EVERSOURCE ENERGY

Memo

January 31, 2026

To: FILE

From: John Moreira

Subject: Key Financial Assumptions as of January 1, 2026

I have approved the following key financial assumptions for use as of January 1, 2026:

		Spot Rate				
	Discount Rate	Service Cost	Interest Cost	Interest Crediting Rate*	Long Term Expected Return on Assets	Salary Growth Rate
Eversource Pension Plan	5.48%	5.82%	4.90%	4.74% / 4.80%	8.25%	3.50%
Eversource OPEB Plan	5.48%	6.06%	4.86%	n/a	8.25%	n/a

*Select and Ultimate rate for cash balance plan

Salary Growth Rate

After reviewing actual salary increases and considering the professional judgments about the direction of salary growth from Human Resources, it was determined that a 3.5% percent weighted average salary growth rate assumption for the Eversource Pension Plan was appropriate. This growth rate reflects current salary increases, the level of promotions and the level of increases currently built into the union contracts. Aon reviewed the actual salary growth for plan participants from 2020 through 2024 (5-years) and also took into account the addition of the new cash balance plan. Through this review, it was confirmed that a 3.50% weighted average growth rate was still consistent with salary increases of plan participants over the 5-year period.

Discount Rate Methodology

The discount rate is the rate used to discount the cash-flow stream of future benefit payments to determine the net present value of the pension and other postretirement obligations. The Securities and Exchange Commission ("SEC") requires the use of high-quality bond yields as a basis for the discount rate at the time of measurement. The SEC has also stated that discount rates should reflect the duration of a pension plan's liabilities. The most direct way to comply with the SEC's directive and the standard practice in the industry is to use a "yield curve" approach. For any given future payment stream, the yield curve methodology will produce a single equivalent discount rate that may be used in the liability determination under various accounting standards.

Aon, actuary for the Eversource Pension Plan, uses a "yield curve" approach to calculate the discount rate for measuring pension and other postretirement benefit obligations under Accounting Standard Codification ("ASC") sections 715-30 and 715-60.

The Aon yield curves are hypothetical AA (or greater) bond yield curves represented by a series of annualized individual spot discount rates from 0.5 to 99 years. The spot rate curves are derived from a direct calculation of the implied forward rate curve (or discount function) based on the included bond cash flows. By definition, the forward rate curve is a continuous function and therefore the methodology used allows the curves to be extended beyond the 30-year maturity period for which corporate bond data is generally available. This is similar to the IRS' corporate bond yield curve used for ERISA (PPA) funding calculations.

In constructing the curves Aon uses bond data and pricing information provided by Bloomberg LP. The bonds are filtered to ensure that the resulting rates (1) are consistent with relevant accounting standards, and (2) can actually be achieved by a pension or other postretirement benefit plan.

- First, each bond issue is required to have an average rating of double-A (or triple-A), when averaging all available ratings by Moody's Investor Services, Standard & Poor's and Fitch.

- Second, generally only non-callable bonds (except as noted below) are included so that the yield to maturity can actually be attained without intervening calls, puts, or sinking funds.

- Next, each constituent bond issue is required to have at least $300 million par outstanding to ensure it is sufficiently marketable.

- Finally, so-called "outlier" bonds (i.e., bonds that have a yield to maturity that significantly deviates from the calculated yield) are removed.

Bonds that are callable at par value within 190 days of the maturity date, and have more than 10 years remaining until maturity, are included.

Approximately 13,500 bonds are typically included in the data that is received from Bloomberg – which is effectively the dataset underlying the Bloomberg Barclays' U.S. Aggregate Bond index (excluding U.S. Government and U.S. Government-related issuance). Over 1,400 bonds meet the selection criteria for inclusion in the Aon curves.

From this data, each month Aon produces the AA-Only Above Median curve which is based on a subset of bonds representing the 50% highest yielding bond issues within each defined maturity tranche of the AA Only Universe. Under this yield-curve approach, the actuaries developed discount rates of 5.48% for the Eversource Pension Plan and 5.48% for the Eversource Post Retirement Welfare Plan as of December 31, 2025. See attached for support of discount rate calculations.

Spot Rate Methodology

Eversource uses the spot rate methodology to estimate the service and interest cost components of Pension and Post Retirement Benefits other than Pension ("PBOP") expense. Historically, these cost components were estimated using the same single weighted-average discount rate derived from the yield curve methodology described above. The spot rate methodology uses specific rates along the yield curve in order to provide a more precise measurement of service and interest costs by matching projected cash flows to corresponding spot rates along the yield curve.

Based on the spot rate methodology, the discount rates used to measure the 2026 service costs are 5.82% and 6.06% for the Eversource Pension and PBOP, respectively. The discount rates used to measure the 2026 interest costs are 4.90% and 4.86% for the Eversource Pension and PBOP, respectively.

Interest Crediting Rate Methodology
Effective January 1, 2025, Eversource added a cash balance benefit to its pension plan. Participants in the cash balance plan are credited a percentage of their annual eligible pay ("Pay Credit") in their notional cash balance account plus interest on the account balance ("Interest Crediting Rate"). The Pay Credit is based on an employees' age and years of service as of January 1 of each year. The Interest Crediting Rate ("CBICR") is equal to the interest rate for 30-year U.S. Treasuries as determined and published by the Internal Revenue Service for the month of September immediately preceding the first day of the Plan Year for which such interest credit is made (e,g., for the 2026 Plan Year, the 30-Year, U.S. Treasury rate in effect for September 2025) and compounded monthly or 4.00% (whichever is higher).

To estimate the future CBICR for purposes of determining liability measures under US GAAP (PBO and Service Cost), Eversource has selected a "select and ultimate" method. At the time of year-end financial reporting, the actual CBICR is known for the upcoming year (the "select" rate). For 2026 the select rate is 4.74%. For years after the upcoming year (the "ultimate" period), Eversource has elected to use a market rate approach using the 30-year U.S. Treasury rate of not less than 4.00% as measured on the third to last business day of the year (e.g., for year-end 2025 financial reporting, the rate as of December 29,2025), rounded to the nearest 5 basis points. If the actual 30-year Treasury rate as of December 31 (rounded to the nearest 5 basis points) is materially different than the rate as of the third to last business day, the December 31 rate will be used for the "ultimate" rate. As of both December 29th and December 31st, the ultimate rate indicated by the market was 4.80%.

Long-Term Expected Return on Assets Calculation
In developing the long term expected return on assets assumptions ("EROA"), Eversource considers input from actuaries, consultants and economists, as well as long-term inflation and growth assumptions. The EROA is based on target asset allocation weights and long-term return expectations for various asset classes. The EROA is a long-term, twenty to thirty year expected return on assets and as such, it does not fluctuate typically from year to year.

The current asset allocation target for the Pension Plan was approved by the Retirement Plan and Investment Committee (the "Committee") effective June 6, 2023 to better match the interest rate sensitivity of assets to liabilities. The asset allocation target for the PBOP Plan was approved by the Committee effective February 25, 2025 to better align with the Pension allocation. The Committee regularly reviews these targets at its quarterly meetings. The table below shows the target asset allocation weights and our expected returns for each asset class, the combination of which produces an overall return of 8.4% for the Pension and 8.8% for the PBOP Plan.

Asset Class	Pension Target Weight	PBOP Target Weight	Expected Returns
Equities			
Global Equity	20.0%	37.0 %	8.8%
Fixed Income			
Fixed Income	16.0%	5.0%	5.5%
High Yield	5.0%	5%	7.5%
US Treasuries	11.0%	7 %	4.5%
Private Debt	10.0%	13.0%	10.0%
Alternatives			
Real Assets	15.0%	15.0%	7.5%
Private Equity	23.0%	18.0%	12.0%
Expected Return	**8.4%**	**8.8%**	

The expected rates of return by asset class are based on management's judgment using publicly available information regarding historical long-term actual rates of return, adjustments for current market conditions, our own performance experience, and expectations regarding future performance for the various asset categories. Based on these considerations, it was determined that the expected long-term EROA for the Pension and PBOP plans should remain at 8.25%.

Development of Asset Class Returns

The asset class expected long-term rate of return for US equity was developed by looking at the long-term historical rate of return and adjusting for current market conditions. Historically, Large Cap US equities have produced a long-term rate of return of 10.5% as published by Kroll (formerly Duff & Phelps) for the 1926-2025 time period. Since inception, the Eversource Pension Plan has generated US equity returns of 11.1% annually net of fees. We have assumed a long-term return for US equities of 8.5% taking into account current valuations and moderate growth assumptions going forward. Historical data for Non-US equity is limited, however the expected rate of return for Non-US equity is held at the same rate for US equity given the global reach of companies across developed markets. The assumed rate of return for emerging markets is expected to be 1.5% higher than for developed markets given the higher level of risk and higher growth potential of these companies. The 8.8% return assumption for the Global Equity allocation is a blend of US Equity, Developed Non-US and Emerging Market Equity return assumptions. The expected premium for private equity over public equity returns is expected to be 3.5%, producing a 12.0% expected return. The 350 basis point premium compensates investors for lower liquidity and relative higher risk and also takes into account investment strategies that are focused on lower middle market companies and venture capital funds which tend to exhibit higher growth rates.

Historically, fixed income returns for long-term government bonds have averaged 5.0% over the 1926-2025 time period. Yields on government bonds increased significantly in 2022 and 2023 and have remained elevated. We assume a 5.5% total rate of return for core fixed income and for public high yield, we assume a spread of 200bps over core fixed income. Private debt is made up of a broadly diversified set of fixed income partnership investments including opportunistic credit, private lending, and hedged credit strategies. Due to the more complex

and less liquid nature of these strategies and a higher interest rate environment going forward, we are targeting high single digit to low double digit returns.

No long-term data is available for real assets returns, however, given the diversified nature of this allocation to real estate, commodities and inflation protected securities as well as timber and infrastructure assets, it is generally accepted that the returns will be between equity and fixed income returns, thus we have assumed a return of 7.5%.

JM/rjd