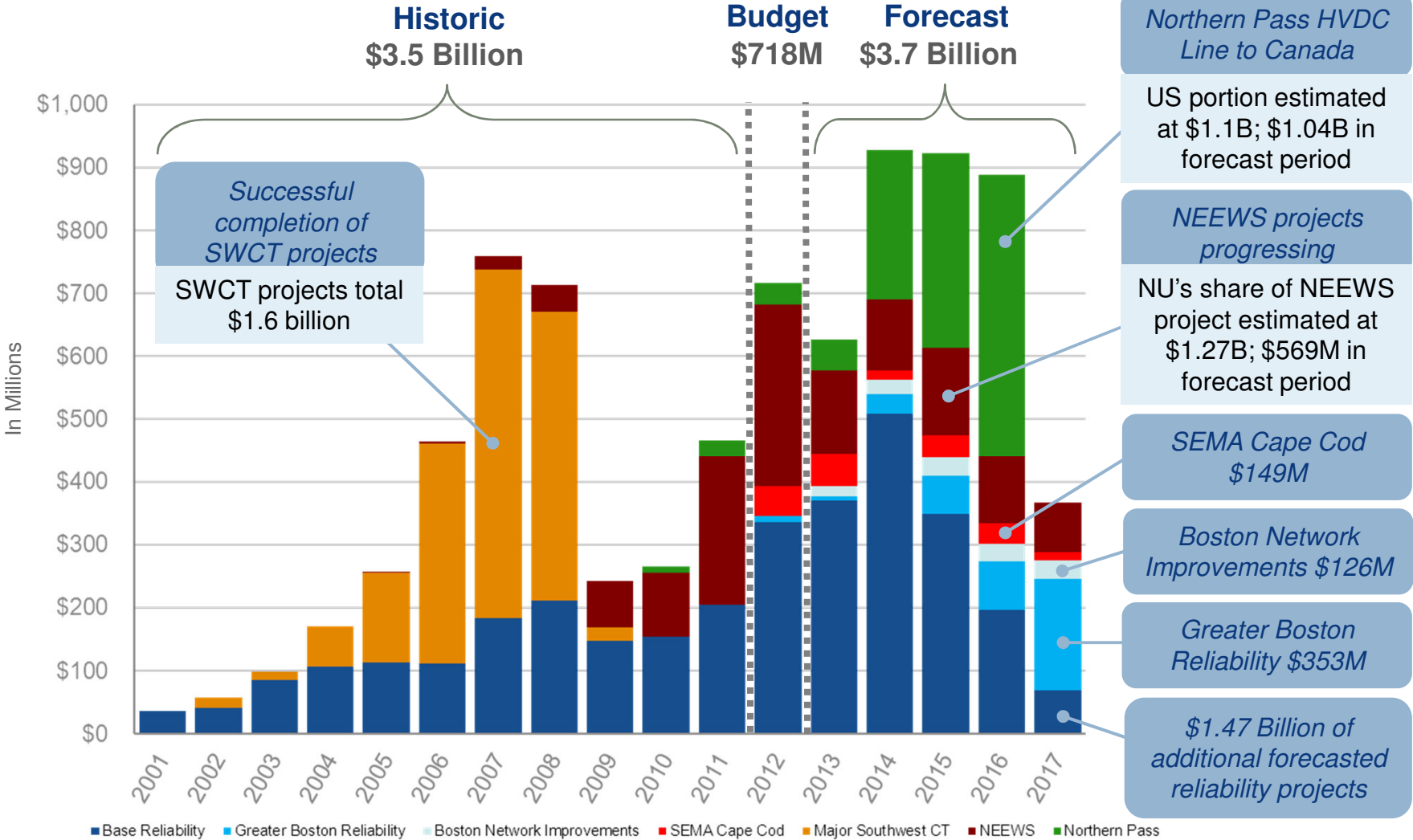
Northern Pass Transmission Project Overview

- 1,200 MW clean energy
- \$1.1 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
- Approximately 180 miles of new transmission (140 HVDC, 40 AC)
- Provides 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 – up to 5 million tons of CO2 reduction
 3. Economic value through construction jobs and new tax base – 1,200 jobs and \$25 million per year in property taxes





Transmission's Projected Capital Investment Has Grown by \$700M to \$3.7B from Last Year's Forecast





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2013-2017 NU Transmission Capital Program Other Projects – In Millions

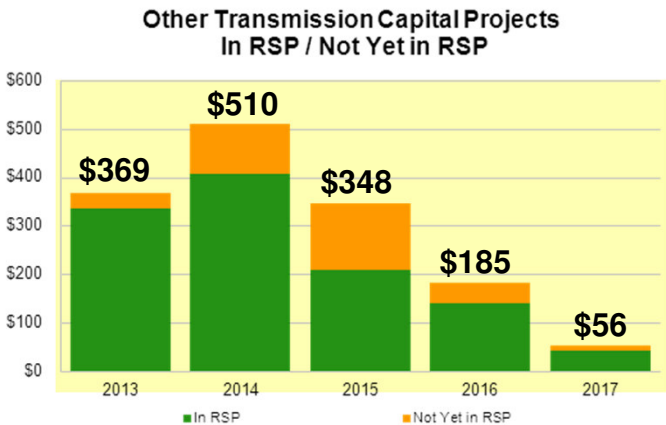
CL&P		NSTAR		PSNH		WMECO	
1990 Line Structure Replacement	62.0	Obsolete Equipment Replacements	69.6	NH 10-Yr Study Reliability Projects	231.2	Pittsfield / Greenfield Area Solution	109.0
Greater Hartford / Central CT	53.2	Overhead Infrastructure	101.6	Scobie Tewksbury Line	40.1	West Springfield SS Rebuild	48.2
Stamford Underground Cable	44.6	New Electric Ave SS and T Interconnect	65.7	Manchester Area Solution	34.4	115 kV Hollow Core Insulator Repl	12.8
Southwest CT Upgrades	30.0	New East Boston SS	42.2	Nashua Area Solution	28.4	OPGW Communications Projects	7.3
Obsolete Relay Replacements	26.9	New Seafood Way SS	39.6	New Peaslee SS & 115kV Line	24.1	Obsolete Relay Replacements	6.1
115 kV Hollow Core Insulator Repl	19.0	Baker - Newton Oil Return Line	31.9	Deerfield 2nd Auto Transformer	18.0	SCADA Upgrades	1.9
Replace Montville 345kV Autos (2)	18.7	Underground Infrastructure	30.4	Mane Power Reliability	15.0	Additional WMECO Reliability Projects	25.4
South Norwalk Electric Works SS	13.0	New Control Houses - K Street, Brighton, Mystic	21.1	115kV NERC Alert	9.0		
OPGW Communications Projects	9.0	BPS Work - Medway, Leland Street	21.1	New Pease Substation	6.0		
Vehicle Purchases	7.1	Additional NSTAR Reliability Projects	69.6	OPGW Communications Projects	3.3		
Obsolete Equipment Repl Prgm.	5.2			Additional PSNH Reliability Projects	37.7		
SCADA Upgrades	2.0						
Additional CL&P Reliability Projects	26.2						
316.9		492.8		447.2		210.7	

Total: \$1.468 Billion

Total \$1.47 Billion
High confidence level in "Other Projects," 78% in RSP as required.

Breakdown of Other Projects:

- 78% (\$1.14B) - in RSP
- 22% (\$328M) - not yet in RSP



NU Electric Distribution: Improving Reliability and Customer Service Under Fixed Rates



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- Strong 2012 reliability across all four companies
- Implement synergies to improve customer service, lower costs
- Operate successfully under multi-year fixed rate plans
- Implement best practices in emergency preparedness and response
- Work closely with states to achieve their energy policy goals



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Emergency Preparedness a Critical Focus in CT

- Continuing to make significant steps to improve emergency preparedness and response
 - CL&P demonstrated strong performance in the Governor's statewide emergency exercise
 - Received positive feedback from municipalities, the administration and key state agencies
 - Created robust emergency preparedness organizational structure
- \$300 million distribution resiliency program filed with CT Public Utilities Regulatory Authority (PURA)
 - Five-year period, 2013-2017
 - PURA hearings planned for late October
 - PURA final decision expected by year end
 - Majority of investment will be spent on routine and enhanced tree trimming; remainder invested in structural and electrical hardening of our system
 - Costs, return on investment to be recovered through new tracking mechanism

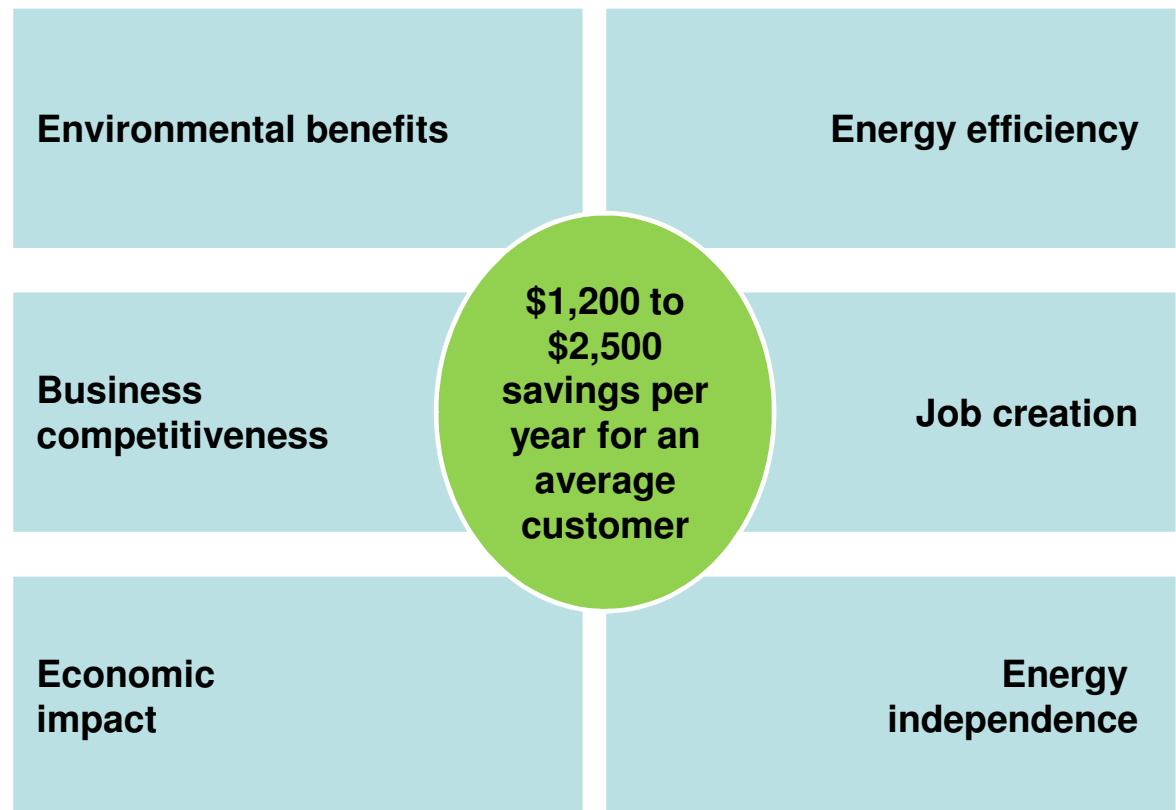


Gas and Oil Market Dynamics Provide Expansion Opportunity for NU and Benefits to Customers and States

Opportunity

- Shale resources in close proximity of Northeast markets
- Natural gas prices expected to remain disconnected from oil
- New England unique due to its high reliance on imported heating oil
- NU owns second largest natural gas distribution system in New England (480,000 customers)

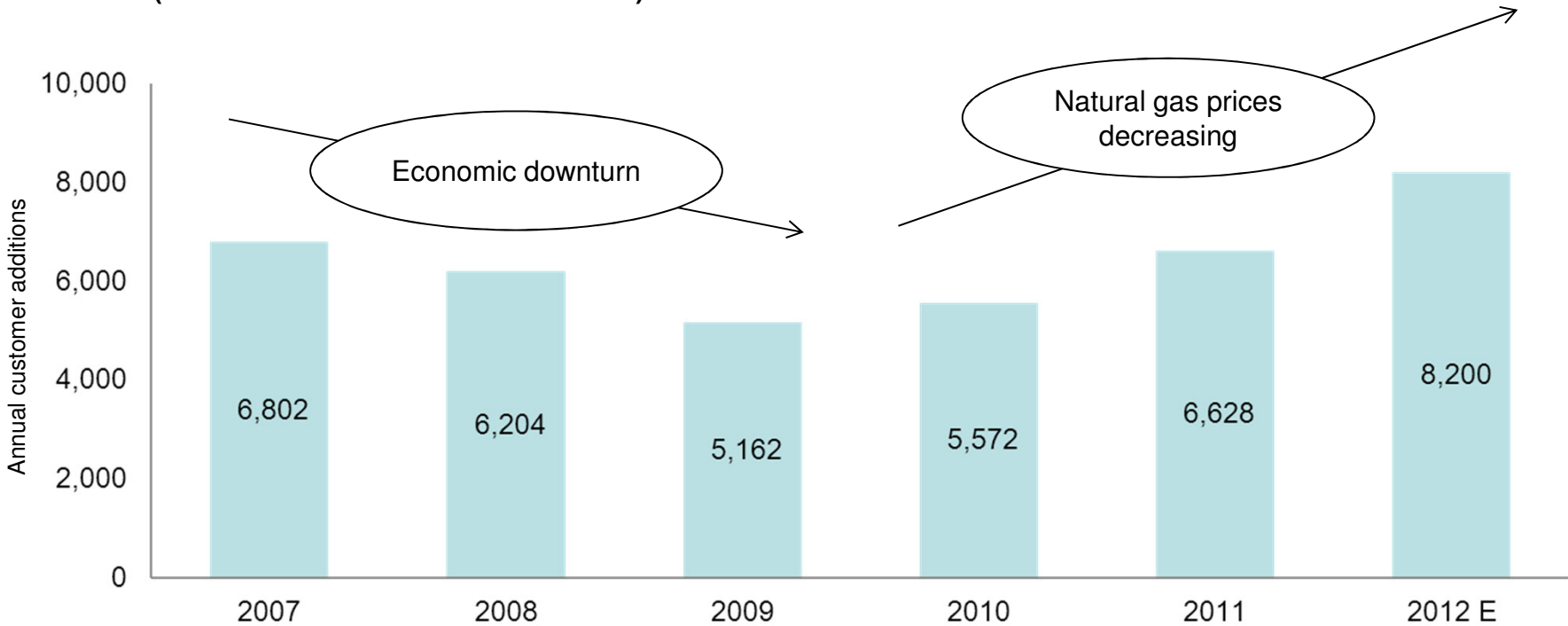
Benefits to Customers and States





Customer Growth Has Picked Up for NU's Gas Business

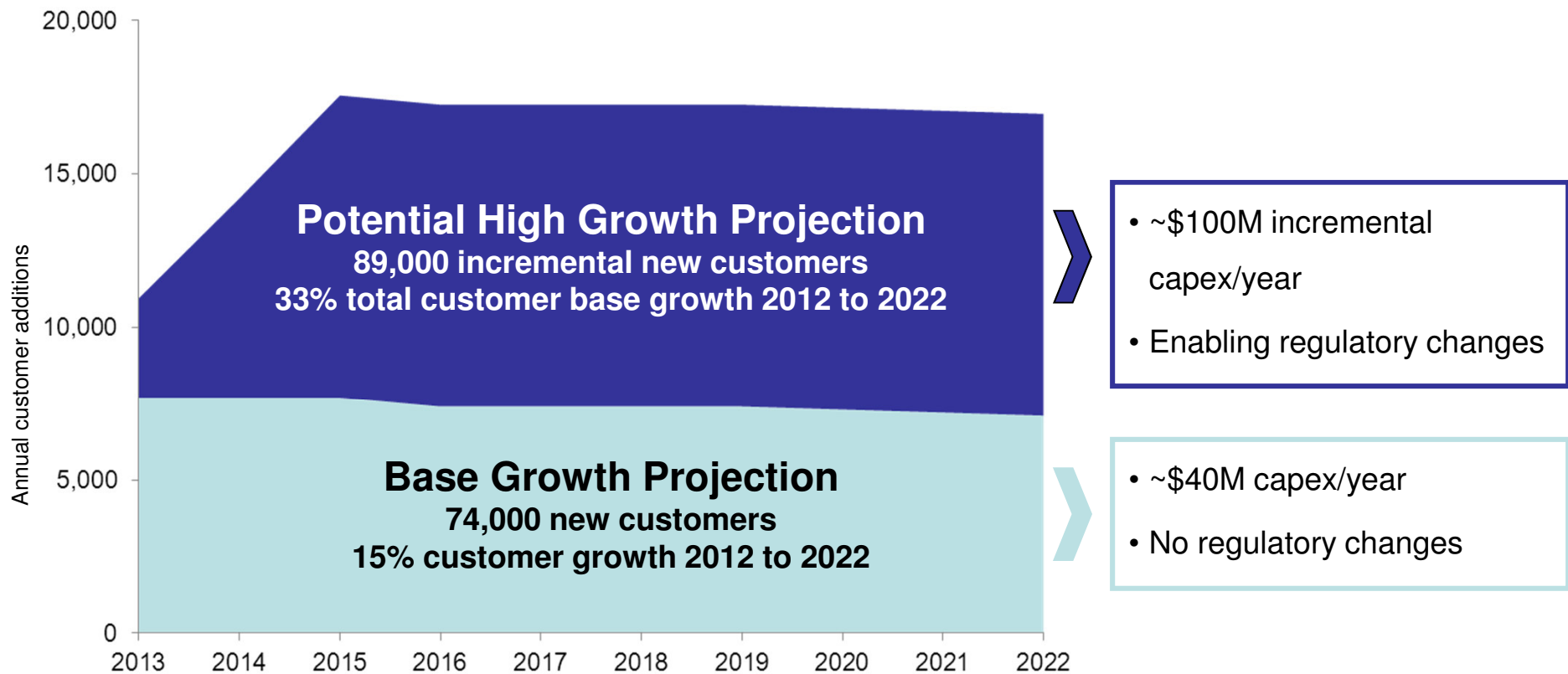
NU Gas Business – NSTAR, Yankee Gas
2007-2012 Annual Customer Additions
(Conversions and new construction)





NU's Gas Business Could Be Significantly Expanded

NU Gas Business – NSTAR, Yankee Gas 2013-2022 Annual Customer Additions Projections



Our Capital Plan Continues to Provide Significant Value for Customers, Shareholders and the Environment



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- The transmission system in New England still has opportunities for improvements to reliability and congestion
- A portfolio of smaller, more localized reliability projects that connect to renewable sources will continue to provide investment opportunities
- Our transmission footprint and geographic position relative to New England load centers make us well positioned to capitalize on those opportunities
- Gas and oil market dynamics are providing significant expansion opportunities for NU's gas business; as well as benefits to customers and the states of CT and MA



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Financial Review

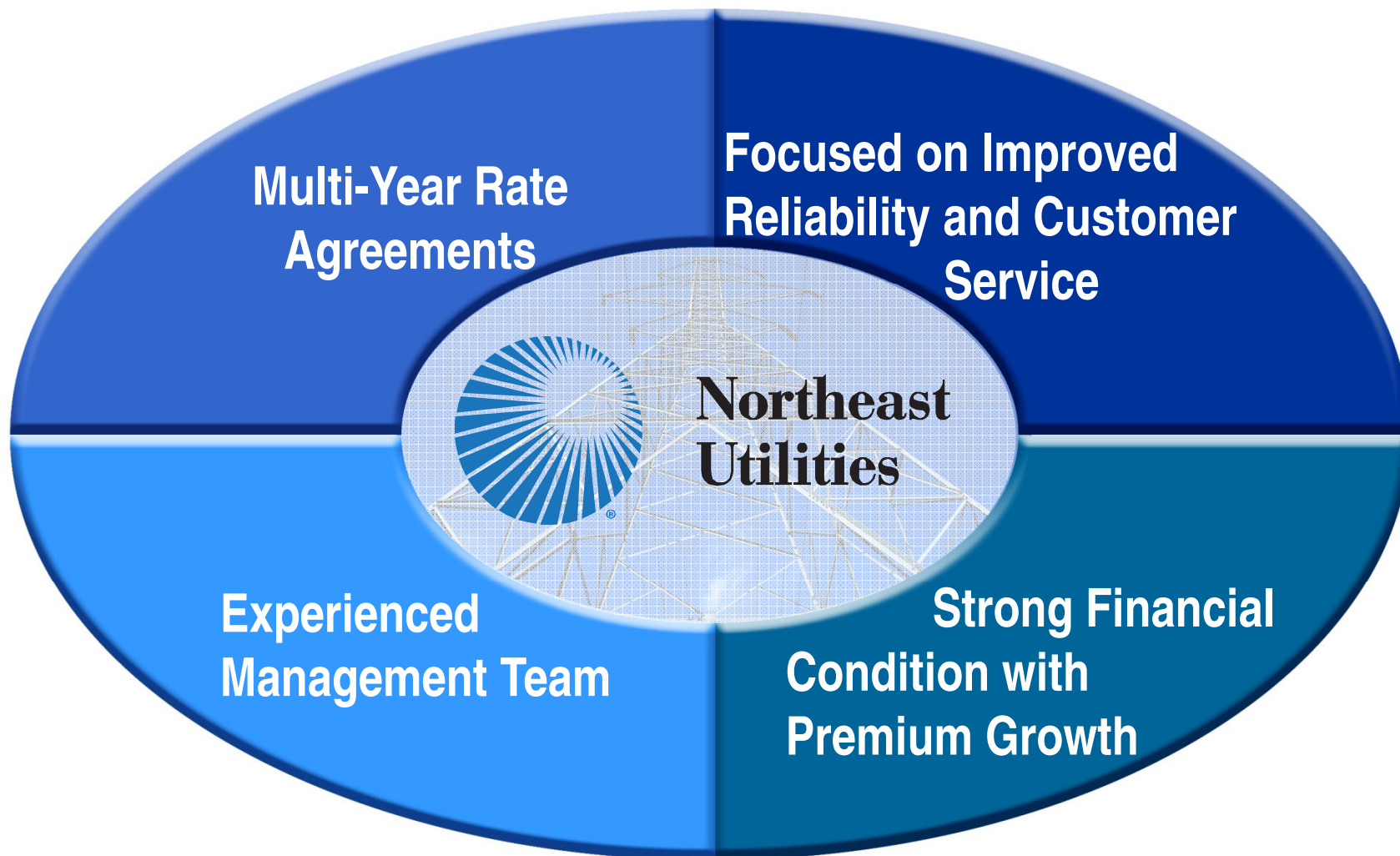
Jim Judge

*Executive Vice President &
Chief Financial Officer*

Well Positioned for Success



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A Great Platform for Future Success

- Regulatory and business diversity
- Strong financial condition
- Rate certainty
- Experienced management team

Regulatory Updates

- States
- FERC

Financial Expectations

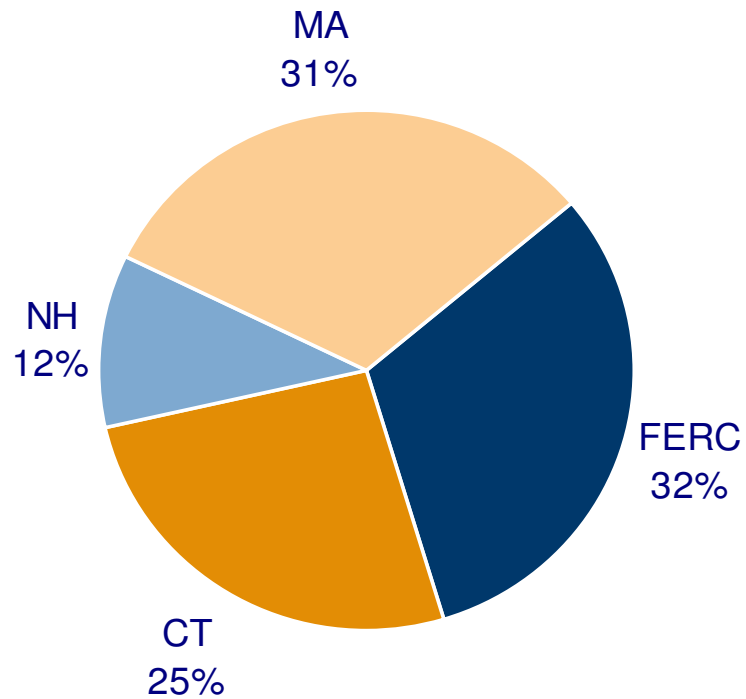
- Key assumptions
- Interest savings
- Projections (2012, 2013)
- Dividend growth

Wrap-up

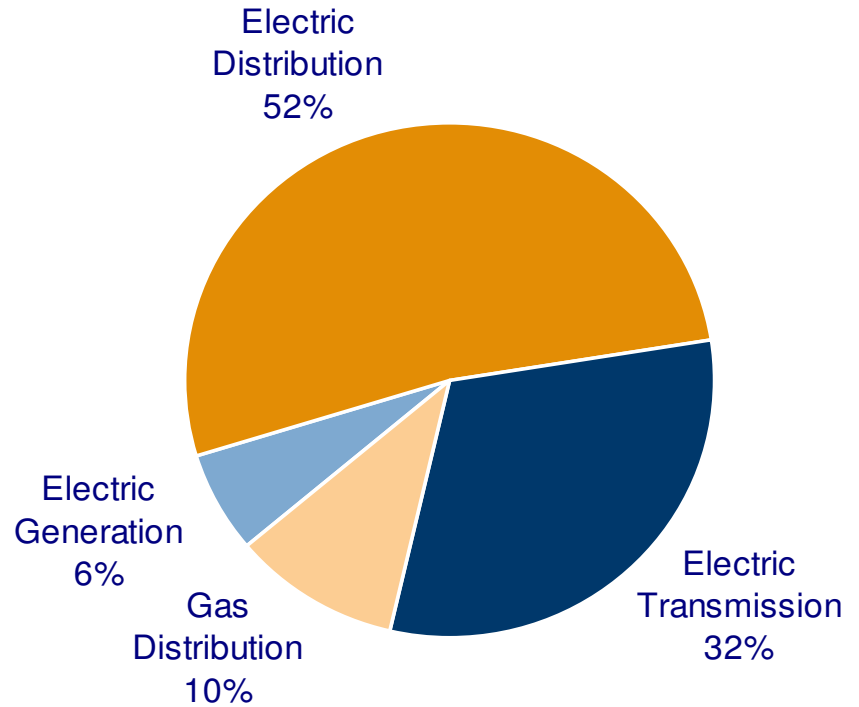


Regulatory and Business Segment Diversity

Rate Base By State / Federal



Rate Base By Business



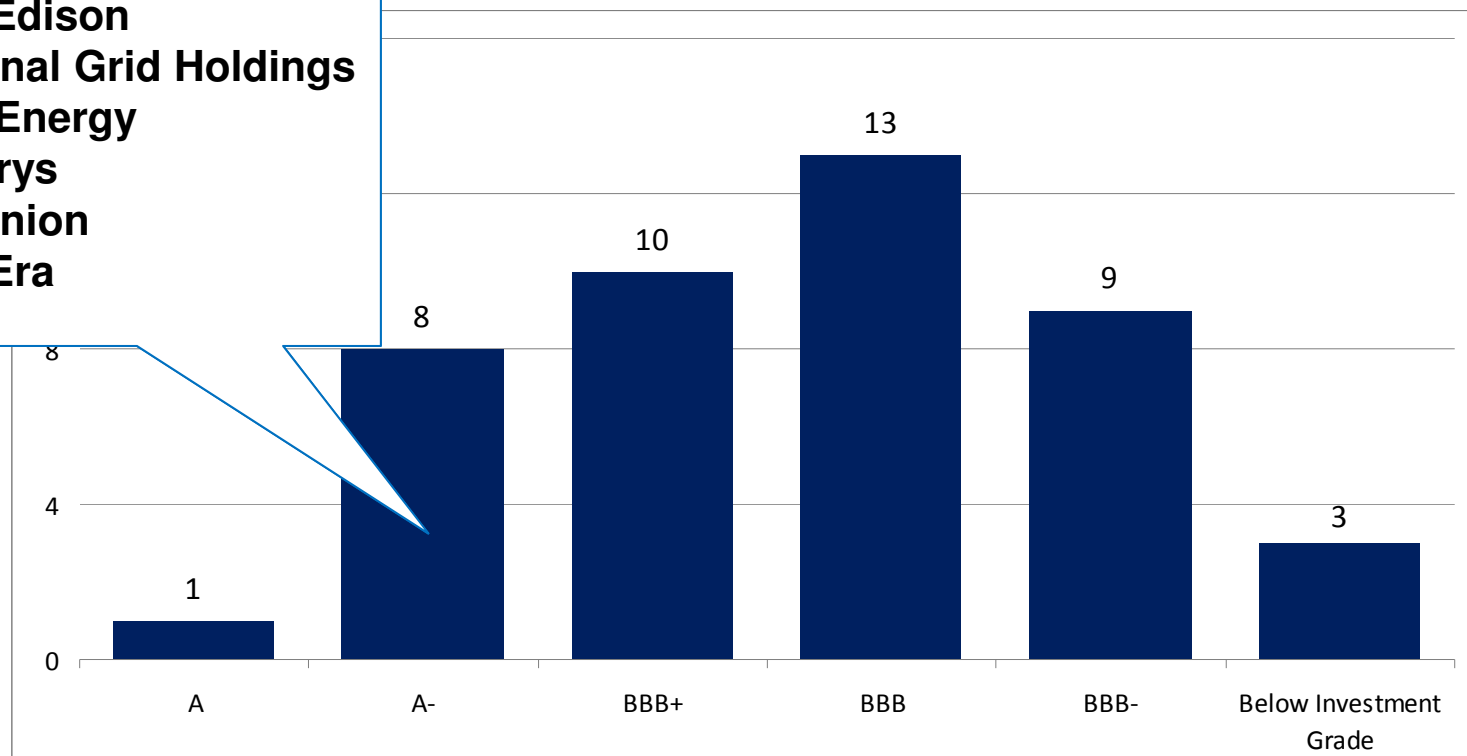
Combined 2011 Rate Base: \$12.4 billion



Very Strong Ratings Rank Highly in the Industry

Utilities Credit Ratings Distribution⁽¹⁾

- 1. Wisconsin Energy
- 2. *Northeast Utilities*
- 3. Con Edison
- 4. National Grid Holdings
- 5. Xcel Energy
- 6. Integrys
- 7. Dominion
- 8. NextEra



1. Source: Standard & Poor's, "Industry Report Card: U.S. Regulated Electric Utilities' Credit Quality Remains Stable" (3/28/12). Long-Term Rating of U.S. Investor-Owned Regulated Electric Utilities, excluding subsidiaries. NU Ratings as of April 5, 2012.



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

Distribution	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	\$7M rate increase took effect 7/1/12
	PSNH	Multi-year rate plan through 6/30/15. Increases of \$7M took effect 7/1/12, and another \$10M on 7/1/13 anticipated
Transmission		Fully reconciling rates – no general rate cases
Generation	PSNH	Fully reconciling rates – no general rate cases
	WMECO (solar)	



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Total Shareholder Return Outperformed All Benchmarks

Cumulative Total Return Periods Ended December 31, 2011

	5-Year	10-Year	15-Year
NSTAR	68.9%	222.7%	597.0%
NU	51.4%	185.6%	313.3%
EEI Index	22.8%	122.6%	254.8%
S&P 500	-1.3%	33.3%	121.2%

Complementary “Best-In-Class” Expertise



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- NU is a leader in transmission development, siting, construction and operations
- NSTAR’s reliability and customer service results are consistently in top quartile/decile
- NSTAR Gas and Yankee Gas rated 1st and 2nd by J.D. Power in recent survey of Eastern Region – Midsize Category
- Customers benefit from improved service and cost efficiencies



Massachusetts Settlement Agreements – Key Provisions

MA Attorney General and DOER

- One-time \$21M rate credit allocated among NSTAR Electric, NSTAR Gas and WMECO
- Distribution rate freezes for all three companies until 2016
 - Excludes current reconciling tariffs, and exogenous costs provision included
- Recovery of lost base revenues (NSTAR Electric)
- Storm cost recovery following prudence review
 - NSTAR Electric – To be recovered over 5 years commencing 1/1/14
 - WMECO – Follow storm recovery process approval in January 2011 rate decision
- Safety and infrastructure improvement program to continue, up to \$15M (NSTAR Electric)
- Amortization of merger-related costs (for rate-making) over 10 years
 - Executive retention and change of control costs excluded

MA Department of Energy Resources (DOER)

- NSTAR Electric 15-year contract for energy related to 129 MW (27.5%) of Cape Wind Project
 - Recoverable through reconciling tariff
- NSTAR Electric and WMECO target 2.5% energy efficiency savings in 2013 – 2015
- NSTAR Electric pursues 10-year solar contracts for up to 10 MW (Maximum: 5 MW/contract)
- NSTAR Electric will have electric vehicle pilot program collaboration with DOER
- Enhanced cost reporting requirements and rate base audit



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Connecticut Settlement Agreement – Key Provisions

CT Attorney General, CT Office of Consumer Counsel

- One-time \$25M rate credit for CL&P customers
- CL&P base distribution rate freeze until December 1, 2014
 - Exogenous events provision included
 - Reconciling provisions continue
- \$15M non-recoverable payment to fund state energy initiatives
- \$40M reduction in maximum level of recoverable storm costs
- \$300M total additional investment in “system resiliency” over multiple years
 - Recovery at weighted average cost of capital through rate mechanism
 - Recovery capped at \$25M during fixed rate period



PSNH Clean Air Project prudence review

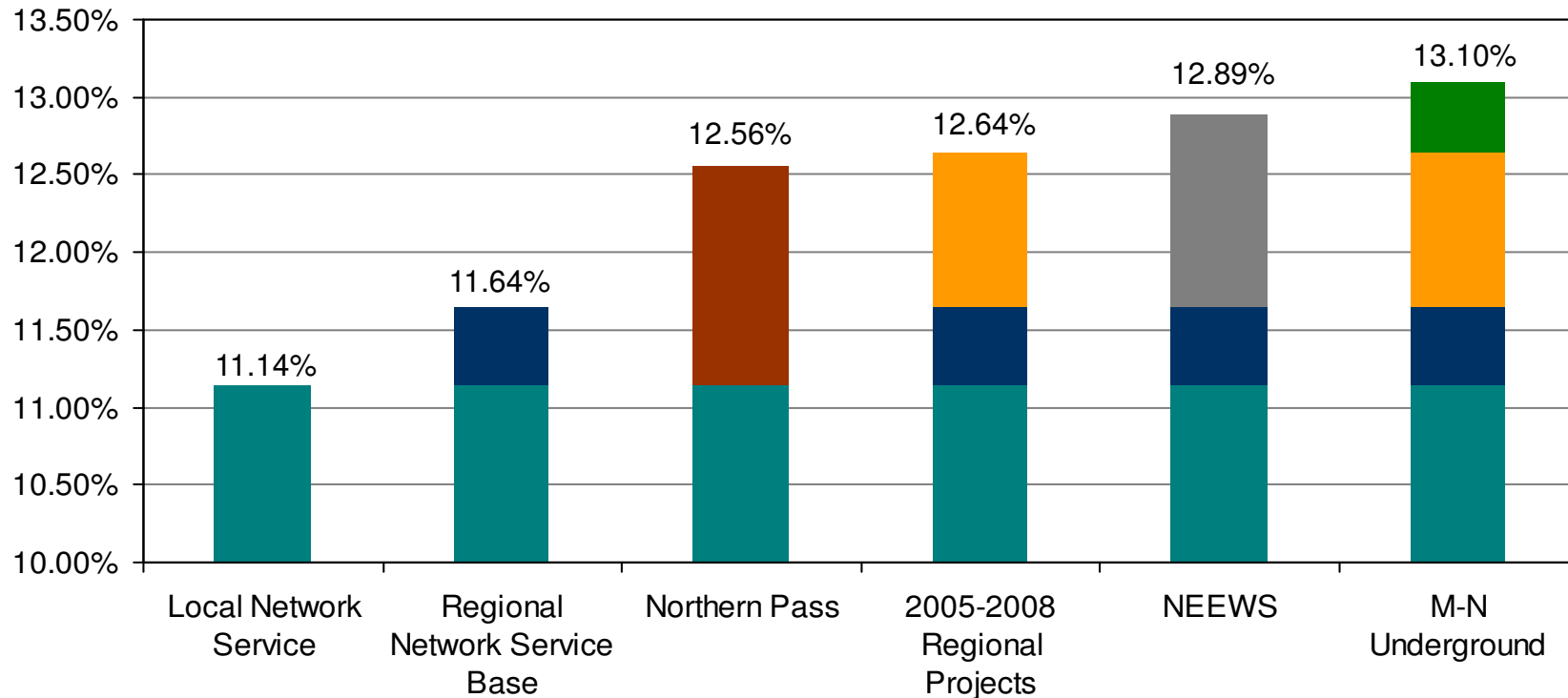
- \$422M project completed in June 2012
- Excellent performance since scrubber began operating
- Supportive report in September 2012 from NHPUC consultant
- Hearings in January 2013 and decision expected in first half of 2013
- Currently recovering about 2/3 of equity return and operating expenses and deferring remainder

CL&P recovery of approximately \$290M of 2011 storm expenses

- Filing expected within the next few months
- Merger settlement requires CL&P to forego recovery of \$40M and to recover allowed costs between 12/1/14 and 11/30/20



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 complaint proceeding 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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Transmission Update

- \$700M of additional transmission projects
- About \$2B of equity invested in transmission business expected to grow to \$3.5B by 2017
- FERC committed to incentives for needed infrastructure investments

Key Assumptions Through 2015



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Electric sales: Annual growth of approximately 0.5% - 1.0%



Natural gas sales: Weather-normalized annual growth of 1%-2%

- Impact of a return to normal weather for 2013 adds approximately 7% to sales



O&M: Annual decreases of approximately 3%

- Cost savings more than offset wage increases and inflation
- Reported 2012 annualized O&M estimated at about \$1.6 billion



Merger Has Enhanced Opportunities for Financing Savings

SHORT-TERM

- NSTAR commercial paper program expanded to NU in July
- Effectively lowered short-term borrowing costs on \$700M by 150 basis points
- Renegotiation of \$1.6B of bank lines also lowered revolver fees

**Annual Interest/Fee
Savings of Approximately
\$10 Million**



LONG-TERM

- NSTAR Electric is refinancing \$400M of senior unsecured debt this month. Indicative rate would produce \$9M of annual savings
- NU Parent has \$250 million of 5-year 5.65% notes maturing June 1, 2013. Indicative rate would produce \$9M of annual savings
- \$170M of CL&P and WMECO tax-exempt was called effective October 1, 2012. Annual savings of \$7M

**Annual Interest Savings of
Additional \$25 Million**



Projected 2012 Recurring EPS

Major Drivers vs. 2011

\$2.25 - \$2.30

- NSTAR earnings
- Higher transmission rate base
- Lower interest costs
- Initial cost savings
- PSNH, Yankee Gas distribution rate increases

- Higher share count
- Additional emergency preparedness expense at CL&P
- Higher untracked pension, property taxes and depreciation costs



Projected EPS Range for 2013

Major Drivers vs. 2012

\$2.40 - \$2.60

- Normal weather
- Lower interest costs
- Additional transmission rate base
- PSNH, Yankee Gas distribution rate increases
- Cost savings
- Additional PSNH generation return

- Higher depreciation and property tax expense



EPS Growth Beyond 2013

Major Drivers

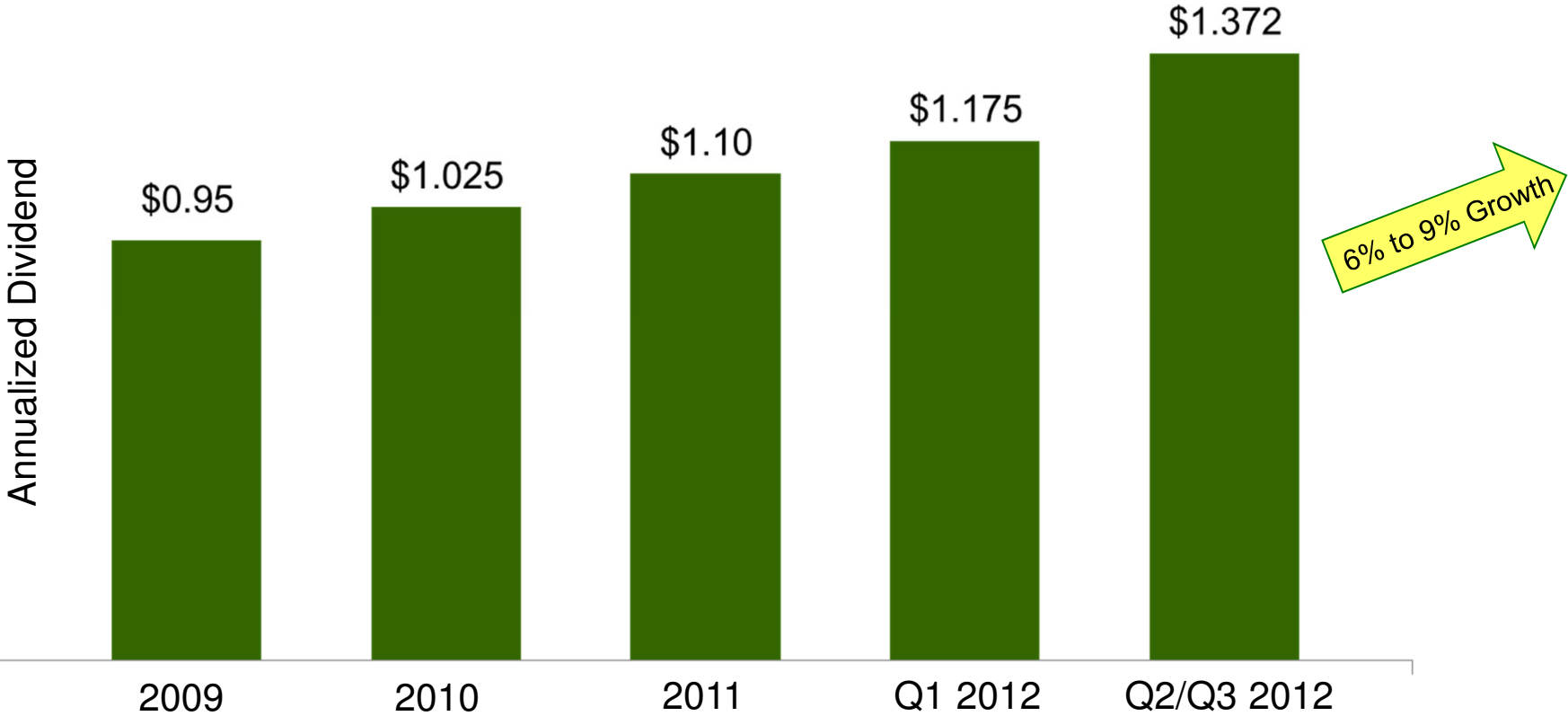
**Long-term
6% - 9%
CAGR off of
2012**

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

- Higher property tax and depreciation expense



Dividend Growth In-Line with Earnings Growth





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Additional Upside Opportunities Not Reflected in Projections

- Additional natural gas expansion investments
- Additional transmission investments
- Favorable CT energy efficiency/energy policy outcomes
- Accelerated economic recovery





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Today's Key Takeaways....

- 6% - 9% projected long-term growth rate exceeds peers
- Transmission capital spending increases \$700 million from previous forecast
- Significant interest savings
- Top tier financial condition
- Strong management team that delivers



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Q & A



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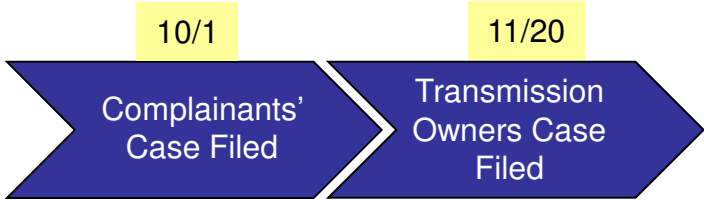
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Appendix

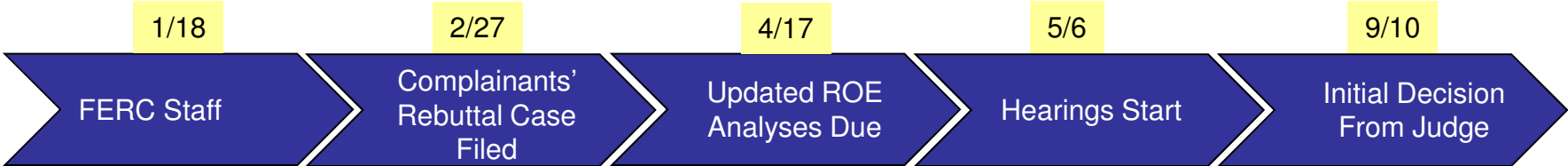


Schedule for New England Base ROE Complaint

2012



2013



2014

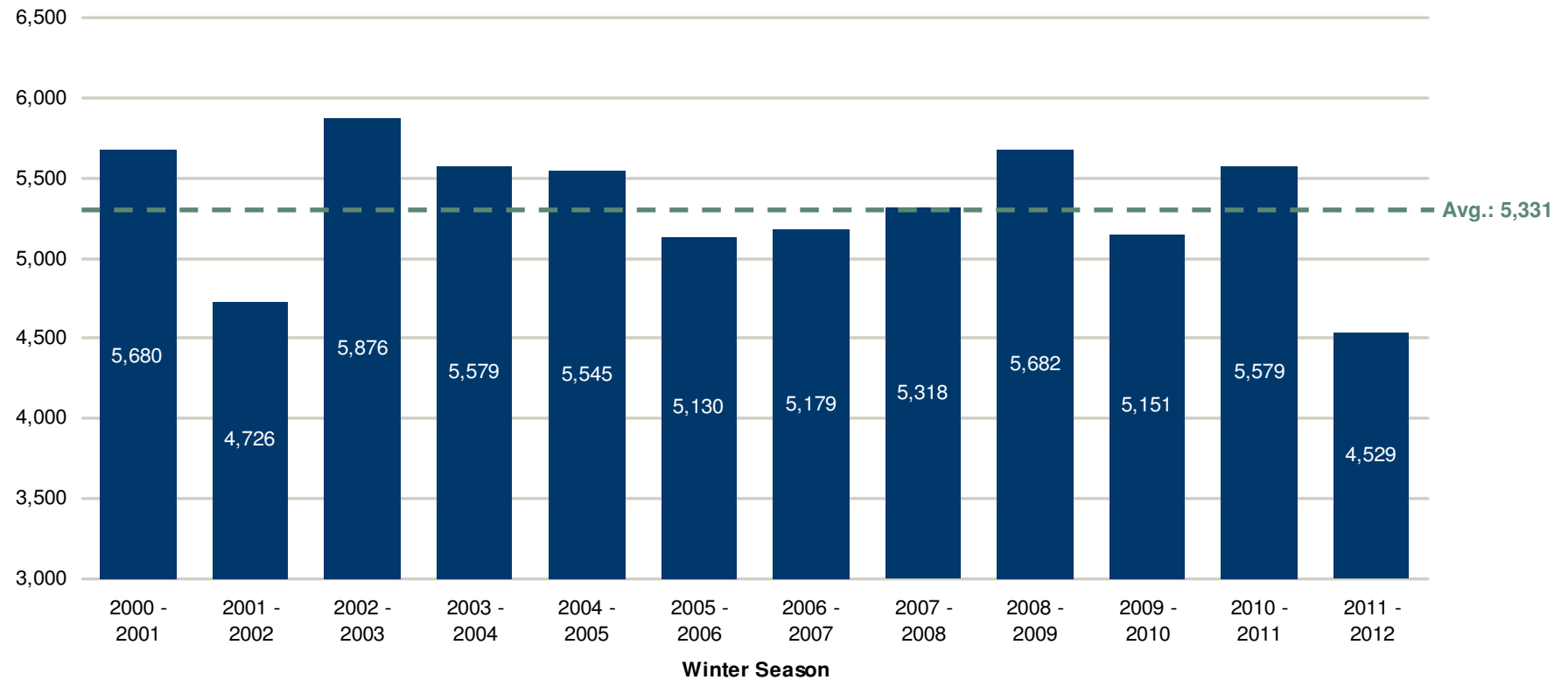




Near Term Upside: Record Mild Weather in 2011-2012 Reduced Our Gas Delivery Margins by \$30 Million

2000 – Present Winter Heating Degree Days ⁽¹⁾

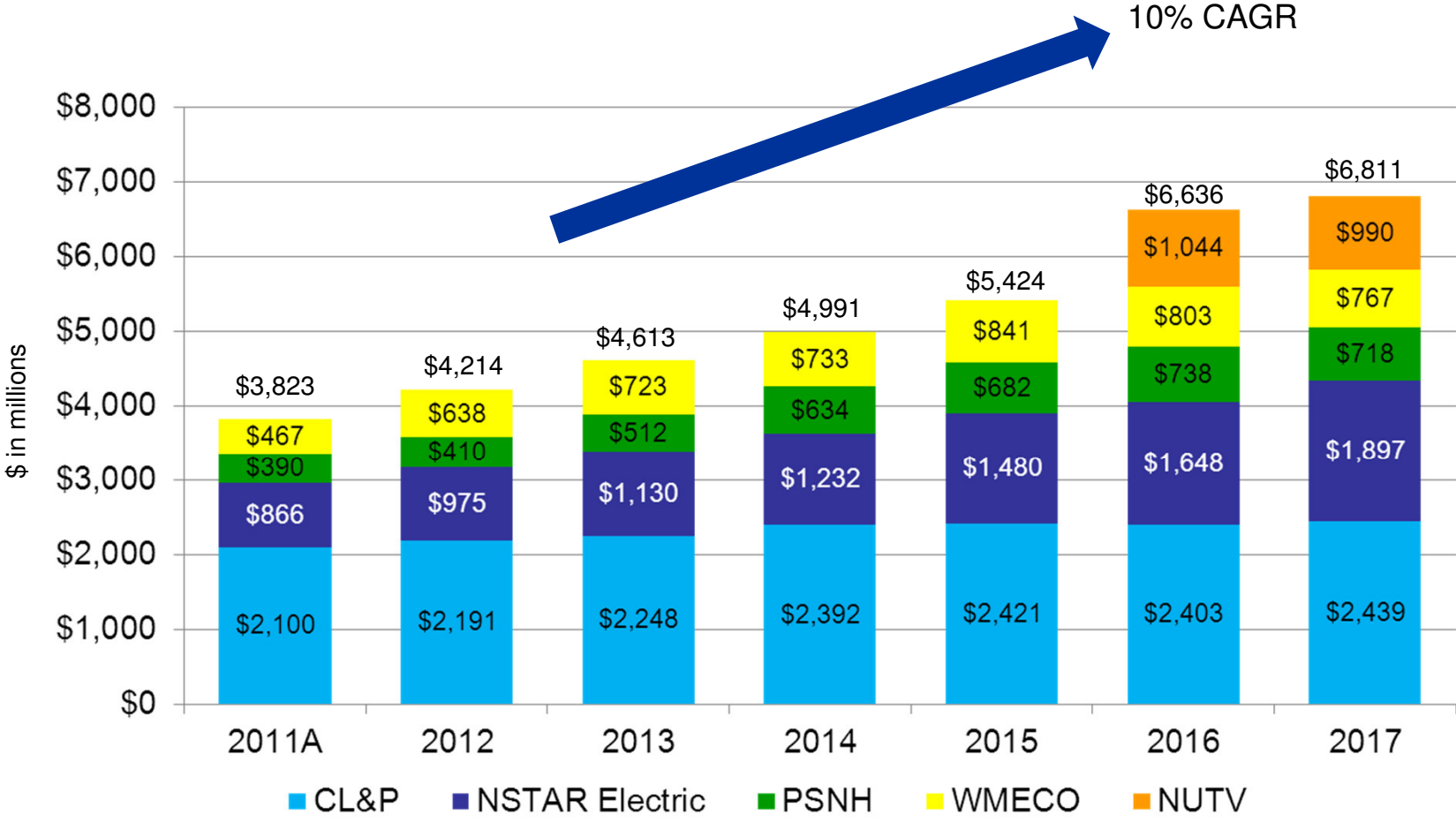
Heating Degree Days



Source: Haver Analytics.
1. Winter includes October through March of each season.

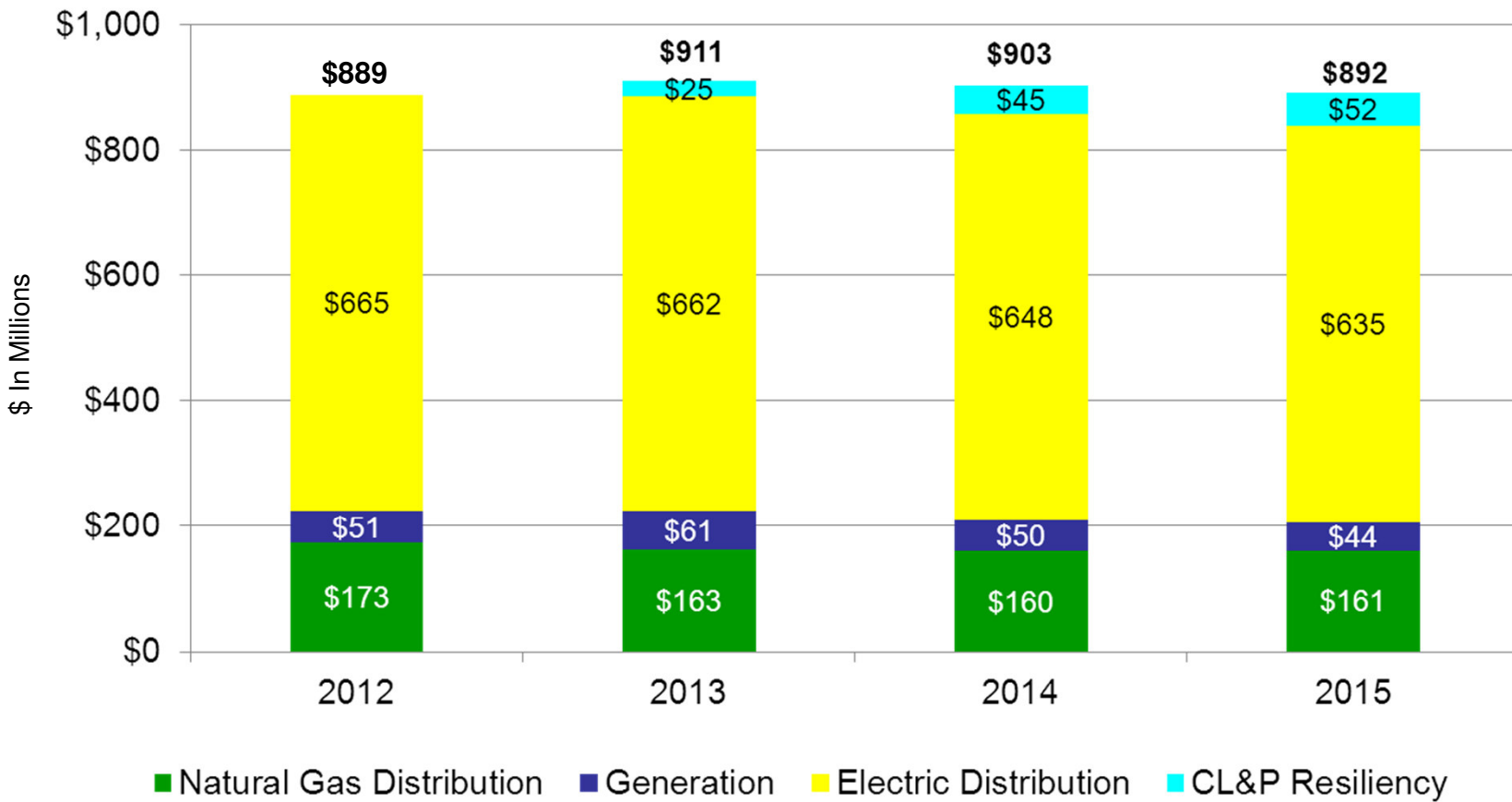


Transmission Rate Base Growth Projections



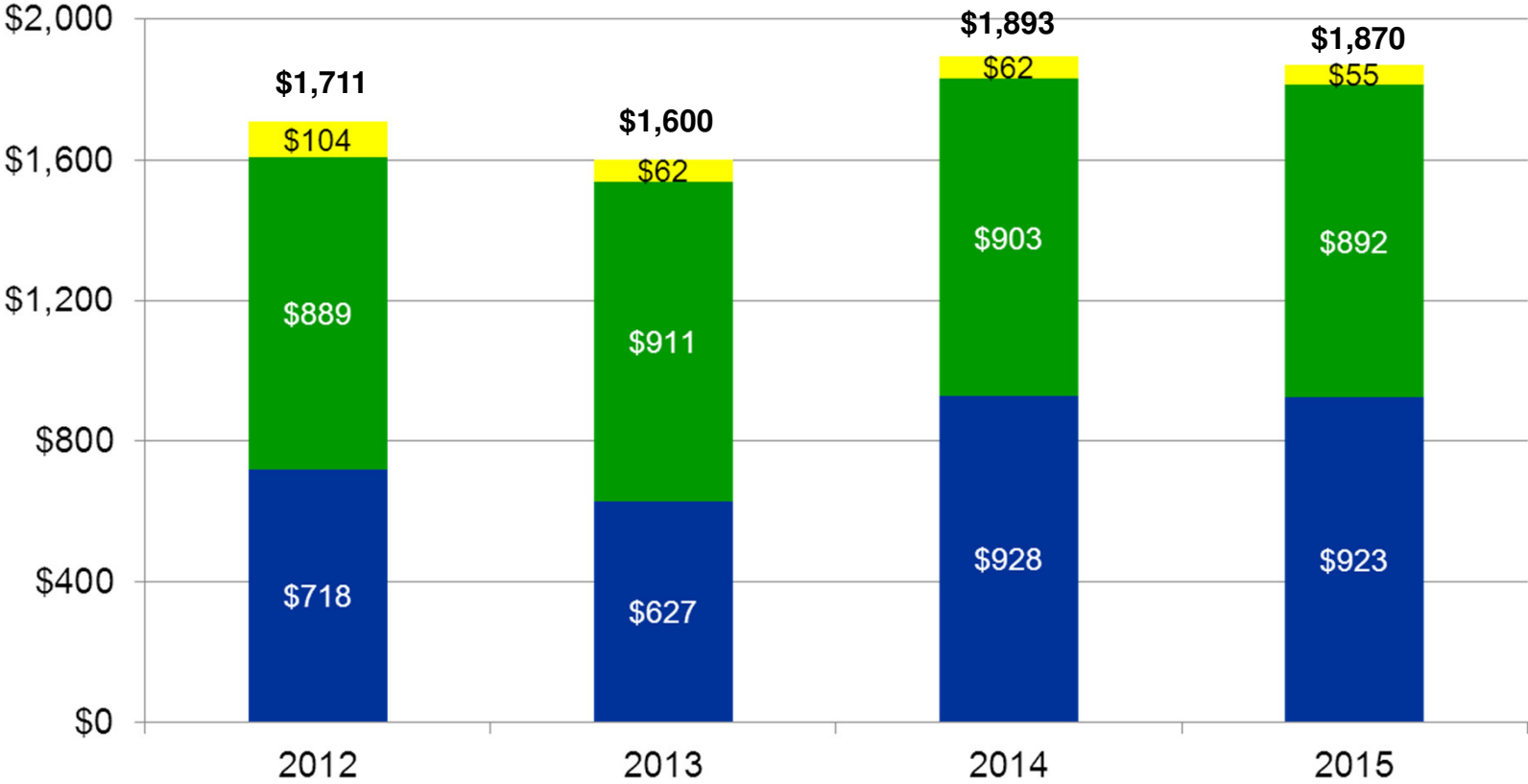


Projected Distribution/Generation Capital Expenditures





Total Projected Capital Expenditures

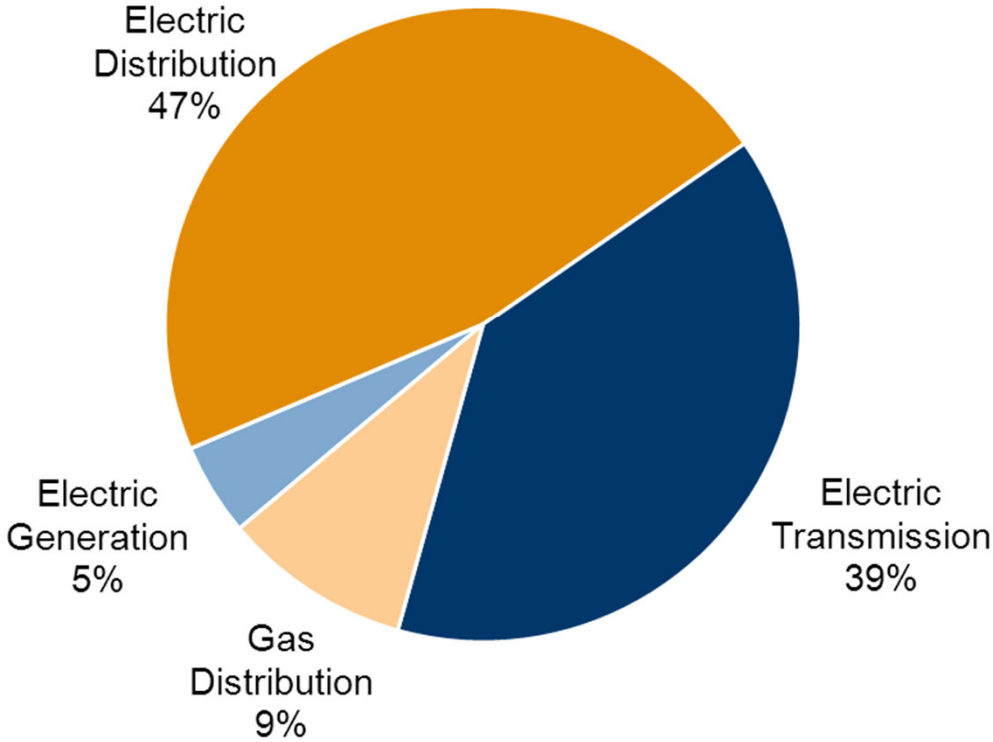


■ Transmission ■ Electric & Gas Distribution and Generation (including CL&P resiliency) ■ Other, Primarily IT



Projected Rate Base Growth - 2015

Rate Base By Business



Projected Combined 2015 Rate Base: \$15.6 billion