

## Overview of the Announced NU/NSTAR Merger



**Northeast  
Utilities**



**NSTAR**

**NHPUC Docket No. DE 11-014**

**February 7, 2011**



- ▶ Information Concerning Forward-Looking Statements
- ▶ Additional Information and Where To Find It

## Information Concerning Forward-Looking Statements

*In addition to historical information, this communication may contain a number of “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Words such as anticipate, expect, project, intend, plan, believe, and words and terms of similar substance used in connection with any discussion of future plans, actions, or events identify forward-looking statements. Forward-looking statements relating to the proposed merger include, but are not limited to: statements about the benefits of the proposed merger involving NSTAR and Northeast Utilities, including future financial and operating results; NSTAR’s and Northeast Utilities’ plans, objectives, expectations and intentions; the expected timing of completion of the transaction; and other statements relating to the merger that are not historical facts. Forward-looking statements involve estimates, expectations and projections and, as a result, are subject to risks and uncertainties. There can be no assurance that actual results will not materially differ from expectations. Important factors could cause actual results to differ materially from those indicated by such forward-looking statements. With respect to the proposed merger, these factors include, but are not limited to: risks and uncertainties relating to the ability to obtain the requisite NSTAR and Northeast Utilities shareholder approvals; the risk that NSTAR or Northeast Utilities may be unable to obtain governmental and regulatory approvals required for the merger, or required governmental and regulatory approvals may delay the merger or result in the imposition of conditions that could reduce the anticipated benefits from the merger or cause the parties to abandon the merger; the risk that a condition to closing of the merger may not be satisfied; the length of time necessary to consummate the proposed merger; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; the diversion of management time on merger-related issues; the effect of future regulatory or legislative actions on the companies; and the risk that the credit ratings of the combined company or its subsidiaries may be different from what the companies expect. These risks, as well as other risks associated with the merger, are more fully discussed in the joint proxy statement/prospectus that is included in the Registration Statement on Form S-4 (Registration No. 333-170754) that was filed by Northeast Utilities with the SEC in connection with the merger. Additional risks and uncertainties are identified and discussed in NSTAR’s and Northeast Utilities’ reports filed with the SEC and available at the SEC’s website at [www.sec.gov](http://www.sec.gov). Forward-looking statements included in this document speak only as of the date of this document. Neither NSTAR nor Northeast Utilities undertakes any obligation to update its forward-looking statements to reflect events or circumstances after the date of this document.*

## Additional Information and Where To Find It

*This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. In connection with the proposed merger between Northeast Utilities and NSTAR, Northeast Utilities filed with the SEC a Registration Statement on Form S-4 (Registration No. 333-170754) that includes a joint proxy statement of Northeast Utilities and NSTAR that also constitutes a prospectus of Northeast Utilities. Northeast Utilities and NSTAR mailed the definitive joint proxy statement/prospectus to their respective shareholders, on or about January 5, 2011. **Northeast Utilities and NSTAR urge investors and shareholders to read the joint proxy statement/prospectus regarding the proposed merger, as well as other documents filed with the SEC, because they contain important information.** You may obtain copies of all documents filed with the SEC regarding this proposed transaction, free of charge, at the SEC’s website ([www.sec.gov](http://www.sec.gov)). You may also obtain these documents, free of charge, from Northeast Utilities’ website ([www.nu.com](http://www.nu.com)) under the tab “Investors” and then under the heading “Financial/SEC Reports.” You may also obtain these documents, free of charge, from NSTAR’s website ([www.nstar.com](http://www.nstar.com)) under the tab “Investor Relations.”*



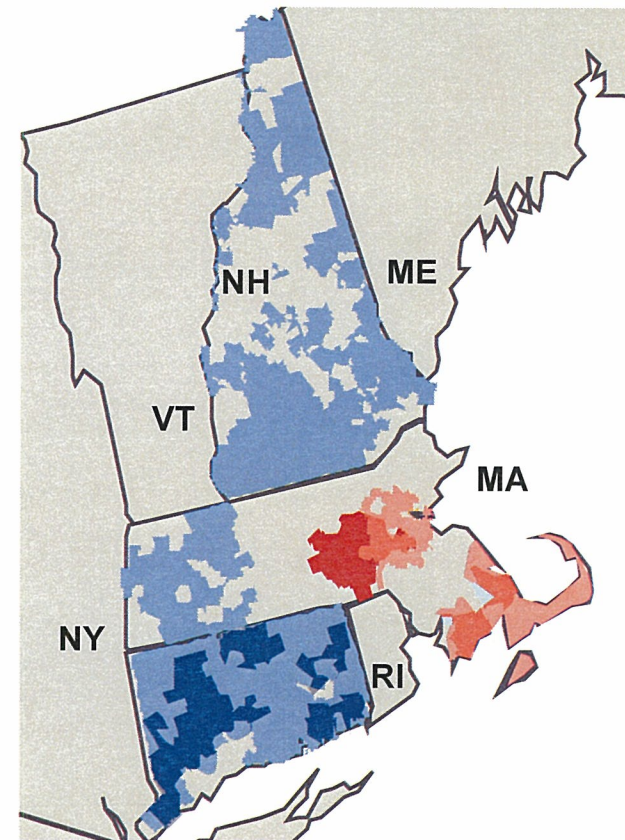
# Agenda

*New Hampshire Public Utilities Commission, Docket No. DE 11-014*

- Rationale and Benefits of Merger
- Overview of NSTAR
- Merger Transaction
- Impacts on PSNH

# A Compelling Combination

- Larger, more diverse and better positioned to support infrastructure investment, economic growth and policy directives in New England
- Enhances customer service capabilities to the largest customer base in New England
- Highly experienced and complementary leadership team with proven track record
- Geographically situated partners, enhancing prospects for future savings, efficiencies and reliability benefits



■ Northeast Utilities Electric Service Area ■ NSTAR Electric Service Area  
■ Northeast Utilities Gas Service Area ■ NSTAR Gas Service Area



# Specific Benefits to NU Companies and its Customers

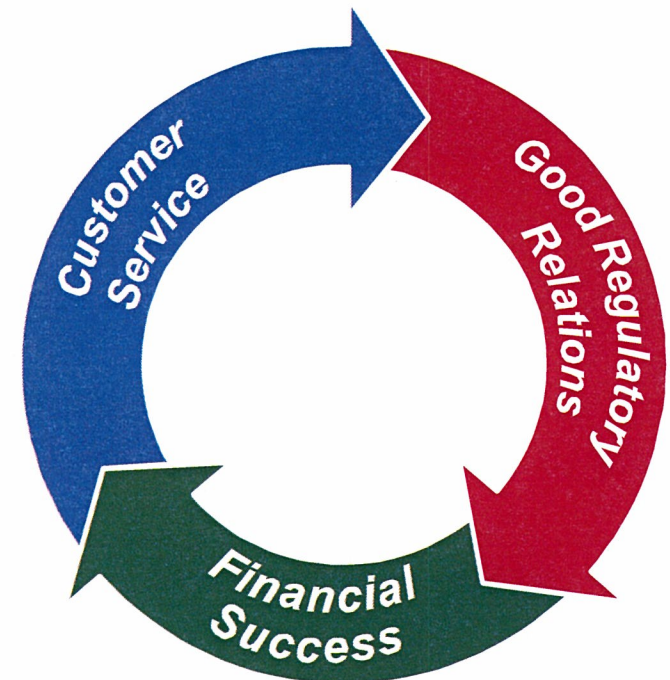
- Combined company and operating subsidiaries will have an enhanced credit profile
  - Highest quality business profile
  - Highly diversified earnings and cash flow
  - 100% stock transaction – no new debt issued for merger
- Likely credit rating upgrades leading to lower long-term and short-term interest costs and a lower weighted cost of capital for customers
- Increased internally generated cash flow leading to less reliance on the financial markets to fund infrastructure investments and to meet day-to-day liquidity needs
- Enhanced opportunities to reduce operating costs over time and a larger customer platform to help rationalize future technology investments as we strive to meeting increasing customer expectations
- Lower financing and operating costs should lower cost-of service over time



# NSTAR – A Track Record of Strong Performance



- High levels of customer service and reliability
- Constructive regulatory outcomes
- Solid, consistent financial results
- Strong credit profile and positive cash flow

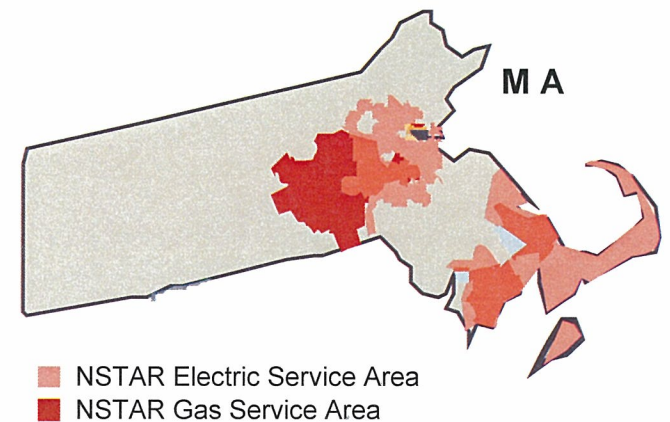




# NSTAR – Key Facts and Figures

- NSTAR is the largest Massachusetts-based investor-owned electric and gas utility
- NSTAR transmits and delivers electricity and gas to 1.1 million electric customers in 81 communities and approximately 300,000 gas customers in 51 communities
- Residential customers comprise 87% of the total electric customers and 90% of the total gas customers
- For the nine months ended September 30, 2010, NSTAR derived 86% of its operating revenues from electric operations and 14% from gas operations
- NSTAR employs more than 3,000 people

## Service Territory





# NSTAR Electric

- Provides distribution and transmission electricity service to 1.1 million customers over an area of 1,702 square miles
- Approximately 35,000 miles of distribution lines with 37% being under ground, and 951 miles of transmission lines
- Created January 1, 2007 through the merger of Commonwealth Electric Company, Cambridge Electric Light Company, and Boston Edison Company
- Currently operating under a 2007 – 2012 distribution rate settlement that establishes annual inflation-adjusted distribution rates that are generally offset by an equal reduction in transition rates (stranded cost charges)
- Distribution rate base at 12/31/09 of \$2.5 billion
- Transmission rates set by the FERC as part of ISO-NE regional system (similar to NU)

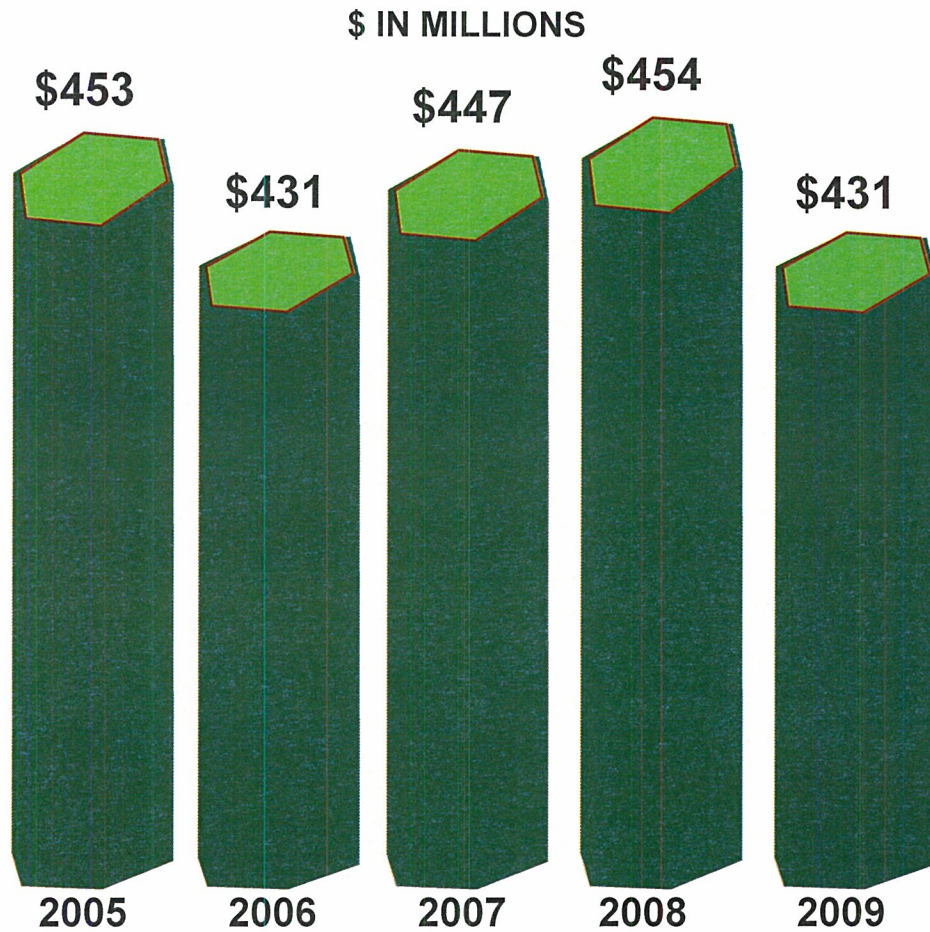


## NSTAR Gas

- Distributes natural gas to approximately 300,000 customers over an area of 1,067 square miles
- Like Yankee Gas, the sales and transportation of gas are divided into two categories – firm and interruptible
- Supply portfolio consists of natural gas supply contracts, transportation contracts on interstate pipelines, market area storage and peaking services
- A portion of the gas supply storage is provided by Hopkinton, a wholly-owned subsidiary of NSTAR, with facilities consisting of LNG liquefaction and vaporization, and above-ground storage tanks
- Last rate proceeding was a settlement in 2005
- Commercial, industrial, and residential customers can choose their supplier of natural gas
- Rate base at 12/31/09 of \$500 million



# History of Disciplined Cost Control



*Operations & Maintenance Expense*

## Key Drivers

- Productivity & automation
- Performance driven culture
- Engaged workforce and constructive union relations
- Continuous improvement philosophy



# Highest Credit Rating in the Industry

**#1 NSTAR A+**

NSTAR	A+
Norfolk Southern Corp.	A
Southwest Gas Corp.	A
Constellation Energy, Inc.	A-
Dominion Resources, Inc.	A-
DPL Inc.	A-
Duke Energy Corporation	A-
Energy East Corporation	A-
KeySpan Corp.	A-
Niagara Mohawk Power Corporation	A-
Vectren Corporation	A-
ALLETE, Inc.	BBB+
Alliant Energy Corporation	BBB+
Integrus Energy Group, Inc.	BBB+
Kentucky Utilities Company	BBB+
Louisville Gas and Electric Company	BBB+
MDU Resources Group, Inc.	BBB+
MidAmerican Energy Holdings Company	BBB+
OGE Energy Corp.	BBB+
PG&E Corporation	BBB+
Portland General Electric Company	BBB+
Progress Energy, Inc.	BBB+
SCANA Corporation	BBB+
Sempra Energy	BBB+
Wisconsin Energy Corporation	BBB+
Xcel Energy Inc.	BBB+
American Electric Power Company, Inc.	BBB
CenterPoint Energy, Inc.	BBB
Cleco Corporation	BBB
El Paso Electric Company	BBB
Energy Corporation	BBB
Exelon Corporation	BBB
FirstEnergy Corp.	BBB
Great Plains Energy Inc.	BBB
Green Mountain Power Corporation	BBB
Hawaiian Electric Industries, Inc.	BBB
IDACORP, Inc.	BBB
<b>Northeast Utilities</b>	<b>BBB</b>
North Western Corporation	BBB
Pepco Holdings, Inc.	BBB
PPL Corporation	BBB
Public Service Enterprise Group Inc.	BBB
TECO Energy, Inc.	BBB
UIL Holdings Corporation	BBB
Allegheny Energy, Inc.	BBB-
Ameren Corporation	BBB-
Avista Corporation	BBB-
Black Hills Corporation	BBB-
CMS Energy Corporation	BBB-
Constellation Energy Group, Inc.	BBB-
Duquesne Light Company	BBB-
Edison International	BBB-
Empire District Electric Company	BBB-
IPALCO Enterprises, Inc.	BBB-
NiSource Inc.	BBB-
Otter Tail Corporation	BBB-
Pinnacle West Capital Corporation	BBB-
Westar Energy, Inc. Puget Energy, Inc.	BBB-
Puget Energy, Inc.	BB+
NV Energy, Inc.	BB
PNM Resources, Inc.	BB-
Energy Future Holdings Corp.	B-

\*As published by EEI



# Key Merger Terms

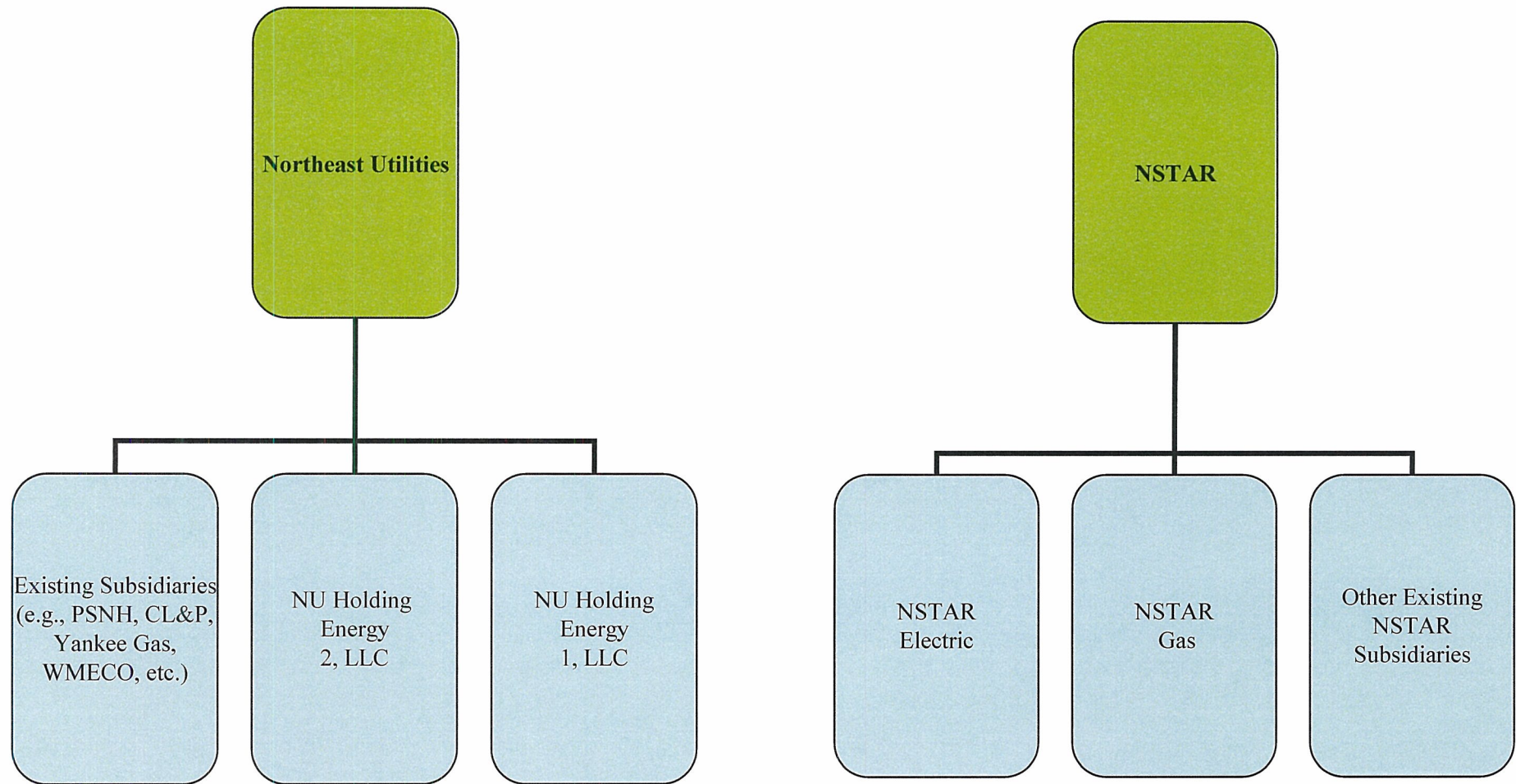
## Balanced Terms and Governance

- |                             |  |
|-----------------------------|--|
| <b>Timing / Approvals:</b>  | <ul style="list-style-type: none"><li>➤ Expected to close within 9 – 12 months</li><li>➤ Shareholders, federal, and state</li></ul>  |
| <b>Headquarters:</b>        | <ul style="list-style-type: none"><li>➤ Dual – Hartford and Boston</li></ul>   |
| <b>Company Name:</b>        | <ul style="list-style-type: none"><li>➤ Northeast Utilities</li></ul>  |
| <b>Consideration:</b>       | <ul style="list-style-type: none"><li>➤ 100% NU shares</li><li>➤ No acquisition premium</li></ul>  |
| <b>Exchange Ratio:</b>      | <ul style="list-style-type: none"><li>➤ 1.312 shares of NU per NSTAR share</li></ul>   |
| <b>Pro Forma Ownership:</b> | <ul style="list-style-type: none"><li>➤ 56% NU shareholders</li><li>➤ 44% NSTAR shareholders</li></ul>   |
| <b>Governance:</b>          | <ul style="list-style-type: none"><li>➤ Chuck Shivery to be non-executive Chairman</li><li>➤ Tom May to be President and CEO</li><li>➤ 14 Board members<ul style="list-style-type: none"><li>➤ 7 nominated by Northeast Utilities including Chuck Shivery</li><li>➤ 7 nominated by NSTAR including Tom May</li></ul></li></ul> |



# Merger Transaction

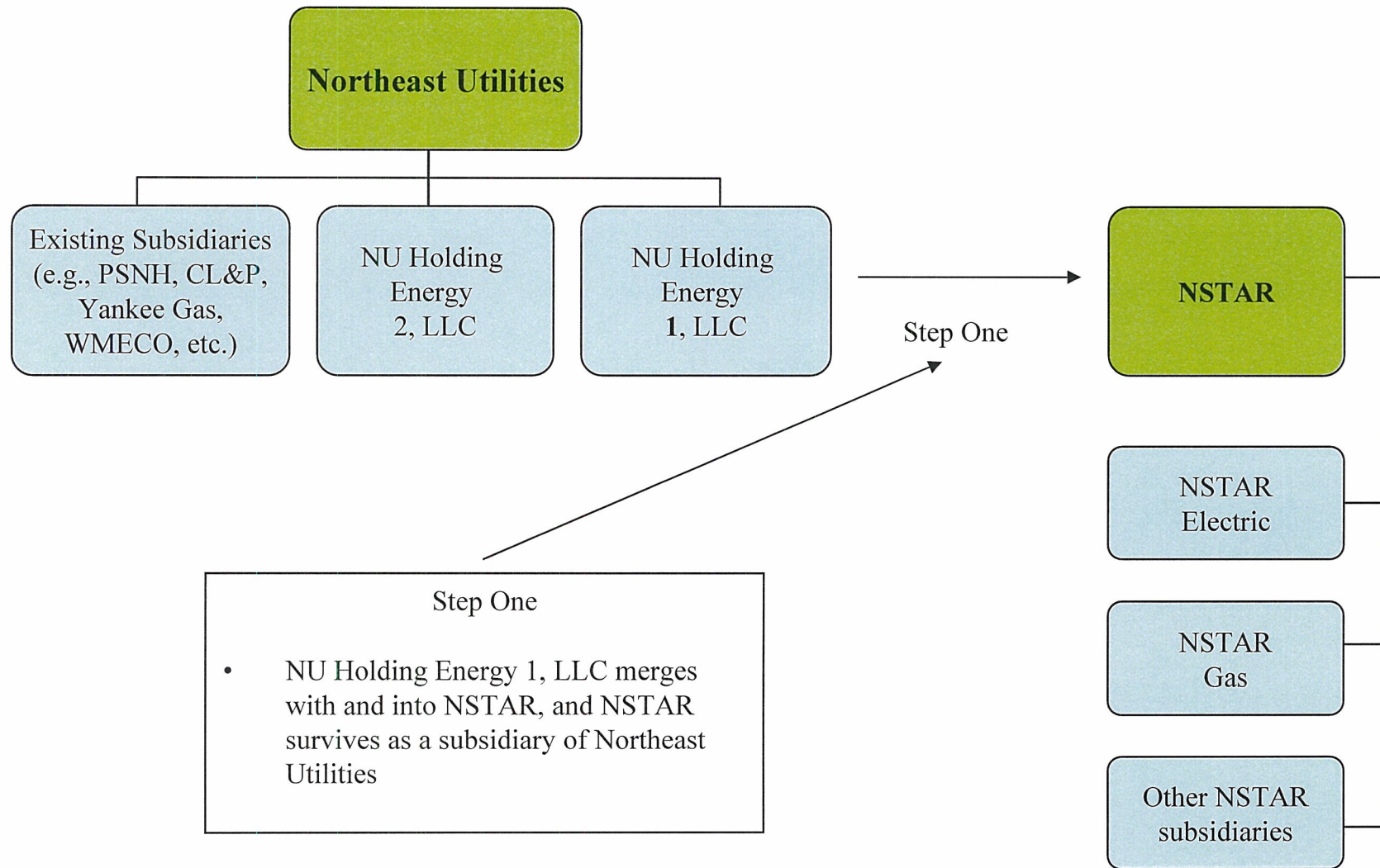
## Current Organizations





# Merger Transaction

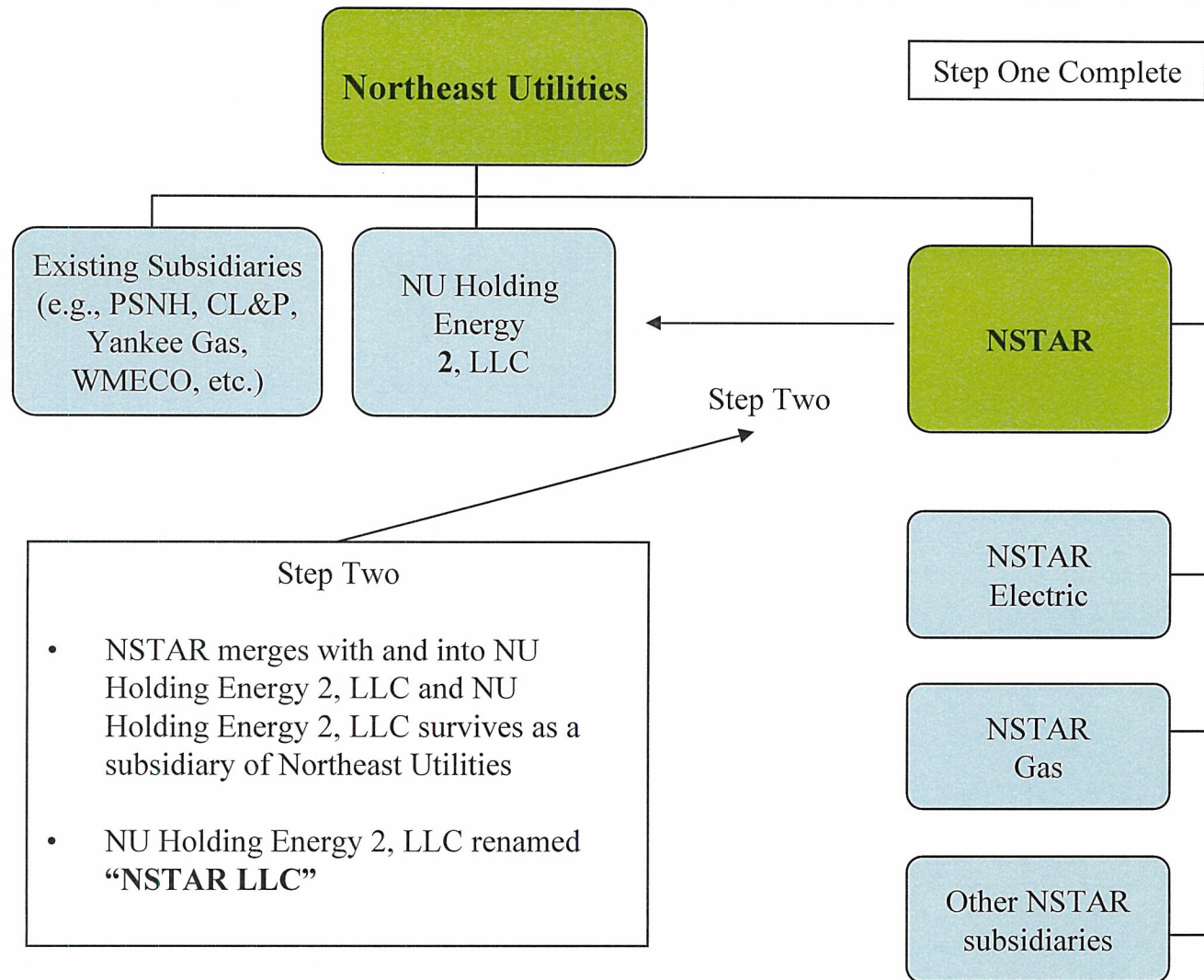
## Step 1





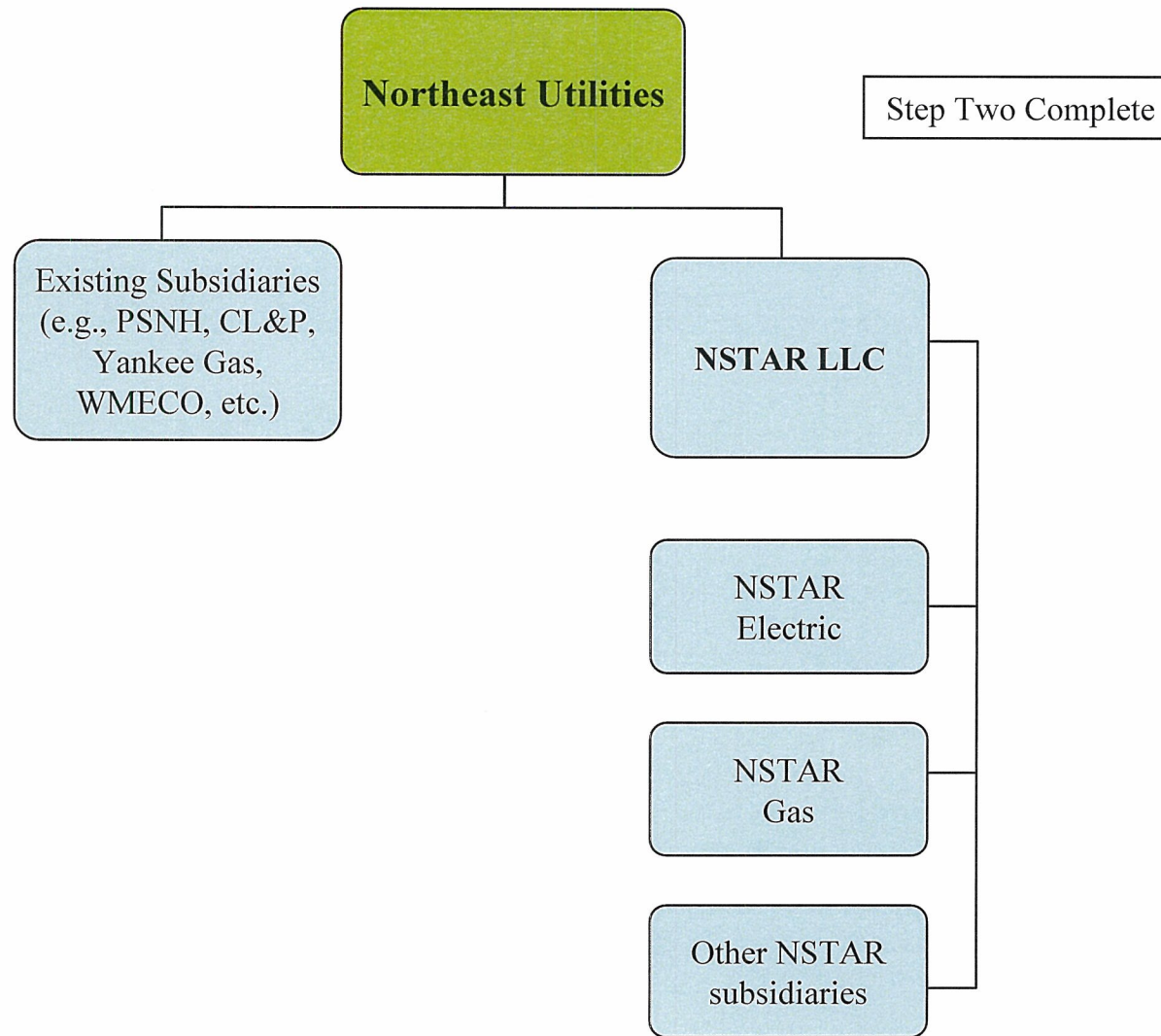
# Merger Transaction

## Step 2



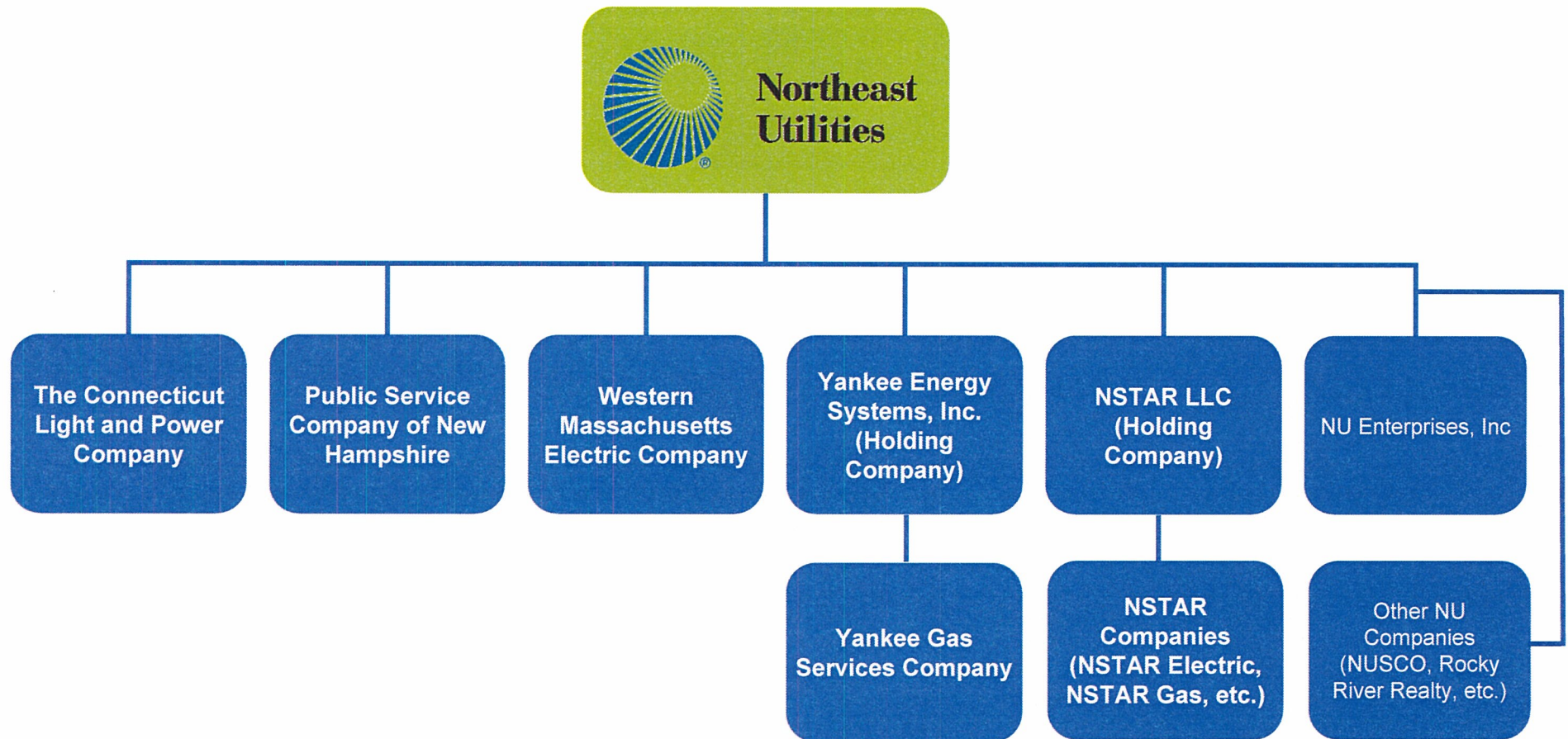


# Merger Transaction *Completed*



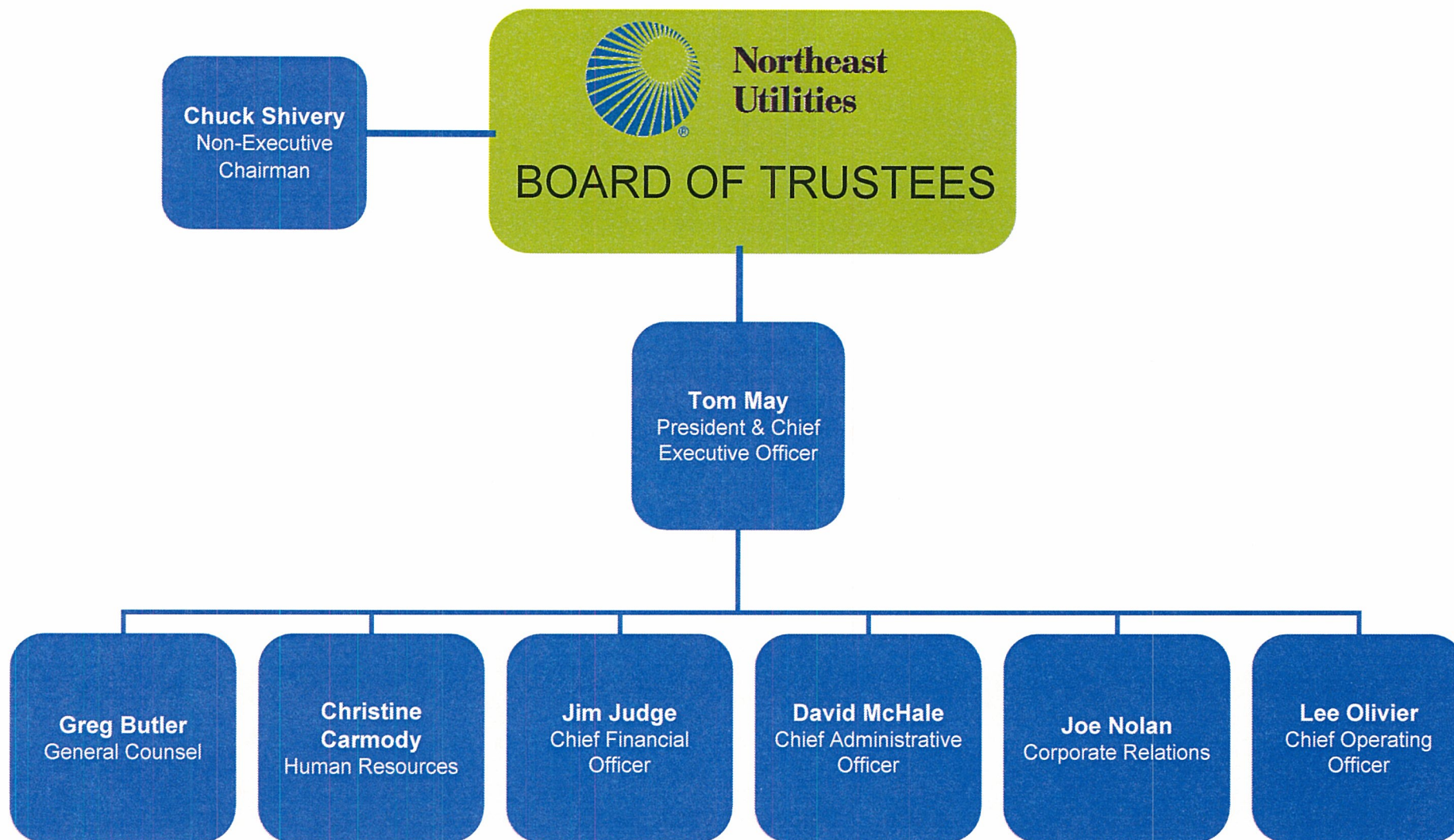


# Post Merger High Level Company Organization Chart





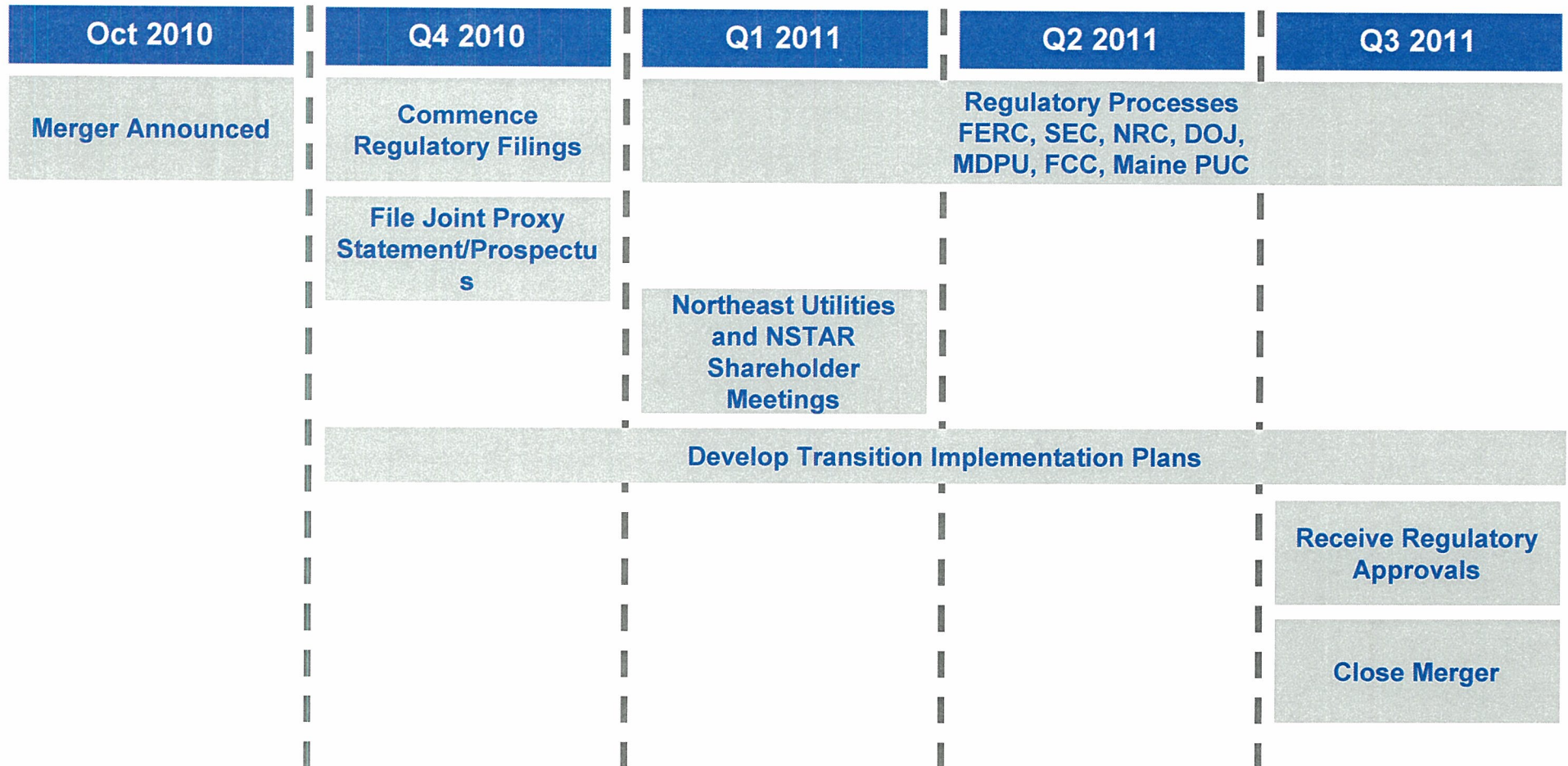
# Executive Management Organization





# Regulatory Timeline

Closing Expected in 9 – 12 months





## Impact on PSNH

- No changes to the rates or services of PSNH (or other NU affiliates) are planned or contemplated as a condition of the merger
- There is no consolidation of NSTAR Electric, NSTAR Gas, PSNH (or other NU affiliates) that would result from the merger
- The merger will not result in a change of control of NU
- The merger will not result in a change of control of PSNH (or other NU affiliates) and they will continue to be first-tier subsidiaries of NU
- The merger will strengthen the financial integrity and investment capability of NU; a corollary effect will be the enhancement of PSNH's capability to maintain reliable and cost-effective delivery systems
- Over time, the integration of NSTAR and NU is anticipated to produce net savings in costs that will be passed on to customers through reduced costs of service
- No adverse effect on rates, terms, service, or operation of PSNH within the state



# Questions?

- **David R. McHale**  
*Executive Vice President and  
Chief Financial Officer,  
Northeast Utilities*
- **Douglas S. Horan**  
*Senior Vice President, Secretary and  
General Counsel,  
NSTAR*
- **Gregory B. Butler**  
*Senior Vice President and  
General Counsel,  
Northeast Utilities*