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**Northern Utilities - New Hampshire and Maine  
Historical Capital Spending**

Nov-Dec 2017	\$10.7
2018	53.6
Total	<hr/> \$64.3

**2019 Budget Capital Spending**

Blankets - Gas	\$14.0
Blankets - Water Heater	0.4
Communications	0.0
Distribution	46.7
Tools, Shop, Garage	0.1
Office	0.0
Structures	0.1
	<hr/> \$61.4

**Northern Utilities, Inc.  
Long-Term Debt Maturities**

	6.95% Due 12/3/2018	7.72% Due 12/3/2038	5.29% Due 3/2/2020	4.42% Due 10/15/2044	3.52% Due 11/1/2027	4.32% Due 11/1/2047	Total
2017	10,000,000						10,000,000
2018	10,000,000		8,400,000				18,400,000
2019			8,400,000				8,400,000
2020			8,200,000				8,200,000
2021							-
2022							-
2023							-
2024							-
2025							-
2026							-
2027					20,000,000		20,000,000
2028							-
2029		5,000,000					5,000,000
2030		5,000,000					5,000,000
2031		5,000,000					5,000,000
2032		5,000,000					5,000,000
2033		5,000,000					5,000,000
2034		5,000,000					5,000,000
2035		5,000,000					5,000,000
2036		5,000,000					5,000,000
2037		5,000,000					5,000,000
2038		5,000,000					5,000,000
2039							-
2040							-
2041							-
2042							-
2043							-
2044				50,000,000			50,000,000
2045							-
2046							-
2047						30,000,000	30,000,000
Total	20,000,000	50,000,000	25,000,000	50,000,000	20,000,000	30,000,000	195,000,000

## SUMMARY OF PROPOSED TERMS

<b>Issuer</b>	Northern Utilities, Inc. (the “Company”).
<b>Issue</b>	Senior Unsecured Notes (the “Notes”)
<b>Amount</b>	\$35,000,000 - \$45,000,000
<b>Issuance and Funding</b>	On or about September 30, 2019
<b>Final Maturity</b>	Thirty (30) years from the date of issuance
<b>Interest Rate</b>	Fixed coupon to be set at an expected spread of 150 basis points over the prevailing yield of the 30-year U.S. Treasury Note.

<b>Tenor</b>	<b>30 yr</b>
US Treasury	30y Benchmark
Treasury Yield	2.91%
<b>Spread to UST</b>	<b>150 bp area</b>
<b>Total Fixed-Rate Coupon</b>	<b>4.41%</b>

*Yields as of 03-May-2019*

<b>Use of Proceeds</b>	The proceeds from the sale of the Notes will be used for capital expenditures
<b>Placement Fee</b>	35 basis points on the principal amount issued
<b>Sole Placement Agent</b>	BofA Securities, Inc.

### **Key Financial Covenants (Same as 2017 Note Purchase Agreement)**

<b>Consolidated Debt to Consolidated Total Capitalization</b>	Incurrence based covenant where Total Debt to Total Capitalization not to exceed 65%
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**NORTHERN UTILITIES, INC.**  
**SOURCES AND USES OF FUNDS**  
**Proposed Sale of \$50,000,000 Senior Unsecured Notes**  
*(\$ In Millions)*

**Sources of Funds**

Proposed Sale of Senior Unsecured Notes	\$50.0
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<b>Total Sources of Funds</b>	<b><u><u>\$50.0</u></u></b>
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**Uses of Funds**

Repay Short-Term Debt and General Corporate Purposes	\$49.6
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Fees and Expenses	0.4
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<b>Total Uses of Funds</b>	<b><u><u>\$50.0</u></u></b>
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**NORTHERN UTILITIES, INC.**  
**ESTIMATED COST OF FINANCING**  
**Proposed Sale of \$50,000,000 Senior Unsecured Notes**  
*(\$ in Millions)*

**Estimated Cost of Financing**

Private Placement Fees to Placement Agents

\$0.2

Legal Fees

0.2

**Total Estimated Costs**

**\$0.4**

**NORTHERN UTILITIES, INC.**  
**BALANCE SHEET AS OF DECEMBER 31, 2018**  
**Proformed for the Issuance and Sale of \$50,000,000 Senior Unsecured Notes**  
*(\$ in Millions)*

	<u>ACTUAL</u>	<u>ADJUSTMENTS</u>	<u>PRO FORMA</u>
<b>ASSETS:</b>			
<b>Utility Plant:</b>			
Gas	\$ 559.6	\$ -	\$ 559.6
Construction Work in Progress	11.1	-	11.1
Utility Plant	<u>570.7</u>	<u>-</u>	<u>570.7</u>
Less: Accumulated Depreciation	<u>100.4</u>	<u>-</u>	<u>100.4</u>
Net Utility Plant	<u>470.3</u>	<u>-</u>	<u>470.3</u>
<b>Current Assets:</b>			
Cash	0.7	-	0.7
Accounts Receivable, Net	27.7	-	27.7
Accrued Revenue	20.6	-	20.6
Exchange Gas Receivable	7.5	-	7.5
Gas Inventory	-	-	-
Materials and Supplies	4.4	-	4.4
Prepayments and Other	<u>2.0</u>	<u>-</u>	<u>2.0</u>
Total Current Assets	<u>62.9</u>	<u>-</u>	<u>62.9</u>
<b>Noncurrent Assets:</b>			
Regulatory Assets	19.6	-	19.6
Other Noncurrent Assets	<u>2.0</u>	<u>-</u>	<u>2.0</u>
Total Noncurrent Assets	<u>21.6</u>	<u>-</u>	<u>21.6</u>
<b>TOTAL</b>	<u>\$ 554.8</u>	<u>\$ -</u>	<u>\$ 554.8</u>

**NORTHERN UTILITIES, INC.**  
**BALANCE SHEET AS OF DECEMBER 31, 2018**  
**Proformed for the Issuance and Sale of \$50,000,000 Senior Unsecured Notes**  
*(\$ in Millions, Except Par Value and Stock Shares Data)*

	<u>ACTUAL</u>	<u>ADJUSTMENTS</u>	<u>PRO FORMA</u>
<b>CAPITALIZATION AND LIABILITIES:</b>			
<b>Capitalization:</b>			
Common Stock Equity:			
Common Stock, \$10 Par Value			
Authorized - 200 shares			
Issued and Outstanding - 100 shares	\$ 175.2	\$ -	\$ 175.2
Retained Earnings (Deficit)	22.0	-	22.0
Total Common Stock Equity	197.2	-	197.2
Long-term Debt	157.2	49.6 (A)	206.8
Total Capitalization	354.4	49.6	404.0
<b>Current Liabilities:</b>			
Accounts Payable	15.9	-	15.9
Short-Term Debt	58.2	(49.6) (B)	8.6
Long-Term Debt, Current Portion	8.3	-	8.3
Due to Affiliates	-	-	-
Energy Supply Obligations	7.5	-	7.5
Dividends Payable	1.2	-	1.2
Environmental Obligations	0.6	-	0.6
Interest Payable	1.5	-	1.5
Regulatory Liabilities	0.4	-	0.4
Other Current Liabilities	2.4	-	2.4
Total Current Liabilities	96.0	(49.6)	46.4
<b>Noncurrent Liabilities:</b>			
Deferred Income Taxes	30.9	-	30.9
Cost of Removal Obligations	31.4	-	31.4
Retirement Benefit Obligations	24.7	-	24.7
Regulatory Liabilities	16.0	-	16.0
Environmental Obligations	1.4	-	1.4
Other Noncurrent Liabilities	-	-	-
Total Noncurrent Liabilities	104.4	-	104.4
<b>TOTAL</b>	<b>\$ 554.8</b>	<b>\$ -</b>	<b>\$ 554.8</b>

(A) Proposed offering of Senior Unsecured Notes net of issuance fees and expenses  
(B) Repayment of short-term debt



**NORTHERN UTILITIES, INC.**  
**STATEMENT OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 2018**  
**Proformed for the Issuance and Sale of \$50,000,000 Senior Unsecured Notes**  
*(\$ in Millions)*

	<u>ACTUAL</u>	<u>ADJUSTMENTS</u>	<u>PRO FORMA</u>
<b>Operating Revenues</b>	\$ 179.1	\$ -	\$ 179.1
<b>Operating Expenses:</b>			
Cost of Gas Sales	90.7	-	90.7
Operation and Maintenance	29.5	-	29.5
Depreciation and Amortization	16.9	-	16.9
Taxes Other Than Income Taxes	8.8	-	8.8
Total Operating Expense	<u>145.9</u>	<u>-</u>	<u>145.9</u>
<b>Operating Income</b>	33.2	-	33.2
Interest Expense	10.4	1.1 (A)	11.5
Other Expense (Income)	<u>1.0</u>	<u>-</u>	<u>1.0</u>
<b>Income Before Income Taxes</b>	21.8	(1.1)	20.7
Income Taxes	<u>6.0</u>	<u>(0.3) (B)</u>	<u>5.7</u>
<b>Net Income</b>	<u>\$ 15.8</u>	<u>(0.8)</u>	<u>\$ 15.0</u>

(A) Assumes issuance of \$50 million 30-year notes at 5.50% and refinancing of \$49.6 million short-term debt at 3.31% interest savings

(B) Utilizes statutory tax rate of 27.24%

**NORTHERN UTILITIES, INC.**  
**CAPITAL STRUCTURE AS OF DECEMBER 31, 2018**  
**Proformed for the Issuance and Sale of \$50,000,000 Senior Unsecured Notes**  
*(\$ in Millions)*

	<b>Actual</b>	<b>Adjustments</b>	<b>Pro Forma</b>
	<b>12/31/2018</b>	<b>12/31/2018</b>	<b>12/31/2018</b>
Cash	\$ 0.7	\$ -	\$ 0.7
Short-Term Debt	\$ 58.2	(49.6)	\$ 8.6
Senior Unsecured Notes, Net of Issuance Costs	165.5	49.6	215.1
<b>Total Debt</b>	<b>\$ 223.7</b>	<b>\$ -</b>	<b>\$ 223.7</b>
Common Equity	197.2	-	197.2
<b>Net Capitalization</b>	<b>\$ 420.2</b>	<b>\$ -</b>	<b>\$ 420.2</b>
Net Debt / Net Capitalization	53.1%		53.1%

**NORTHERN UTILITIES, INC.**  
**WEIGHTED AVERAGE COST OF DEBT**  
**Proformed for the Issuance and Sale of \$50,000,000 Senior Unsecured Notes**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Description of Debt	Interest Rate	Maturity Date	Term	Date Issued	Face Value	Outstanding Amount	Issuance Costs	Net Proceeds Ratio [(6)-(8)/(6)]	Unamortized Issuance Costs	Net Proceeds Outstanding (7)-(10)	Annual Issuance Cost	Annual Interest Cost (2)*(7)	Total Annual Cost (12)+(13)	Cost Rate Based on Net Proceeds (14)/[(7)-(10)]
<b>Existing Debt</b>														
<b>Long Term Debt</b>														
Sr. Notes	7.72%	12/3/2038	30 Yrs	12/3/2008	50,000,000	50,000,000	435,899	99.13%	289,468	49,710,532	14,534	3,860,000	3,874,534	7.79%
Sr. Notes	5.29%	3/2/2020	10 Yrs	3/2/2010	25,000,000	16,600,000	368,866	98.52%	42,901	16,557,099	36,772	878,140	914,912	5.53%
Sr. Notes	4.42%	10/15/2044	30 Yrs	10/15/2014	50,000,000	50,000,000	482,981	99.03%	415,230	49,584,770	16,099	2,210,000	2,226,099	4.49%
Sr. Notes	3.52%	11/1/2027	10 Yrs	11/1/2017	20,000,000	20,000,000	148,352	99.26%	131,044	19,868,956	14,835	704,000	718,835	3.62%
Sr. Notes	4.32%	11/1/2047	30 Yrs	11/1/2017	30,000,000	30,000,000	222,528	99.26%	213,874	29,786,126	7,418	1,296,000	1,303,418	4.38%
Total Long Term Debt					\$ 175,000,000	\$ 166,600,000	\$ 1,658,626		\$ 1,092,517	\$ 165,507,483	\$ 89,658	\$ 8,948,140	\$ 9,037,798	5.46%

**Pro Forma Debt**

<b>Long Term Debt</b>														
Sr. Notes	7.72%	12/3/2038	30 Yrs	12/3/2008	50,000,000	50,000,000	435,899	99.13%	289,468	49,710,532	14,534	3,860,000	3,874,534	7.79%
Sr. Notes	5.29%	3/2/2020	10 Yrs	3/2/2010	25,000,000	16,600,000	368,866	98.52%	42,901	16,557,099	36,772	878,140	914,912	5.53%
Sr. Notes	4.42%	10/15/2044	30 Yrs.	10/15/2014	50,000,000	50,000,000	482,981	99.03%	415,230	49,584,770	16,099	2,210,000	2,226,099	4.49%
Sr. Notes	3.52%	11/1/2027	10 Yrs	11/1/2017	20,000,000	20,000,000	148,352	99.26%	131,044	19,868,956	14,835	704,000	718,835	3.62%
Sr. Notes	4.32%	11/1/2047	30 Yrs	11/1/2017	30,000,000	30,000,000	222,528	99.26%	213,874	29,786,126	7,418	1,296,000	1,303,418	4.38%
New Sr. Notes*	5.50%				50,000,000	50,000,000	375,000	99.25%	375,000	49,625,000	12,500	2,750,000	2,762,500	5.57%
Total Long Term Debt					\$ 225,000,000	\$ 216,600,000	\$ 2,033,626		\$ 1,467,517	\$ 215,132,483	\$ 102,158	\$ 11,698,140	\$ 11,800,298	5.49%

**Weighted Average Cost of Capital**

	Actual (12/31/18)				Adjustment Amount	Pro Forma (12/31/18)			
	Amount	Percent of Total	Cost Rate	Weighted Cost Rate		Amount	Percent of Total	Cost Rate	Weighted Cost Rate
Common Equity	\$ 197,232,465	47%	9.50%	4.44%	\$ -	\$ 197,232,465	47%	9.50%	4.44%
Long Term Debt	166,600,000	39%	5.46%	2.16%	50,000,000	216,600,000	51%	5.49%	2.82%
Short Term Debt <sup>1</sup>	58,154,005	14%	3.31%	0.46%	(50,000,000)	8,154,005	2%	3.31%	0.06%
Total	\$ 421,986,470			7.05%	\$ -	\$ 421,986,470			7.32%

\* Assumes issuance of \$50 million 30-year notes at 5.50%

<sup>1</sup> Short Term Debt Cost Rate is based on average monthly borrowings and interest charges during calendar year 2018

**NORTHERN UTILITIES, INC.**

**C E R T I F I C A T E**

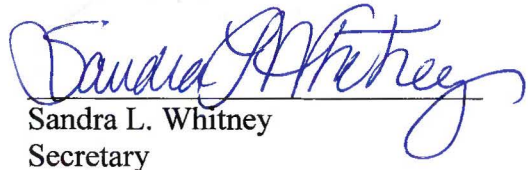
VOTED: That the proposed issuance and sale to an institutional investor(s) by private placement of up to \$50 Million Dollars (\$50,000,000) aggregate principal amount of Long Term Senior Notes of Northern Utilities, Inc. (the "Company") be and hereby are approved in principle, such Long Term Senior Notes to be sold at such price and to have such terms and provisions as may be determined by the Board of Directors; and further,

That the President, any Vice President, and the Treasurer of this Company be and they are, and each of them singly is hereby authorized in the name of and on behalf of the Company, to execute and file with the New Hampshire Public Utilities Commission, the Maine Public Utilities Commission, and any other regulatory authority having jurisdiction, petitions for the approval and authorization of up to \$50 Million Dollars (\$50,000,000) of Long Term Senior Notes; and that the President, any Vice President, and the Treasurer of this Company be and they are, and each of them singly is, hereby authorized in the name and on behalf of this Company to execute and file with said regulatory authorities any amendments to said petitions as may be necessary or desirable in connection with the foregoing; and further,

That the officers of this Company be and they are, and each of them singly is, hereby authorized and directed in the name of and on behalf of the Company to execute such documents, including the engagement of a financial advisor; and do all such acts and things and to take all such other steps as may be necessary or advisable or convenient and proper to carry out the intent of the foregoing votes; and that all such acts and things heretofore done by such officer in connection with and in furtherance of the purposes and intent of the foregoing resolutions are ratified, confirmed and approved as the act and deed of the Company.

I, Sandra L. Whitney, hereby certify that I am Secretary of Northern Utilities, Inc.; that the foregoing is a true copy from the record of votes unanimously adopted at a meeting of the Directors of said Company, duly called and held April 24, 2019, at which meeting a quorum was present and acting throughout; and that the said votes have not since been altered, amended or rescinded.

WITNESS my hand and the corporate seal of Northern Utilities, Inc. this 8<sup>th</sup> day of May, 2019.

  
Sandra L. Whitney  
Secretary