NORTHEAST UTILITIES NYSE-NU

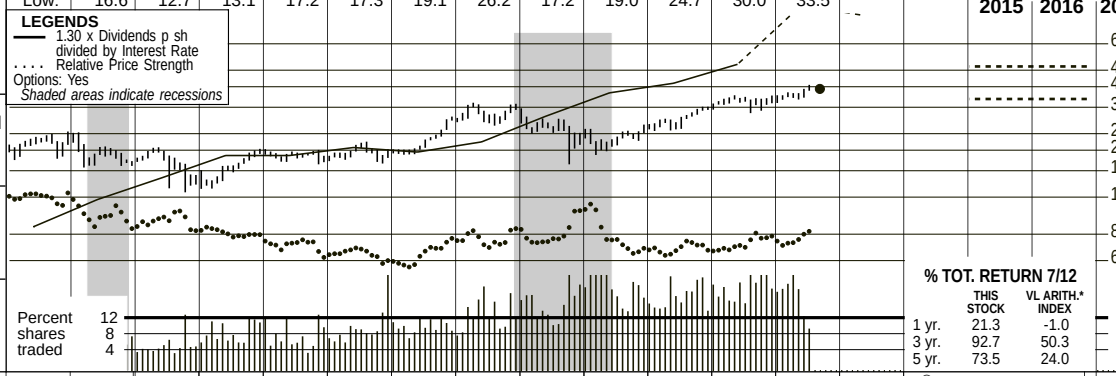
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
39.15	18.3	(Trailing: 21.0 Median: 16.0)	1.25	3.6%	VALUE LINE

TIMELINESS 3 Lowered 8/12/11
SAFETY 2 Raised 5/25/12
TECHNICAL 2 Raised 8/24/12
BETA .70 (1.00 = Market)

High:	24.3	20.7	20.3	20.3	22.0	28.9	33.6	31.6	26.5	32.2	36.5	40.9
Low:	16.6	12.7	13.1	17.2	17.3	19.1	26.2	17.2	19.0	24.7	30.0	33.5

Target Price Range
2015 | 2016 | 2017

LEGENDS
— 1.30 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: Yes
Shaded areas indicate recessions



2015-17 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	50	(+30%)	10%
Low	35	(-10%)	2%

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	2	0	0	0	1	0	0
to Sell	1	0	2	0	0	0	4	0	2

Institutional Decisions

	3Q2011	4Q2011	1Q2012
to Buy	146	164	165
to Sell	151	141	214
Hld's(000)	139484	134947	198414

% TOT. RETURN 7/12

	THIS STOCK	VL ARITH.* INDEX
1 yr.	21.3	-1.0
3 yr.	92.7	50.3
5 yr.	73.5	24.0

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
29.52	29.46	28.77	33.91	40.86	52.82	40.89	47.53	51.82	41.85	44.64	37.27	37.22	30.97	27.76	25.21	*21.00*	*25.00*	Revenues per sh	*27.75*
3.77	2.68	3.73	5.68	3.39	10.48	6.32	5.80	5.00	5.46	3.69	4.82	6.16	4.96	5.68	4.88	*4.50*	*5.45*	"Cash Flow" per sh	*6.50*
.01	d1.05	d.36	d1.14	d.20	1.37	1.08	1.24	.91	.98	.82	1.59	1.86	1.91	2.10	2.22	*2.00*	*2.60*	Earnings per sh A	*3.25*
1.38	.25	- -	.10	.40	.45	.53	.58	.63	.68	.73	.78	.83	.95	1.03	1.10	*1.32*	*1.44*	Div'd Decl'd per sh B ■	*1.70*
1.85	1.85	1.79	2.50	2.88	3.40	3.86	4.31	4.85	5.89	5.49	7.14	8.06	5.17	5.41	6.08	*4.65*	*4.40*	Cap'l Spending per sh	*4.50*
17.73	16.34	15.63	15.80	15.43	16.27	17.33	17.73	17.80	18.46	18.14	18.65	19.38	20.37	21.60	22.65	*29.00*	*30.15*	Book Value per sh C	*34.50*
128.44	130.18	130.95	131.87	143.82	130.13	127.56	127.70	129.03	131.59	154.23	156.22	155.83	175.62	176.45	177.16	*314.00*	*314.00*	Common Shs Outst'g D	*314.00*
NMF	- -	- -	- -	- -	14.1	16.1	13.4	20.8	19.8	27.1	18.7	13.7	12.0	13.4	15.4	*Bold figures are*		Avg Ann'l P/E Ratio	*13.0*
NMF	- -	- -	- -	- -	.72	.88	.76	1.10	1.05	1.46	.99	.82	.80	.85	.97	*Value Line*		Relative P/E Ratio	*.85*
8.9%	2.4%	- -	.6%	1.9%	2.3%	3.0%	3.5%	3.3%	3.5%	3.3%	2.6%	3.2%	4.2%	3.6%	3.2%	*estimates*		Avg Ann'l Div'd Yield	*4.0%*

CAPITAL STRUCTURE as of 3/31/12
Total Debt $5998.8 mill. **Due in 5 Yrs** $1862.0 mill.
LT Debt $5071.5 mill. **LT Interest** $243.4 mill.
Incl. $94.4 mill. of rate reduction bonds.
(LT interest earned: 3.0x)
Leases, Uncapitalized Annual rentals $7.7 mill.
Pension Assets-12/11 $2.01 bill.
Oblig. $3.10 bill.
Pfd Stock $116.2 mill. **Pfd Div'd** $5.6 mill.
Incl. 2,324,000 shs $1.90-$3.28 rates ($50 par) not subject to mandatory redemption.
Common Stock 313,604,078 shs.
as of 4/30/12
MARKET CAP: $12 billion (Large Cap)

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		15-17
5216.3	6069.2	6686.7	5507.3	6884.4	5822.2	5800.1	5439.4	4898.2	4465.7	*6600*	*7850*	Revenues ($mill)	*8700*
144.2	162.7	122.1	128.5	126.2	251.5	296.2	335.6	377.8	400.3	*635*	*820*	Net Profit ($mill)	*1030*
- -	32.1%	29.8%	30.8%	- -	30.3%	29.7%	34.9%	36.6%	29.9%	*35.0%*	*35.0%*	Income Tax Rate	*35.0%*
9.2%	7.1%	6.8%	17.4%	21.5%	13.9%	15.8%	4.6%	7.1%	8.6%	*6.0%*	*4.0%*	AFUDC % to Net Profit	*4.0%*
64.3%	63.9%	64.2%	63.2%	58.7%	59.2%	60.4%	57.2%	55.1%	53.4%	*45.0%*	*45.5%*	Long-Term Debt Ratio	*46.0%*
33.9%	34.3%	34.0%	35.1%	39.7%	39.2%	38.1%	41.5%	43.6%	45.3%	*54.0%*	*53.5%*	Common Equity Ratio	*53.5%*
6513.2	6591.6	6749.4	6923.2	7052.0	7431.1	7926.2	8629.5	8741.8	8856.0	*16825*	*17650*	Total Capital ($mill)	*20300*
4728.4	5429.9	5864.2	6417.2	6242.2	7229.9	8207.9	8840.0	9567.7	10403	*16325*	*16950*	Net Plant ($mill)	*19200*
4.1%	4.2%	2.8%	3.5%	2.9%	5.0%	5.4%	5.4%	5.8%	5.9%	*5.0%*	*5.5%*	Return on Total Cap'l	*6.0%*
6.2%	6.8%	5.1%	5.0%	4.3%	8.3%	9.4%	9.1%	9.6%	9.7%	*7.0%*	*8.5%*	Return on Shr. Equity	*9.5%*
6.3%	6.9%	5.1%	5.1%	4.3%	8.4%	9.6%	9.2%	9.8%	9.8%	*7.0%*	*8.5%*	Return on Com Equity E	*9.5%*
3.2%	3.7%	1.6%	1.5%	.3%	4.3%	5.3%	4.7%	5.0%	5.0%	*2.5%*	*4.0%*	Retained to Com Eq	*4.5%*
51%	48%	70%	72%	94%	50%	45%	50%	49%	50%	*67%*	*56%*	All Div'ds to Net Prof	*53%*

ELECTRIC OPERATING STATISTICS

	2009	2010	2011
% Change Retail Sales (KWH)	-3.5	+1.7	-1.2
Avg. Indust. Use (MWH)	614	627	624
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Winter (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	-.1	+.5	+.4
Fixed Charge Cov. (%)	255	284	291

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Revenues	-4.0%	-9.5%	*Nil*
"Cash Flow"	-2.5%	2.0%	*4.0%*
Earnings	- -	18.0%	*8.0%*
Dividends	12.5%	8.5%	*8.5%*
Book Value	3.0%	3.5%	*8.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	1594	1224	1306	1315	5439.4
2010	1339	1112	1243	1204	4898.2
2011	1235	1048	1115	1068	4465.7
2012	1100	1629	*2021*	*1850*	*6600*
2013	*2050*	*1700*	*2175*	*1925*	*7850*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.60	.47	.37	.48	1.91
2010	.49	.41	.57	.64	2.10
2011	.64	.44	.51	.64	2.22
2012	.56	.15	*.75*	*.54*	*2.00*
2013	*.70*	*.55*	*.80*	*.55*	*2.60*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.20	.20	.2125	.2125	.83
2009	.2375	.2375	.2375	.2375	.95
2010	.25625	.25625	.25625	.25625	1.02
2011	.275	.275	.275	.275	1.10
2012	.29375	.343			

BUSINESS: Northeast Utilities is the parent of utilities that have about 3 mill. elec., 500,000 gas customers. Connecticut Light & Power (CL&P) serves most of CT; Public Service Co. of New Hampshire (PSNH) supplies power to three fourths of NH's population; Western Massachusetts Electric Co. (WMECO) serves western MA; NSTAR supplies power to parts of eastern MA & gas to central & eastern MA. Acq'd NSTAR 4/12. Elec. rev. breakdown: res'l, 53%; comm'l, 30%; ind'l, 6%; other, 11%. Generating sources not avail. Fuel costs: 35% of revs. '11 reported depr. rate: 2.6%. Has 9,100 empls. Chairman: Charles W. Shivery. Pres. & CEO: Thomas J. May. Inc.: MA. Address: One Federal St., Building 111-4, Springfield, MA 01105. Tel.: 413-785-5871. Web: www.nu.com.

The profits we estimate for Northeast Utilities in 2012 aren't indicative of the company's earning potential. NU incurred expenses and reserves for customer rate credits associated with its merger with NSTAR, which was completed in April. These amounted to $0.24 a share in the first half. In addition, due to criticism following lengthy storm-related outages in 2011, Connecticut Light & Power wrote off $40 million of restoration costs and agreed to fund some energy initiatives in the state. This lowered first-half profits by $0.14 a share. At least the second half of 2012 should be much better. Most merger-related costs have already been booked, and moderate rate hikes took effect in mid-2012 at Public Service of New Hampshire and Yankee Gas.

Next year should be much better. The combined company is achieving merger-related cost reductions, which are ramping up quarter by quarter. NU is retaining these savings because electric tariffs are frozen in Connecticut through November of 2014 and in Massachusetts through December of 2015. Also, we estimate that the board will raise the quarterly dividend by 5% in the first period of 2013.

CL&P is still dealing with repercussions from the aforementioned storm-related outages. The state regulators issued a report that criticized some aspects of the utility's performance. In fact, they suggested that its allowed return on equity might be cut when rates are reset after the freeze ends. Even before the report was released, the utility proposed a five-year, $300 million system resiliency plan. CL&P is hoping for a ruling from the commission in time for the work to begin in 2013.

Transmission is an important part of NU's business. The company earns a higher ROE on transmission than on distribution. Its five-year transmission capital budget is over $3 billion. However, the Federal Energy Regulatory Commission is reviewing NU's allowed return on equity, due to complaints that it is too high.

This stock is up more than 10% since our May report. Its valuation is not compelling for either the near or long term. The subpar regulatory climate in Connecticut is another cause for concern.

Paul E. Debbas, CFA *August 24, 2012*

(A) Diluted EPS. Excl. nonrec. gains (losses): '02, 10¢; '03, (32¢); '04, (7¢); '05, ($1.36); '08, (19¢); '10, 9¢. '09,'10 & '11 EPS don't add due to rounding. Next earnings report due early Nov. (B) Div'ds historically paid late Mar., June, Sept. & Dec. ■ Div'd reinvestment plan avail. (C) Incl. deferred charges. In '11: $20.07/sh. (D) In mill. (E) Rate all'd on com. eq. in MA: '11, 9.6%; in CT: (elec.) '10, 9.4% (gas) '11, 8.83%; in NH: '10, 9.67%; earned on avg. com. eq., '11: 10.1%. Regulatory Climate: CT, Below Avg.; NH, Avg.; MA, Above Avg.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	80
Earnings Predictability	60

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