



News Release

NU Reports Third Quarter Results

BOSTON, Mass. and HARTFORD, Conn. (November 6, 2014) – Northeast Utilities (NYSE: NU) today reported earnings of \$234.6 million, or \$0.74 per share in the third quarter of 2014, compared with earnings of \$209.5 million, or \$0.66 per share, in the third quarter of 2013.

Third quarter 2014 results included after-tax integration charges of \$3 million, or \$0.01 per share, compared with integration charges of approximately \$7 million, or \$0.03 per share, in the third quarter of 2013. Excluding those charges, NU earned \$237.6 million, or \$0.75 per share, in the third quarter of 2014, compared with earnings of \$216.5 million, or \$0.69 per share, in the third quarter of 2013.

In the first nine months of 2014, NU earned \$597.9 million, or \$1.89 per share, compared with earnings of \$608.6 million, or \$1.93 per share, in the first nine months of 2013. Excluding integration costs of \$13.4 million in the first nine months of 2014 and \$10.6 million in the first nine months of 2013, NU earned \$611.3 million, or \$1.93 per share, in the first nine months of 2014, compared with \$619.2 million, or \$1.96 per share, in the first nine months of 2013.

Thomas J. May, NU chairman, president and chief executive officer, said NU continues to improve its customer service, operations and financial results and remains highly focused on long-term investments to address the region's energy supply challenges. "We have two great partners joining us in remedying New England's challenging energy supply situation," May said. "Our Northern Pass electric transmission project with Hydro-Quebec and Access Northeast natural gas pipeline project with Spectra Energy represent about \$4.5 billion of investment to provide New Englanders with access to cleaner, cheaper and more reliable energy."

Also today, NU affirmed its 2014 earnings guidance of \$2.60 to \$2.70 per share.

Electric Transmission

NU's transmission segment earned \$88.1 million in the third quarter of 2014 and \$206.8 million in the first nine months of 2014, compared with earnings of \$58.6 million in the third quarter of 2013 and \$215.4 million in the first nine months of 2013. Both year-to-date 2014 results and third-quarter 2013 results reflect after-tax charges related to a proceeding before the Federal Energy Regulatory Commission regarding the base return on equity authorized for owners of New England electric transmission assets. As a result of rulings made in that proceeding, NU recorded after-tax charges of \$32.1 million in the second quarter of 2014 and \$14.3 million in the third quarter of 2013. These charges largely relate to reserves for prior period refunds dating back to 2011. Excluding those charges, NU transmission earnings grew in the third quarter of 2014 due primarily to the company's increased investment in its electric transmission system.

Electric Distribution and Generation

NU's electric distribution and generation segment earned \$153.4 million in the third quarter of 2014 and \$349.1 million in the first nine months of 2014, compared with earnings of \$156.9 million in the third

quarter of 2013 and \$347.5 million in the first nine months of 2013. Lower third-quarter earnings resulted in part from a 4.5 percent decrease in electric sales from the third quarter of 2013, primarily due to much milder summer weather.

Earnings of Electric Utility Subsidiaries (net of preferred dividends)

The Connecticut Light and Power Company (CL&P) earned \$82.5 million in the third quarter of 2014 and \$196.4 million in the first nine months of 2014, compared with earnings of \$64.9 million in the third quarter of 2013 and \$215 million in the first nine months of 2013. Higher third quarter results primarily reflect the absence of a transmission reserve in the third quarter of 2014, partially offset by a 5.3 percent reduction in electric sales. Lower year-to-date results in 2014 were due primarily to the second quarter transmission reserve and higher property tax and depreciation expenses, partially offset by lower operation and maintenance expense.

NSTAR Electric Company earned \$115.1 million in the third quarter of 2014 and \$232.3 million in the first nine months of 2014, compared with earnings of \$106.5 million in the third quarter of 2013 and \$211.5 million in the first nine months of 2013. Higher earnings were due primarily to lower operations and maintenance expense.

Public Service Company of New Hampshire earned \$28.2 million in the third quarter of 2014 and \$85 million in the first nine months of 2014, compared with earnings of \$28.4 million in the third quarter of 2013 and \$84.5 million in the first nine months of 2013.

Western Massachusetts Electric Company earned \$14.7 million in the third quarter of 2014 and \$39.8 million in the first nine months of 2014, compared with earnings of \$15 million in the third quarter of 2013 and \$50 million in the first nine months of 2013. Lower year-to-date results were due to lower transmission earnings as a result of the second quarter 2014 transmission reserve.

Natural Gas Distribution

NU's natural gas distribution segment, which includes both Yankee Gas Services Company and NSTAR Gas Company, lost \$9.9 million in the third quarter of 2014, compared with a loss of \$10.4 million in the third quarter of 2013. During the first nine months of 2014, NU's natural gas distribution segment earned \$44.2 million, compared with earnings of \$34.1 million in the first nine months of 2013. Higher third quarter and year-to-date results were due primarily to higher firm sales. Year-to-date 2014 firm natural gas sales were up 10.5 percent from 2013 levels, mostly due to colder first quarter weather in 2014.

NU Parent and Other Businesses

NU parent and other businesses earned \$3 million in the third quarter of 2014, but lost \$2.2 million in the first nine months of 2014, compared with earnings of \$4.4 million in the third quarter of 2013 and \$11.6 million in the first nine months of 2013. Excluding integration costs, NU parent and other businesses earned \$6.0 million in the third quarter of 2014 and \$11.2 million in the first nine months of 2014, compared with earnings of \$11.4 million in the third quarter of 2013 and \$22.2 million in the first nine months of 2013. Lower results in 2014 were due primarily to a higher effective tax rate.

The following table reconciles 2014 and 2013 third quarter and first nine months earnings per share:

		Third Quarter	First Nine Months
2013	Reported EPS	\$0.66	\$1.93
	2013 integration costs	\$0.03	\$0.03
	2013 EPS before merger and related settlement costs	\$0.69	\$1.96
	Higher/(lower) transmission earnings in 2014	\$0.10	(\$0.03)
	Higher/(lower) electric distribution revenues in 2014	(\$0.02)	\$0.00
	Higher firm natural gas sales in 2014	\$0.01	\$0.05
	Lower non-tracked O&M in 2014	\$0.07	\$0.10
	Higher property tax, depreciation in 2014	(\$0.02)	(\$0.04)
	Higher non-tracked interest expense in 2014	(\$0.01)	(\$0.03)
	Other, primarily higher effective tax rate in 2014	(\$0.07)	(\$0.08)
	2014 EPS before integration costs	\$0.75	\$1.93
	2014 integration costs	(\$0.01)	(\$0.04)
2014	Reported EPS	\$0.74	\$1.89

Earnings for the third quarter and first nine months 2014 and 2013 are noted below:

Three months ended:

<i>(in millions, except EPS)</i>	September 30, 2014	September 30, 2013	Increase/ (Decrease)	2014 EPS ¹
Electric Distribution/Generation	\$153.4	\$156.9	(\$3.5)	\$0.48
Natural Gas Distribution	(\$9.9)	(\$10.4)	\$0.5	(\$0.03)
Electric Transmission	\$88.1	\$58.6	\$29.5	\$0.28
NU Parent and Other Companies*	\$6.0	\$11.4	(\$5.4)	\$0.02
Earnings, ex. integration costs	\$237.6	\$216.5	\$21.1	\$0.75
Integration, merger impacts	(\$3.0)	(\$7.0)	\$4.0	(\$0.01)
Reported Earnings	\$234.6	\$209.5	\$25.1	\$0.74

Nine months ended:

<i>(in millions, except EPS)</i>	September 30, 2014	September 30, 2013	Increase/ (Decrease)	2014 EPS ¹
Electric Distribution/Generation	\$349.1	\$347.5	\$1.6	\$1.10
Natural Gas Distribution	\$44.2	\$34.1	\$10.1	\$0.14
Electric Transmission	\$206.8	\$215.4	(\$8.6)	\$0.65
NU Parent and Other Companies*	\$11.2	\$22.2	(\$11.0)	\$0.04
Earnings, ex. integration costs	\$611.3	\$619.2	(\$7.9)	\$1.93
Integration, merger impacts	(\$13.4)	(\$10.6)	(\$2.8)	(\$0.04)
Reported Earnings	\$597.9	\$608.6	(\$10.7)	\$1.89

* Excludes costs attributable to integration.

Retail sales data:

	September 30, 2014	September 30, 2013	% Change Actual
Electric Distribution			
Gwh for three months ended	14,555	15,247	(4.5%)
Gwh for nine months ended	41,439	41,954	(1.2%)

Natural Gas Distribution			
Firm volumes in mmcf for three months ended	10,200	10,155	0.4%
Firm volumes in mmcf for nine months ended**	71,645	64,815	10.5%

NU has approximately 317 million common shares outstanding. It operates New England's largest energy delivery system, serving approximately 3.6 million customers in Connecticut, Massachusetts and New Hampshire.

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Note: NU will webcast a conference call with senior management on November 7, 2014, beginning at 9 a.m. Eastern Time. The webcast can be accessed through NU's website at www.nu.com.

¹ All per share amounts in this news release 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, our third quarter and first nine months of 2014 and 2013 earnings and EPS excluding certain integration and merger 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 our third quarter and first nine months of 2014 and 2013 results without including the impact of the non-recurring integration and 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.

This news release 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, readers 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 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 NU's products and services; fluctuations in weather patterns; changes in laws, regulations or regulatory policy; changes in levels or 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.

NORTHEAST UTILITIES AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	September 30, 2014	December 31, 2013
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 41,706	\$ 43,364
Receivables, Net	848,510	765,391
Unbilled Revenues	181,284	224,982
Fuel, Materials and Supplies	333,869	303,233
Regulatory Assets	445,962	535,791
Marketable Securities	114,722	92,427
Prepayments and Other Current Assets	135,497	121,861
Total Current Assets	2,101,550	2,087,049
Property, Plant and Equipment, Net	18,254,610	17,576,186
Deferred Debits and Other Assets:		
Regulatory Assets	3,241,122	3,758,694
Goodwill	3,519,401	3,519,401
Marketable Securities	518,032	488,515
Other Long-Term Assets	347,596	365,692
Total Deferred Debits and Other Assets	7,626,151	8,132,302
Total Assets	\$ 27,982,311	\$ 27,795,537

The data contained in this report is preliminary and is unaudited. This report is being submitted for the sole purpose of providing information to present shareholders about Northeast Utilities and Subsidiaries and is not a representation, prospectus, or intended for use in connection with any purchase or sale of securities.

NORTHEAST UTILITIES AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	September 30, 2014	December 31, 2013
<u>LIABILITIES AND CAPITALIZATION</u>		
Current Liabilities:		
Notes Payable	\$ 1,046,961	\$ 1,093,000
Long-Term Debt - Current Portion	245,583	533,346
Accounts Payable	608,639	742,251
Regulatory Liabilities	398,985	204,278
Other Current Liabilities	629,508	702,776
Total Current Liabilities	<u>2,929,676</u>	<u>3,275,651</u>
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	4,257,996	4,029,026
Regulatory Liabilities	509,889	502,984
Derivative Liabilities	420,931	624,050
Accrued Pension, SERP and PBOP	787,550	896,844
Other Long-Term Liabilities	863,164	923,053
Total Deferred Credits and Other Liabilities	<u>6,839,530</u>	<u>6,975,957</u>
Capitalization:		
Long-Term Debt	<u>8,166,985</u>	<u>7,776,833</u>
Noncontrolling Interest - Preferred Stock of Subsidiaries	<u>155,568</u>	<u>155,568</u>
Equity:		
Common Shareholders' Equity:		
Common Shares	1,666,767	1,665,351
Capital Surplus, Paid In	6,219,516	6,192,765
Retained Earnings	2,351,421	2,125,980
Accumulated Other Comprehensive Loss	(40,172)	(46,031)
Treasury Stock	(306,980)	(326,537)
Common Shareholders' Equity	<u>9,890,552</u>	<u>9,611,528</u>
Total Capitalization	<u>18,213,105</u>	<u>17,543,929</u>
Total Liabilities and Capitalization	<u>\$ 27,982,311</u>	<u>\$ 27,795,537</u>

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NORTHEAST UTILITIES AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars, Except Share Information)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Operating Revenues	\$ 1,892,532	\$ 1,892,590	\$ 5,860,736	\$ 5,523,475
Operating Expenses:				
Purchased Power, Fuel and Transmission	716,631	645,881	2,318,993	1,881,992
Operations and Maintenance	344,092	386,700	1,069,015	1,089,960
Depreciation	153,210	149,105	456,224	463,635
Amortization of Regulatory Assets/(Liabilities), Net	(22,531)	70,046	31,826	178,668
Amortization of Rate Reduction Bonds	-	-	-	42,581
Energy Efficiency Programs	118,693	106,097	360,228	306,010
Taxes Other Than Income Taxes	141,527	135,499	421,862	391,846
Total Operating Expenses	1,451,622	1,493,328	4,658,148	4,354,692
Operating Income	440,910	399,262	1,202,588	1,168,783
Interest Expense:				
Interest on Long-Term Debt	85,208	84,911	260,076	256,205
Other Interest	4,530	2,565	12,132	(5,622)
Interest Expense	89,738	87,476	272,208	250,583
Other Income, Net	11,860	8,945	19,054	21,655
Income Before Income Tax Expense	363,032	320,731	949,434	939,855
Income Tax Expense	126,539	109,351	345,858	325,442
Net Income	236,493	211,380	603,576	614,413
Net Income Attributable to Noncontrolling Interests	1,879	1,879	5,639	5,803
Net Income Attributable to Controlling Interest	\$ 234,614	\$ 209,501	\$ 597,937	\$ 608,610
Basic and Diluted Earnings Per Common Share	\$ 0.74	\$ 0.66	\$ 1.89	\$ 1.93
Dividends Declared Per Common Share	\$ 0.39	\$ 0.37	\$ 1.18	\$ 1.10
Weighted Average Common Shares Outstanding:				
Basic	316,340,691	315,291,346	315,941,904	315,191,752
Diluted	317,554,925	316,218,239	317,186,490	316,061,131

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NORTHEAST UTILITIES AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	For the Nine Months Ended September 30,	
	2014	2013
Operating Activities:		
Net Income	\$ 603,576	\$ 614,413
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Depreciation	456,224	463,635
Deferred Income Taxes	64,755	334,225
Pension, SERP and PBOP Expense	74,296	146,803
Pension and PBOP Contributions	(74,681)	(338,301)
Regulatory Over/(Under) Recoveries, Net	290,111	66,239
Amortization of Regulatory Assets, Net	31,826	178,668
Amortization of Rate Reduction Bonds	-	42,581
Proceeds from DOE Damages Claim, Net	132,138	-
Other	(17,096)	3,158
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(66,463)	(98,432)
Fuel, Materials and Supplies	(27,147)	(13,134)
Taxes Receivable/Accrued, Net	26,533	(28,609)
Accounts Payable	(69,448)	(112,512)
Other Current Assets and Liabilities, Net	(20,607)	(81,766)
Net Cash Flows Provided by Operating Activities	<u>1,404,017</u>	<u>1,176,968</u>
Investing Activities:		
Investments in Property, Plant and Equipment	(1,117,493)	(1,073,759)
Proceeds from Sales of Marketable Securities	388,352	487,729
Purchases of Marketable Securities	(389,406)	(541,070)
Decrease in Special Deposits	-	69,259
Other Investing Activities	(4,669)	(1,137)
Net Cash Flows Used in Investing Activities	<u>(1,123,216)</u>	<u>(1,058,978)</u>
Financing Activities:		
Cash Dividends on Common Shares	(356,080)	(341,720)
Cash Dividends on Preferred Stock	(5,639)	(5,802)
Increase/(Decrease) in Notes Payable	6,000	(172,000)
Issuance of Long-Term Debt	650,000	1,350,000
Retirements of Long-Term Debt	(576,650)	(840,600)
Retirements of Rate Reduction Bonds	-	(82,139)
Other Financing Activities	(90)	(13,536)
Net Cash Flows Used in Financing Activities	<u>(282,459)</u>	<u>(105,797)</u>
Net (Decrease)/Increase in Cash and Cash Equivalents	(1,658)	12,193
Cash and Cash Equivalents - Beginning of Period	43,364	45,748
Cash and Cash Equivalents - End of Period	<u>\$ 41,706</u>	<u>\$ 57,941</u>

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