

NORTHEAST UTILITIES  
Form DEF 14A  
March 30, 2011  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)**

**of the Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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**NORTHEAST UTILITIES**

(Name of Registrant as Specified In Its Charter)

**NORTHEAST UTILITIES**

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**2011 ANNUAL MEETING OF SHAREHOLDERS**

Dear Shareholder:

On behalf of the Board of Trustees and the management of Northeast Utilities, it is my pleasure to invite you to attend the 2011 Annual Meeting of Shareholders of Northeast Utilities to be held on Tuesday, May 10, 2011, at 10:30 a.m., at The Hartford Club, 46 Prospect Street, Hartford, Connecticut 06103 (directions are on the reverse side).

Information concerning the matters to be acted upon at the meeting is provided in the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement. Our meeting agenda will also include a discussion of the operations of the Northeast Utilities system companies and an opportunity for questions.

On October 18, 2010, we announced our proposed merger with NSTAR. We mailed a joint proxy statement/prospectus regarding the proposed merger in January 2011. Shareholders of both Northeast Utilities and NSTAR approved the proposed merger at special meetings of shareholders held on March 4, 2011. **This Annual Meeting Proxy Statement does not ask you to consider any proposals related to the proposed merger.**

As we have for the last several years, we are again taking advantage of the Securities and Exchange Commission rule that authorizes us to furnish proxy materials to our shareholders over the Internet. This process expedites the delivery of proxy materials and allows materials to remain easily accessible to our shareholders.

On March 30, 2011, we mailed to certain shareholders our Notice of Internet Availability of Proxy Materials, which contains instructions for our shareholders' use of the Internet process, including how to access our 2011 Proxy Statement and our 2010 Annual Report and how to vote online. In addition, the Notice of Internet Availability of Proxy Materials contains instructions for shareholders to request paper copies of our 2011 Proxy Statement and 2010 Annual Report.

Whether or not you plan to attend the meeting, it is important that your shares be represented at the meeting. You may vote your shares over the Internet or by calling a toll-free telephone number. If you received a paper copy of the proxy card by mail, you may sign, date and mail the proxy card in the envelope provided. Instructions regarding all three methods of voting are contained in the Notice of Internet Availability of Proxy Materials and the proxy materials.

On behalf of your Board of Trustees, I thank you for your continued support of Northeast Utilities.

Very truly yours,  
Charles W. Shivery  
*Chairman of the Board, President and  
Chief Executive Officer*

March 30, 2011

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**Directions to:**  
**The Hartford Club**  
**46 Prospect Street**  
**Hartford, Connecticut 06103**  
**(860) 522-1271**

**General Directions:**

**Directions from the North**

Follow I-91 South to Exit 29-A (Capitol Area)

Exit at the second ramp (Prospect Street)

At the light turn right onto Prospect Street

The Hartford Club is 1 1/2 blocks on the right

**Directions from the South**

Follow I-91 North to Exit 29-A (Capitol Area note, it is a left-hand exit)

Exit at the second ramp (Prospect Street)

At the light turn right onto Prospect Street

The Hartford Club is 1 1/2 blocks on the right

**Directions from the West**

Follow I-84 East to Exit 52 (I-91 South)

Follow I-91 South to Exit 29-A (Capitol Area)

Exit at the second ramp (Prospect Street)

At the light turn right onto Prospect Street

The Hartford Club is 1 1/2 blocks on the right

**Directions from the East**

Follow I-84 West to Exit 54 (Downtown Hartford- left hand exit)

Continue over the Founders Bridge

At the third light turn left onto Main Street

Turn left at second light onto Antheneum Square

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At stop sign, The Hartford Club is diagonally across from you on Prospect Street

### **Parking**

Upon arriving at The Hartford Club, proceed to the gate at the head of the driveway, press the intercom button, and inform the attendant that you are attending the Northeast Utilities Annual Meeting of Shareholders. The attendant will raise the gate and allow shareholders to enter the parking garage.

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held on May 10, 2011**

To the Shareholders of Northeast Utilities:

Notice is hereby given that the Annual Meeting of Shareholders of Northeast Utilities ( NU or the Company ) will be held on Tuesday, May 10, 2011, at 10:30 a.m., at The Hartford Club, 46 Prospect Street, Hartford, Connecticut 06103, for the following purposes:

1. To elect eleven nominees as Trustees, the names of whom are set forth in the accompanying Proxy Statement, for the ensuing year;
2. To consider and approve the following advisory (non-binding) proposal:  
RESOLVED, that the compensation paid to the Company s named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the compensation discussion and analysis, the compensation tables and any related material disclosed in this Proxy Statement, is hereby APPROVED.
3. To consider and approve the following advisory (non-binding) proposal:  
RESOLVED, that the shareholders of the Company approve, on an advisory basis, that the advisory vote on executive compensation, commonly known as Say-on-Pay, be conducted every 1, 2 or 3 years, beginning with this Annual Meeting.
4. To ratify the selection of Deloitte & Touche LLP as independent auditors for 2011; and  
We will also transact any other business that may properly come before the meeting or any adjournment thereof.

Only shareholders of record at the close of business on March 15, 2011 are entitled to receive notice of and to vote at the meeting or any adjournment thereof. You are cordially invited to be present at the meeting and to vote. Whether or not you plan to attend the meeting, please ensure your shares are represented by voting either through the Internet, by telephone or, if you received a paper copy of the proxy card by mail, by completing, signing, dating and returning it in the enclosed pre-addressed envelope, which requires no postage if mailed in the United States. You may revoke your proxy at any time before the vote is taken by delivering to the Secretary a revocation, a proxy bearing a later date (including by means of Internet or telephone vote) or by voting in person at the meeting.

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Because of a change in New York Stock Exchange rules, we note that your broker will NOT be able to vote your shares with respect to the election of Trustees if you have not provided directions to your broker. We strongly encourage you to submit your proxy card and exercise your right to vote as a shareholder.

By Order of the Board of Trustees,  
Samuel K. Lee  
*Secretary and Deputy General Counsel*

56 Prospect Street

Hartford, Connecticut 06103-2818

Mailing Address:

Post Office Box 270

Hartford, Connecticut 06141-0270

March 30, 2011

**IMPORTANT**

Whether or not you plan to attend the meeting, we urge you to vote your shares over the Internet or via the toll-free telephone number, as we describe in the accompanying materials and the Notice of Internet Availability of Proxy Materials. As an alternative, if you received a paper copy of the proxy card by mail, you may sign, date and mail the proxy card in the envelope provided. No postage is necessary if mailed in the United States. Voting over the Internet, via the toll-free telephone number or mailing a proxy card will not limit your right to vote in person or to attend the Annual Meeting.

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**NORTHEAST UTILITIES**

**56 Prospect Street**

**Hartford, Connecticut 06103-2818**

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS**

**May 10, 2011**

**INTRODUCTION**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Trustees of Northeast Utilities for use at the Annual Meeting of Shareholders to be held on May 10, 2011 at 10:30 a.m., at The Hartford Club, 46 Prospect Street, Hartford, Connecticut 06103.

Under rules and regulations of the Securities and Exchange Commission, or SEC, instead of mailing a printed copy of our proxy materials to each shareholder of record or beneficial owner of Northeast Utilities common shares (common shares), we have mailed a Notice of Internet Availability of Proxy Materials to each shareholder who holds 200 or fewer common shares and have made available to these shareholders our proxy materials, which include our Proxy Statement and Annual Report, over the Internet. Shareholders who received a Notice of Internet Availability of Proxy Materials by mail did not receive a printed copy of the proxy materials. However, these shareholders are entitled to request copies of these materials by following the instructions included in the Notice of Internet Availability of Proxy Materials. The Notice of Internet Availability of Proxy Materials also includes instructions for accessing the proxy materials online and for voting common shares via telephone or the Internet.

We mailed the Notice of Internet Availability of Proxy Materials to shareholders on or about March 30, 2011.

If you hold common shares in your own name and not through a broker or another nominee, you may vote your common shares as follows:

Access the Internet website listed on the proxy card included with this Proxy Statement or appearing on the Notice of Internet Availability of Proxy Materials and vote online;

Call the toll-free telephone number listed on the proxy card included with this Proxy Statement or appearing on the Notice of Internet Availability of Proxy Materials;

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If you received a printed copy of our proxy materials by mail, then complete, sign, date and mail the proxy card in the enclosed envelope; or

Attend the Annual Meeting and vote in person.

If your common shares are held by a broker, bank or other nominee (i.e., in street name), you should receive instructions from that person or entity that you must follow in order to vote these common shares. You also will be able to vote these common shares by telephone or on the Internet.

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Your presence at the Annual Meeting will not automatically revoke your proxy. You may, however, revoke a proxy at any time before it is voted, as follows:

Deliver either a written notice of revocation of the proxy or a duly executed proxy bearing a later date addressed to Samuel K. Lee, Secretary, Northeast Utilities, Post Office Box 270, Hartford, Connecticut 06141-0270;

Re-vote on the Internet or by telephone; or

Attend the Annual Meeting and vote in person.

If you vote using the Internet, by telephone or by mailing a proxy card, the proxies will vote your common shares as you direct. For the election of Trustees (Proposal 1), you can specify whether your shares should be voted for all, some or none of the listed nominees for Trustee. With respect to the advisory proposal on executive compensation (Proposal 2), you may vote for or against the proposal or you may abstain from voting on the proposal. With respect to the advisory proposal specifying the frequency of the shareholder vote on executive compensation (Proposal 3), you may vote for one, two or three years, or you may abstain from voting on the proposal. With respect to the proposal to ratify the selection of Deloitte & Touche LLP as our independent auditors (Proposal 4), you may vote for or against the proposal or you may abstain from voting on the proposal.

If you vote using the Internet, by telephone or by mailing a proxy card without indicating your instructions, the proxies will vote your shares consistent with the recommendations of our Board of Trustees as stated in this Proxy Statement and in the Notice of Internet Availability of Proxy Materials, specifically: **FOR** the election of each Trustee nominee; **FOR** the advisory proposal approving the compensation paid to the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission; **THREE YEARS** for the advisory proposal on the frequency of the shareholder vote on executive compensation; and **FOR** the proposal to ratify the selection of Deloitte & Touche LLP as our independent auditors. If any other matters are properly presented at the Annual Meeting for consideration, then the proxies will have discretion to vote your common shares on those matters. As of the date of the Proxy Statement, we did not know of any other matters to be presented at the Annual Meeting.

If you are a participant in the Northeast Utilities Service Company 401K Plan, you can vote shares held in your plan account by completing, signing and dating your voting instruction form and returning it in the enclosed postage-paid envelope or through the Internet or by telephone as instructed on your voting instruction form. The plan trustee will vote the shares held in your plan account in accordance with your instructions. If you do not provide the plan trustee with instructions by 1:00 p.m. on May 6, 2011, your Northeast Utilities Service Company 401K Plan shares will be voted for each proposal by the plan trustee in the same proportion as the votes cast for shares with respect to which the plan trustee received voting instructions.

Only holders of common shares of record at the close of business on March 15, 2011 (the record date) are entitled to receive notice of and to vote at the meeting or any adjournment thereof. On the record date, there were 39,952 holders of record and 176,699,084 common shares outstanding and entitled to vote. You are entitled to one vote on each matter to be voted on at the annual meeting for each common share that you held on the record date. There is no cumulative voting.

The principal office of Northeast Utilities is located at One Federal Street, Building 111-4, Springfield, Massachusetts 01105. The general office of Northeast Utilities is located at 56 Prospect Street, Hartford, Connecticut 06103-2818, and the mailing address is Post Office Box 270, Hartford, Connecticut 06141-0270. This Proxy Statement, the accompanying proxy card and annual report are being mailed to shareholders commencing on or about March 30, 2011.

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**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

**Q: WHAT AM I VOTING ON?**

**A:** You are being asked by the Board of Trustees of Northeast Utilities to vote on four proposals. The first proposal is the election of 11 nominees to our Board of Trustees. At the recommendation of the Corporate Governance Committee, the Board of Trustees has nominated 11 persons for election as Trustees. All of the nominees were elected as Trustees at our 2010 Annual Meeting of Shareholders and are currently serving as Trustees. For more information on each nominee, please turn to *Election of Trustees* beginning on page 8.

You are also being asked to vote on two non-binding advisory proposals. The first advisory proposal, commonly known as *Say on Pay*, is a vote to approve the compensation paid to the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the compensation discussion and analysis, compensation tables and any related material disclosed in this Proxy Statement. The second advisory proposal, commonly known as *Say on Frequency*, is a vote on how frequently (every one, two or three years) shareholders should have an opportunity to vote on a *Say on Pay* proposal. For more information on these advisory proposals, please turn to *Advisory Vote on Executive Compensation* beginning on page 76.

Finally, you are being asked to ratify the selection of Deloitte & Touche LLP as Northeast Utilities' independent auditors for 2011. For more information on this selection, please turn to *Ratification of the Selection of Auditors* beginning on page 78.

**Q: AM I BEING ASKED TO VOTE ON MATTERS RELATED TO OUR PROPOSED MERGER WITH NSTAR?**

**A:** No. We are asking you to vote on only the four proposals described above. Shareholders of both Northeast Utilities and NSTAR approved the merger at special meetings of shareholders held on March 4, 2011.

**Q: WILL ANY OTHER MATTERS BE VOTED ON?**

**A:** We do not expect any other matters to be considered at the Annual Meeting. However, if a matter not described in this Proxy Statement is legally and properly brought before the Annual Meeting by a shareholder, the individuals designated as proxies will vote on the matter in accordance with their judgment of what is in the best interest of Northeast Utilities. We are not aware of any other matters to be presented at the Annual Meeting.

**Q: WHO IS ENTITLED TO VOTE?**

**A:** You are entitled to vote at the annual meeting if you held common shares on the record date, March 15, 2011. If you received a Notice of Internet Availability of Proxy Materials, it indicates the number of common shares that you held on the record date. If you received printed proxy materials, the enclosed proxy card indicates the number of common shares that you held on the record date. As of the record date, 176,699,084 common shares were outstanding and entitled to vote. You are entitled to one vote on each matter to be voted on at the annual meeting for each common share that you held on the record date.

**Q: HOW DO I VOTE?**

**A:** You can vote in any one of the following ways:

*You can vote using the Internet.* Follow the instructions in the Notice of Internet Availability of Proxy Materials or on the proxy card. The Internet procedures are designed to authenticate a shareholder's identity to allow shareholders to vote their shares and confirm that their instructions have been properly recorded.

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Internet voting facilities for shareholders of record are available 24 hours a day and will close at 11:59 p.m. (EDT) on May 9, 2011. You may access this Proxy Statement and related materials by going to <http://bnymellon.mobular.net/bnymellon/NU>.

*You can vote by telephone.* The proxy card includes a toll-free number you can call to vote your common shares. Voting by telephone is available 24 hours a day and will close at 11:59 p.m. (EDT) on May 9, 2011.

*You can vote by mail.* If you received a paper proxy card, you may vote by mail by completing, signing and dating the proxy card and returning it in the pre-addressed, postage-prepaid envelope accompanying the paper proxy card. Proxy cards submitted by mail must be received by the time of the Annual Meeting in order for your shares to be voted.

*You can vote in person at the Annual Meeting* by delivering your completed proxy card in person at the Annual Meeting or by completing a ballot available upon request at the meeting.

*If your common shares are held by a broker, bank or other nominee (i.e., in street name),* you should receive instructions from that person or entity that you must follow in order to vote your common shares. You may vote by mail by requesting a voting instruction card in accordance with the instructions received from your broker or other agent. Complete, sign and date the voting instruction card provided by the brokers or other agents and return it in the pre-addressed, postage-prepaid envelope provided to you. You also will be able to vote these shares by Internet or telephone.

Regardless of how you choose to vote, your vote is important, and we encourage you to vote promptly.

**Q: AS A PARTICIPANT IN THE NORTHEAST UTILITIES SERVICE COMPANY 401K PLAN, HOW DO I VOTE MY SHARES HELD IN MY PLAN ACCOUNT?**

**A:** If you are a participant in the Northeast Utilities Service Company 401K Plan, you can vote the Northeast Utilities common shares held in your plan account by completing, signing and dating your voting instruction form and returning it in the enclosed postage-paid envelope or through the Internet or by telephone as instructed on your voting instruction form. The plan trustee will vote the common shares held in your plan account in accordance with your instructions. If you do not provide the plan trustee with instructions by 1:00 p.m. on May 6, 2011, the common shares in your Northeast Utilities Service Company 401K Plan account will be voted by the plan trustee in the same proportion as the votes cast for common shares with respect to which the plan trustee received voting instructions.

**Q: HOW MANY VOTES ARE NEEDED TO HOLD THE MEETING?**

**A:** The presence in person or by proxy at the Annual Meeting of the holders of a majority of all common shares issued and outstanding and entitled to vote at the Annual Meeting is required for a quorum in order to hold the meeting.

**Q: HOW MANY VOTES ARE NEEDED TO ELECT THE NOMINEES FOR TRUSTEE?**

**A:** The affirmative vote of a majority of all common shares issued and outstanding and entitled to vote at the Annual Meeting is required to elect a Trustee.

**Q: HOW MANY VOTES ARE NEEDED TO APPROVE THE ADVISORY PROPOSAL ON SAY-ON-PAY?**

**A:** The affirmative vote of a majority of the votes cast at the Annual Meeting is required to approve the advisory proposal on executive compensation.

**Q: HOW WILL THE ADVISORY PROPOSAL ON SAY-ON-FREQUENCY BE DETERMINED?**

**A:** For the purposes of the advisory proposal on how frequently shareholders should have an opportunity to vote on a Say on Pay proposal, we will treat the option (one, two or three years) selected by the affirmative vote of a plurality of shares present and entitled to vote as the option approved by the shareholders.



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**Q: HOW MANY VOTES ARE NEEDED TO APPROVE THE RATIFICATION OF DELOITTE & TOUCHE LLP AS NORTHEAST UTILITIES INDEPENDENT AUDITORS FOR THE YEAR ENDING DECEMBER 31, 2011?**

**A:** The affirmative vote of a majority of the votes cast at the Annual Meeting is required to ratify the selection of Deloitte & Touche LLP as Northeast Utilities independent auditors for the year ending December 31, 2011.

**Q: HOW ARE VOTES COUNTED?**

**A:** In determining whether we have a quorum, we count all properly submitted proxies and ballots, including abstentions, broker non-votes and withheld votes, as present and entitled to vote. Abstentions and broker non-votes, as well as votes withheld, are not considered votes cast and will not be counted for or against the advisory proposals on Say-on-Pay and Say-on-Frequency, or the proposal to ratify the selection of Deloitte & Touche LLP. However, because the election of each Trustee requires the affirmative vote of at least a majority of the common shares outstanding and entitled to vote at the Annual Meeting, abstentions, broker non-votes and votes withheld with respect to a particular Trustee nominee will have the same effect as a vote against such Trustee nominee.

**Q: WHO WILL COUNT THE VOTES?**

**A:** Representatives of BNY Mellon Shareowner Services, our Registrar and Transfer Agent, will count the votes.

**Q: WHAT ARE BROKER NON-VOTES?**

**A:** Broker non-votes occur when brokers holding shares on behalf of beneficial owners do not receive voting instructions from the beneficial holders. If a broker does not have instructions and is barred by law or applicable rules from exercising its discretionary voting authority in the particular matter, then the shares will not be voted on the matter, resulting in a broker non-vote. Absent voting instructions, a broker is not permitted to vote on the election of Trustees, the non-binding advisory proposal on Say on Pay, or the non-binding advisory proposal on Say on Frequency; therefore, there may be broker non-votes on Proposals 1, 2 and 3. A broker may vote on the ratification of the selection of our independent auditors without instructions; therefore, broker non-votes are not expected in connection with Proposal 4.

**Q: WHAT SHARES ARE COVERED BY THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS AND PROXY CARD?**

**A:** For each account in which you own common shares:

Directly in your name as the shareholder of record; or

Indirectly through a broker, bank or other holder of record;  
you should have received either: (i) a Notice of Internet Availability of Proxy Materials; or (ii) a paper or electronic proxy card.

**Q: WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS OR PROXY CARD?**

- A:** If you receive more than one Notice of Internet Availability of Proxy Materials and/or more than one proxy card, then you have multiple accounts in which you own common shares. Please follow all instructions to ensure that all of your shares are voted. In addition, for your convenience, we recommend that you contact your broker, bank or our transfer agent to consolidate as many accounts as possible under a single name and address. Our transfer agent is BNY Mellon Shareowner Services. If you have any questions concerning common shares you hold in your name, including address changes, name changes, requests to transfer

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shares and similar issues, you may contact BNY Mellon Shareowner Services by mail at 480 Washington Boulevard, Jersey City, NJ 07310-1900, by telephone at (800) 999-7269 or on the Internet at [www.bnymellon.com/shareowner/isd](http://www.bnymellon.com/shareowner/isd).

**Q: HOW CAN I CHANGE MY VOTE?**

**A:** You can revoke your proxy and change your vote at any time before the polls close at the Annual Meeting by:

Delivering either a written notice of revocation of the proxy or a duly executed proxy bearing a later date to Samuel K. Lee, Secretary, Northeast Utilities, Post Office Box 270, Hartford, Connecticut 06141-0270;

Re-voting on the Internet or by telephone until 11:59 p.m. (EDT) on May 9, 2011; or

Attending the Annual Meeting and voting in person.

If you are a participant in the Northeast Utilities Service Company 401K Plan, you can revoke your voting instruction form and change your vote by re-voting on the Internet or by telephone until 1:00 p.m. (EDT) on May 6, 2011.

**Q: WHEN IS THE DEADLINE FOR SUBMITTING SHAREHOLDER PROPOSALS FOR THE 2012 ANNUAL MEETING OF SHAREHOLDERS?**

**A:** You may submit proposals for consideration at the 2012 Annual Meeting, including Trustee nominations, in accordance with the following provisions:

To include a proposal in our Proxy Statement for the 2012 Annual Meeting of Shareholders, your proposal must be received by the Corporate Secretary's office no later than November 30, 2011, and must satisfy the conditions established by the SEC. Written notice of proposals of shareholders to be considered at the 2012 Annual Meeting without inclusion in next year's proxy statement must be received on or before February 13, 2012. If a notice is received after February 13, 2012, then the notice will be considered untimely and the proxies held by management may provide the discretion to vote against such proposal, even though the proposal is not discussed in the Proxy Statement. Proposals should be addressed to: Samuel K. Lee, Secretary, Northeast Utilities, Post Office Box 270, Hartford, Connecticut 06141-0270.

**Q: WHO PAYS THE COST OF SOLICITING THE PROXIES REQUESTED?**

**A:** We will bear the cost of soliciting proxies on behalf of the Board of Trustees. In addition to the use of the mails, proxies may be solicited by personal interview, telephone or electronic mail, by Trustees, officers or employees of Northeast Utilities or its affiliate, Northeast Utilities Service Company, who will not be specially compensated for such activities, and by employees of BNY Mellon Shareowner Services, our Transfer Agent and Registrar. We have also retained Morrow & Co., LLC, a professional proxy soliciting firm, to assist in the solicitation of proxies for a fee of \$12,000, plus reimbursement of certain out-of-pocket expenses. We also will request persons, firms and other companies holding shares in their names or in the name of their nominees, which are beneficially owned by others as of March 15, 2011, to send proxy materials to and obtain proxies from the beneficial owners, and we will reimburse those holders for any reasonable expenses that they incur.

**Q: HOW CAN I OBTAIN ELECTRONIC ACCESS TO PROXY MATERIALS INSTEAD OF RECEIVING PAPER COPIES BY MAIL?**

**A:** This Proxy Statement and our 2010 Annual Report are available on our website at [www.nu.com](http://www.nu.com) in the Investors section under the link entitled Financial & SEC Reports. You may elect to enroll in electronic access to receive future proxy statements and annual reports electronically instead of receiving paper copies in the mail. If you are a shareholder of record, you can choose this option and save the Company the

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cost of producing and mailing these documents by visiting [www.bnymellon.com/shareowner/isd](http://www.bnymellon.com/shareowner/isd) and following the instructions. You will need to enter your shareholder account number and other information to verify your identity. If your common shares are held by a broker, bank or other nominee (i.e., in street name), and you wish to enroll in electronic access, you should contact your broker.

If you choose to receive future proxy statements and annual reports electronically, each year we will timely notify you when these documents become available. Your choice to receive these documents electronically will remain in effect until you instruct us otherwise. You need not elect electronic access each year.

**Q: WHERE CAN I GET A COPY OF THE NORTHEAST UTILITIES ANNUAL REPORT?**

**A:** If you were a shareholder of record on March 15, 2011 and received paper copies of the proxy materials, you should have received a paper copy of our Annual Report to Shareholders for the year ended December 31, 2010 with this Proxy Statement. If you have not received the Annual Report to Shareholders, or if you would like a copy of our Annual Report on Form 10-K filed with the SEC, you can access them on our website at [www.nu.com/investors/reports/sec.asp](http://www.nu.com/investors/reports/sec.asp) or you may request them from the Corporate Secretary's office at the following address and we will send them to you free of charge:

O. Kay Comendul

Assistant Secretary

Northeast Utilities

Post Office Box 270

Hartford, Connecticut 06141-0270

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**PROPOSAL 1**

**ELECTION OF TRUSTEES**

Our Board of Trustees oversees the business affairs and management of Northeast Utilities. The Board currently consists of 11 Trustees, only one of whom, Charles W. Shivery, our Chairman of the Board, President and Chief Executive Officer, is a member of management.

Eleven Trustees have been nominated for reelection as Trustees at the Annual Meeting to hold office until the next annual meeting and until the succeeding Board of Trustees has been elected, and until at least a majority of the succeeding board is qualified to act (except to the extent that Merger Agreement described below provides otherwise). Unless you specify otherwise, the enclosed proxy will be voted to elect the 11 nominees named on pages 9-14 below as Trustees. All of the nominees are currently serving as Trustees and were elected as Trustees at our 2010 Annual Meeting of Shareholders.

At a Special Meeting of Shareholders held on March 4, 2011 (the Special Meeting), the shareholders of the Company: (i) adopted the Agreement and Plan of Merger, dated as of October 16, 2010, as amended on November 1, 2010 and December 16, 2010 (the Merger Agreement), by and among Northeast Utilities, NU Holding Energy 1 LLC, NU Holding Energy 2 LLC and NSTAR, and approved the merger described in the Merger Agreement; and (ii) fixed the number of Trustees at 14. The Merger Agreement provides that, following the merger, the Board of Trustees of the Company will consist of 14 members, including seven designees of Northeast Utilities (which will include Charles W. Shivery) and seven designees of NSTAR (which will include Thomas J. May, chairman, president and chief executive officer of NSTAR). As a result, four of the eleven Trustees who will be elected at the Annual Meeting are not expected to continue to serve as Trustees following the merger. The six designees of Northeast Utilities (other than Mr. Shivery) who will continue to serve as Trustees following the merger have not yet been determined.

In light of the extraordinary nature of the proposed merger between the Company and NSTAR, the Board of Trustees determined that it would be in the best interest of the Company and its shareholders for all of the current Trustees to remain eligible to serve as Trustees until the completion of the merger. However, the Corporate Governance Guidelines require Trustees who reach age 72 during their current term on the Board of Trustees to retire upon the expiration of that term. Accordingly, the Board of Trustees determined to suspend the retirement policy in the Corporate Governance Guidelines pending the closing of the merger. As a result, all of the current Trustees, including Dr. Elizabeth T. Kennan, Mr. John G. Graham and Mr. John F. Swope, each of whom has reached age 72 but has otherwise satisfied all of the other eligibility requirements, have been nominated for election as Trustees at the Annual Meeting.

If one or more of the nominees should become unavailable for election, which the Board of Trustees does not currently anticipate, the proxy may be voted for a substitute person or persons, but not more than a total of 11 nominees.

Set forth on the following pages is each nominee's name, age, date first elected as a Trustee, and a brief summary of the nominee's business experience, including the nominee's particular experience, qualifications, attributes or skills that led the Board to conclude that the nominee should continue to serve as a Trustee. See the Trustees' biographies below and the section captioned Selection of Trustees on page 21. Each nominee has indicated he or she will stand for election and will serve as a Trustee if elected. An affirmative vote of a majority of the common shares outstanding as of the record date will be required to elect each nominee. Abstentions, broker non-votes and withheld votes will be counted in the determination of quorum and will have the same effect as a vote against a nominee.

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**The Board of Trustees recommends that shareholders vote FOR the election of  
the nominees listed below**

**RICHARD H. BOOTH, 64**

**Trustee since 2001.**

Since July 2009, Mr. Booth has served as Vice Chairman of Guy Carpenter & Company, LLC, a global reinsurance intermediary and a wholly owned subsidiary of Marsh & McLennan Companies, Inc. From June 2008 to March 2009, Mr. Booth served as a corporate officer, and from October 2008 to March 2009, as Vice Chairman, Transition Planning and Chief Administrative Officer, of American International Group, Inc., an insurance and financial services company. From January 2000 to March 2009, he served as Chairman and a director, and from January 2000 to July 2007, as President and Chief Executive Officer, of HSB Group, Inc., a specialty insurer and reinsurer. From January 2000 to March 2009, he served as Chairman and a director, and from January 2000 to July 2007, as Chief Executive Officer, of Hartford Steam Boiler Inspection and Insurance Company, a provider of insurance and engineering services and investments, formerly a wholly owned subsidiary of American International Group, Inc., which was sold to Munich Re effective March 31, 2009. He is a member of the American Institute of Certified Public Accountants, the Connecticut Society of CPAs, the Hartford Society of Financial Analysts and the CFA Institute. Mr. Booth is currently a member of the boards of WorldBusiness Capital LLC, the Florence Griswold Museum and the National Association of Corporate Directors, Connecticut Chapter. He is a senior adviser to Century Capital Management. Mr. Booth received B.S. and M.S. degrees from the University of Hartford. He is a certified public accountant and a former member of the Financial Accounting Standards Advisory Council and its Steering Committee.

Mr. Booth has considerable senior executive level experience in business and management, including in particular strategic planning, capital and financial markets, accounting and financial reporting, credit markets and risk assessment, both in his current position as an executive officer of Guy Carpenter as well as in prior positions including Chairman of HSB Group and Chairman of Hartford Steam Boiler. He has served on the board of directors of numerous companies. In addition, Mr. Booth is a certified public accountant. Based on these skills and qualifications, coupled with his ties to the City of Hartford and the State of Connecticut, the Board of Trustees determined that Mr. Booth should continue to serve as a Trustee.

**JOHN S. CLARKESON, 68**

**Trustee since 2008.**

Mr. Clarkeson has served as the Chairman Emeritus of The Boston Consulting Group, Inc. since 2007. Previously, Mr. Clarkeson served as Co-Chairman of the Board of The Boston Consulting Group, Inc. from 2004 to 2007, Chairman of The Boston Consulting Group, Inc. from 1998 to 2003, and Chief Executive Officer and President from 1986 to 1997. He is a director of the Cabot Corporation, the Chairman of the National Bureau of Economic Research, a trustee of the Educational Testing Service, a trustee emeritus of the Massachusetts General Physicians Organization, Inc., and a member of the INSEAD Advisory Council. Mr. Clarkeson received an A.B. degree magna cum laude from Harvard College, where he was a Harvard National Scholar, and an M.B.A. from Harvard Business School.

Mr. Clarkeson has significant senior executive level experience in business and management through his service as Chairman and CEO of The Boston Consulting Group as well as his service as a director of Cabot Corporation, where he chairs the governance committee and serves on the compensation and executive committees. He has served on the board of directors of numerous companies. He also has experience in budgeting, capital and financial markets, credit markets, and risk assessment. Based on these skills and qualifications, the Board of Trustees determined that Mr. Clarkeson should continue to serve as a Trustee.





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**COTTON M. CLEVELAND, 58**

**Trustee since 1992.**

Ms. Cleveland has been President of Mather Associates, a firm specializing in leadership and organizational development for business, public and nonprofit organizations, since 1981. She is a director of The National Grange Mutual Insurance Company and Ledyard National Bank. She was elected and served as the Moderator of the Town of New London, New Hampshire and the New London/Springfield Water Precinct from 2000 to 2010. Ms. Cleveland has formerly served on the board of the New Hampshire Center for Public Policy and as a director of Bank of Ireland First Holdings. Ms. Cleveland has also served as Chair, Vice Chair and member of the Board of Trustees of the University System of New Hampshire, as Co-Chair of the Governor's Commission on New Hampshire in the 21st Century, and as an incorporator for the New Hampshire Charitable Foundation. Ms. Cleveland received a B.S. magna cum laude from the University of New Hampshire, Whittemore School of Business and Economics.

Ms. Cleveland founded and serves as president of her own consulting firm. She has experience serving on the board of directors of numerous companies. She also benefits from her policy-making level experience in education at the university level as the Chair, Vice Chair and member of the Board of Trustees of the University System of New Hampshire. In addition, she has policy-making level experience in financial and capital markets as a result of her service as a director of Ledyard National Bank and Bank of Ireland. Based on her skills and experience, combined with her ties to the State of New Hampshire, the Board of Trustees determined that Ms. Cleveland should continue to serve as a Trustee.

**SANFORD CLOUD, JR., 66**

**Trustee since 2000.**

Mr. Cloud has been Chairman and Chief Executive Officer of The Cloud Company, LLC, a real estate development and business investment firm, since 2005. Mr. Cloud is a past President and Chief Executive Officer of the National Conference for Community and Justice from 1994 to 2004, a former partner at the law firm of Robinson and Cole from 1993 to 1994, and served for two terms as a state senator of Connecticut. A former Vice President of Corporate Public Involvement of Aetna Inc. from 1986 to 1992. Mr. Cloud has served as a director of The Phoenix Companies, Inc. since 2001 and is currently a director of Ironwood Mezzanine Fund, L.P. He is also a director of the MetroHartford Alliance, Inc., The Connecticut Health Foundation and the University of Connecticut Medical Health Center. Mr. Cloud received a B.A. from Howard University, a J.D. cum laude from the Howard University Law School, and an M.A. in Religious Studies from the Hartford Seminary.

Mr. Cloud has significant policy-making level experience in business and financial affairs as a director of several publicly traded companies. He has served on the board of directors of numerous companies. Combined with his practice as a law firm partner, his political and governmental experience as a Connecticut state senator, and his significant ties to the City of Hartford and the State of Connecticut, the Board of Trustees determined that Mr. Cloud should continue to serve as a Trustee.

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**JOHN G. GRAHAM, 72**

**Trustee since 2003.**

[PHOTO]

From 1999 to 2006, Mr. Graham served as President and Chief Executive Officer and a director of UMICO Holdings, Inc. and UMI Insurance Company, both of Parsippany, New Jersey. From 1999 to 2005, he served as an Adjunct Professor of Law at Rutgers Law School, where he taught in the fields of the law of economic regulation, energy law and insurance law. From 1999 to 2003, Mr. Graham served as a consultant to various firms concerning utility industry strategic and restructuring issues. Mr. Graham has served as Senior Vice President and Chief Financial Officer of GPU, Inc., and Chief Financial Officer of its utility subsidiaries from 1987 to 1999, as a director (from 1982 to 1999), and former Chairman (from 1995 to 1998) of Nuclear Electric Insurance Limited, and as a director and member of audit, directors and compensation committees of Viatel, Inc. from 1998 to 2002, and as a director and audit committee chairman of Coho Energy, Inc. from 2000 to 2001. Mr. Graham received an A.B. cum laude from Upsala College and a J.D. magna cum laude from Rutgers Law School, Newark, New Jersey.

Mr. Graham has significant experience in the energy industry as a director and executive officer of several utilities and energy companies including GPU, Inc. He also has financial policy-making and accounting and financial reporting experience, and an understanding of finance and capital markets. He has served on the board of directors of numerous companies. He also has significant experience in education at the university level as a result of his work as a law professor teaching energy law and economic regulation. Based on his skills and experience, the Board of Trustees determined that Mr. Graham should continue to serve as a Trustee.

**ELIZABETH T. KENNAN, 73**

**Lead Trustee since 1996;**

**Trustee since 1980.**

Dr. Kennan has been President Emeritus of Mount Holyoke College since 1996 and a partner in Cambus-Kenneth Farm, a specialized horse and cattle breeder, since 2000. Dr. Kennan has served as President of Five Colleges, Incorporated, as a trustee of Notre Dame University, and as a member of the Folger Shakespeare Library Committee and the National Committee on Library Resources, and holds honorary degrees from a number of institutions. Dr. Kennan is a trustee of the National Trust for Historic Preservation and Centre College. Dr. Kennan served as a trustee of The Putnam Mutual Funds from 1993 until her retirement in July 2010. She acted as interim Chairman of the Board of Northeast Utilities from January 1, 2004 to March 29, 2004. Dr. Kennan previously served as a director of The Talbots, Inc. from 1993 to 2005, a director of Bell Atlantic Corporation from 1997 to 2000, and a director of NYNEX Corporation from 1984 to 1997. Dr. Kennan received an A.B. summa cum laude from Mount Holyoke College, an M.A. from Oxford University (England), and a Ph.D. from the University of Washington.

Dr. Kennan has significant policy-making level experience in education at the university level as a result of her service as the President and President Emeritus of Mount Holyoke College, President of Five Colleges, and a trustee of Notre Dame University. She gained policy-making level experience in capital and financial markets through her service as a trustee of The Putnam Mutual Funds, where she chaired the nominating committee and served on the brokerage, communications, contract, executive and investment oversight committees, and through her service as a director of publicly-traded companies including Bell Atlantic and NYNEX. Based on her qualifications and experience, the Board of Trustees determined that Dr. Kennan should continue to serve as a Trustee.

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**KENNETH R. LEIBLER, 62**

**Trustee since 2006.**

Mr. Leibler has served as a trustee of The Putnam Mutual Funds since 2006, a director of The Ruder Finn Group since 2005, a Trustee of Beth Israel Deaconess Medical Center since 2006, and Vice Chairman of the Board of Trustees of Beth Israel Deaconess Medical Center since 2009. He is a founding partner of the Boston Options Exchange and served as its Chairman from 2004 to February 2007. Mr. Leibler served as the Chairman and Chief Executive Officer of the Boston Stock Exchange from 2001 to 2005, and as President of Liberty Financial Companies from 1990 to 2000, where he also served as Chief Executive Officer from 1995 to 2000 and as Chief Operating Officer from 1990 to 1995. He also held various positions at the American Stock Exchange, including President and Chief Operating Officer as well as Chief Financial Officer from 1975 to 1990. He is a past Vice Chairman of the Board of Directors of ISO New England, Inc., the independent operator of New England's bulk electric transmission system, where he served until 2006. Mr. Leibler received a B.A. magna cum laude from Syracuse University.

Mr. Leibler has considerable senior executive level experience in business and management, including experience in financial markets and risk assessment, as the former Chairman of the Boston Options Exchange, former Chairman and CEO of the Boston Stock Exchange, and former President, Chief Operating Officer and Chief Financial Officer of the American Stock Exchange, as well as through his current service as a trustee of The Putnam Mutual Funds, where he chairs the pricing committee and serves on the audit, distributions, investment oversight, and investment oversight coordinating committees. He also has policy-making level experience in the electric utility industry through his service as the Vice Chairman of ISO New England. Based on these qualifications, the Board of Trustees determined that Mr. Leibler should continue to serve as a Trustee.

**ROBERT E. PATRICELLI, 71**

**Trustee since 1993.**

Mr. Patricelli has been Chairman and Chief Executive Officer of Women's Health USA, Inc., a provider of women's health care services, since 1997, and of Evolution Benefits, Inc., a provider of employee benefit services, since 2000. Mr. Patricelli was Chairman, President and Chief Executive Officer of Value Health, Inc. from 1987 to 1997 and previously served as Executive Vice President of CIGNA Corporation and President of CIGNA's Affiliated Businesses Group. Mr. Patricelli has also held various positions in the federal government, including White House Fellow, counsel to a United States Senate Subcommittee, Deputy Undersecretary of the Department of Health, Education and Welfare and Administrator of the United States Urban Mass Transportation Administration. Mr. Patricelli is currently a director and chairman of Prodigy Health Group. He is a director of Newman's Own Inc. and Newman's Own Foundation. He is also a director of the MetroHartford Alliance, Inc., The Bushnell, the Ocean Exploration Trust, Inc. and the Connecticut Center for Science and Exploration. Mr. Patricelli received a B.A. from Wesleyan University and a J.D. from Harvard Law School, and was a Fulbright Scholar at the University of Paris.

Mr. Patricelli has significant policy-making level experience in businesses subject to governmental regulation as well as debt and equity finance as a result of his service as a director, lead director, chairman and chief executive officer of several public and private healthcare and biotechnology companies. He also has extensive political experience resulting from his service in the federal government, most recently as Deputy Undersecretary of the Department of Health, Education and Welfare and Administrator of the United States Urban Mass Transportation Administration. Based on these skills and experiences, the Board of Trustees determined that Mr. Patricelli should continue to serve as a Trustee.

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**CHARLES W. SHIVERY, 65**

**Trustee since 2004.**

Mr. Shivery has been Chairman of the Board, President and Chief Executive Officer of Northeast Utilities since March 29, 2004 and Chairman and a director of The Connecticut Light and Power Company, Public Service Company of New Hampshire, Western Massachusetts Electric Company and Yankee Gas Services Company since January 19, 2007. Mr. Shivery assumed his current position at Northeast Utilities after serving as interim President beginning in January 2004. From June 2002 until December 2003, Mr. Shivery served as President-Competitive Group of Northeast Utilities, as President and Chief Executive Officer and a director of NU Enterprises, Inc., and as Chairman and a director of most of Northeast Utilities' competitive subsidiaries. In 2002, Mr. Shivery retired from Constellation Energy Group, Inc. (Constellation), parent company of Baltimore Gas and Electric Company (BG&E) and other energy-related businesses, having held numerous senior management positions at Constellation. Mr. Shivery is a director of Webster Financial Corporation, Energy Insurance Mutual, the Connecticut Business & Industry Association, Association of Edison Illuminating Companies, Connecticut Science Center, The Bushnell, Edison Electric Institute, and the Electric Power Research Institute. He is the Chairman of the MetroHartford Alliance, Inc. and the Connecticut Children's Medical Center. Mr. Shivery received B.A. and B.S. degrees from The Johns Hopkins University and an M.B.A. from the University of Baltimore.

Mr. Shivery has nearly 40 years of experience in the heavily regulated utility industry including policy-making level director and executive officer positions while employed at Constellation Energy and Northeast Utilities. He gained important senior management level experience in capital and financial markets, and credit markets, throughout his career at Constellation and Northeast Utilities. He has extensive experience interacting with elected and appointed officials in federal and state government and regulatory agencies. Based on his extensive experience and qualifications, the Board of Trustees determined that Mr. Shivery should continue to serve as a Trustee.

**JOHN F. SWOPE, 72**

**Trustee since 1992.**

During 1999 and 2000, Mr. Swope served as President and Chief Executive Officer of Public Broadcasting Service. Mr. Swope, a retired attorney, served as of counsel to the law firm of Sheehan Phinney Bass + Green PA from 1995 to 1997, and as President of Chubb Life Insurance Company of America from 1980 to 1994, after serving in various executive capacities at Chubb Life and its predecessor companies since the early 1970's. Mr. Swope is a director of New Hampshire Public Television and New Hampshire Public Radio, a trustee of The Currier Museum of Art and Tabor Academy, and a member of the Corporation at the Woods Hole Oceanographic Institution. Mr. Swope received a Bachelor's Degree from Amherst College and a J.D. from Yale Law School.

Mr. Swope has significant experience as a senior executive officer in businesses heavily regulated by the federal government through his service as President and CEO of PBS, President of Chubb Life Insurance Company, and a director of New Hampshire Public Television and Radio. Based on his qualifications and experience, coupled with his law practice in a New Hampshire firm and other ties to the State of New Hampshire, the Board of Trustees determined that Mr. Swope should continue to serve as a Trustee.

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**DENNIS R. WRAASE, 67**

**Trustee since 2010.**

Mr. Wraase served as Chairman of the Board, Chief Executive Officer and a director of Pepco Holdings, Inc. (PHI) until his retirement in June 2009. He was elected Chairman of PHI in 2004, became Chief Executive Officer in 2003 and served as a director since 1998. He previously served as the President of PHI from 2001 to 2008, and Chief Operating Officer from 2002 to 2003. Mr. Wraase joined the Potomac Electric Power Company, a utility subsidiary of PHI (Pepco), in 1974, and held various positions of increasing leadership and responsibility, including President from 2000 to 2003 and Chief Financial Officer from 1996 to 2000. He joined Pepco's board of directors in 1998 and served as its Chairman and Chief Executive Officer from 2004 to 2009. Mr. Wraase received a B.S. in Accounting from the University of Maryland and an M.S. in Business Financial Management from The George Washington University. He is a certified public accountant. He is a member of the Financial Executives Institute and the American Institute of Certified Public Accountants. Mr. Wraase currently serves as the Executive-In-Residence at the Center for Social Value Creation at the Robert H. Smith School of Business, University of Maryland. He is also currently a director and Treasurer of the University of Maryland System Foundation and a director and Chairman of the Washington Hospital Center. Mr. Wraase previously served as a director of the Edison Electric Institute, The Association of Edison Illuminating Companies and the Institute for Electric Efficiency, and as President of the Southeastern Electric Exchange.

Mr. Wraase brings to Northeast Utilities considerable utility industry knowledge and experience gained through his career of service at Pepco. He has significant policy-making level experience in the heavily regulated industry as well as in the capital and financial markets, credit markets, financial reporting and accounting, and risk assessment. He has served on the board of directors of numerous companies, and he is a certified public accountant. Based on his extensive experience and qualifications, the Board of Trustees determined that Mr. Wraase should continue to serve as a Trustee.

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**GOVERNANCE OF NORTHEAST UTILITIES**

**Board's Leadership Structure**

*Combined Chairman of the Board and Chief Executive Officer*

Mr. Shivery serves as the Chairman of the Board of Trustees and as our President and Chief Executive Officer (CEO). The Corporate Governance Committee reviewed the Board's leadership structure in 2010 and determined that the current structure provides effective board leadership and engagement by having our CEO also serve as Chairman of the Board. Mr. Shivery has nearly 40 years of experience in a variety of positions of increasing responsibility and leadership in all facets of the utility industry. As the individual primarily responsible for the day-to-day management of business operations, he is best positioned to chair regular Board meetings as the Trustees discuss key business and strategic issues. Coupled with an independent Lead Trustee, this leadership structure provides independent oversight while avoiding uncertainty regarding the Board's oversight responsibilities and the day-to-day management of business operations.

*Lead Trustee*

The Board of Trustees created the role of Lead Trustee in 1996. Dr. Kennan was designated as the Lead Trustee at that time, served throughout 2010, and continues to serve in that capacity. As Lead Trustee, she acts as a liaison between the Board and our CEO. Her authority and responsibilities include:

Establishing with the CEO agendas for Board meetings.

Ensuring that Trustees receive relevant information in a timely manner.

Annually, organizing the Board's evaluation of the CEO.

Providing ongoing information to the CEO on his performance.

Chairing non-management and (in the absence of the Chairman) executive sessions of the Board.

Leading the Board in anticipating and responding to problems where management's performance may be in question.

Encouraging participation from all Trustees during meetings.

Facilitating the Trustee recruitment process.

Obtaining staff support of both a permanent and a temporary nature, to assist the Lead Trustee in carrying out the foregoing responsibilities.

A copy of the Lead Trustee's charter is available on our website at [www.nu.com/investors/corporate\\_gov/charter\\_lead.asp](http://www.nu.com/investors/corporate_gov/charter_lead.asp).

*Separate Chairman of the Board and Chief Executive Officer Following the Merger with NSTAR*

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The governance arrangements contained in the Merger Agreement with NSTAR provide that, upon completion of the merger, Mr. Shivery will serve as non-executive Chairman of Northeast Utilities for a period of 18 months at which time Mr. Thomas J. May, the current chairman, president and chief executive officer of NSTAR, will become Chairman of Northeast Utilities. In addition, the Lead Trustee will be designated by Northeast Utilities.

As described in the Merger Agreement, upon completion of the merger, the roles and responsibilities of the non-executive Chairman and the Lead Trustee shall be as follows:

*Chairman:* The Chairman of the Board shall:

Be recommended by the Governance Committee and appointed by the Board.

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Preside at the Annual Meeting of Shareholders and at all meetings of the Executive Committee and the Board, other than executive sessions of the independent trustees.

Working with the Chief Executive Officer, develop the annual Board calendar and Board meeting agendas.

Work with the Lead Trustee to facilitate communication between the Chief Executive Officer and the Board members.

Act as a resource to the Chief Executive Officer in the development of key corporate strategies and goals.

Provide a visible presence in our communities and region.

Working with the Chief Executive Officer, provide leadership on regional and national policy and industry association matters.

*Lead Trustee:* The Lead Trustee shall:

Be recommended by the Governance Committee and appointed by the Board.

Preside at executive sessions of the independent trustees.

Work with the Chairman to facilitate communication between the Chief Executive Officer and the Board members.

Participate with the Compensation Committee in its evaluation of the Chief Executive Officer and provide ongoing information to the Chief Executive Officer about his or her performance.

## **Board's Oversight of Risk**

The Board of Trustees administers its risk oversight function primarily through its Audit and Finance Committees. Each year, the Board evaluates its risk assessment function as part of its Board evaluation process. The Board believes that its leadership structure is appropriate to carry out its risk oversight responsibilities. The Audit Committee is responsible for the oversight of the integrity of the financial statements, and for discussing the guidelines and policies that govern management's processes for assessing, monitoring and mitigating major financial risk exposures. The Finance Committee is primarily responsible for the oversight of:

Financial risks, including liquidity, dividend policy, financial goals and operational plans;

Strategic risks in connection with significant new business ventures; and

Risk assessment through the Company's Enterprise Risk Management (ERM) process.

Our ERM process involves the application of a well-defined, enterprise-wide methodology that enables our executives to identify, categorize, prioritize, and mitigate the principal risks to the Company, such as strategic, financial, operational and reputational risks. In addition to known risks, ERM focuses on emerging risks as well as risks that are rare and difficult to predict, but which, if they were to occur, would have a



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significant impact on the Company. The findings of the ERM process are reported periodically to the Finance Committee, typically four times during each year.

The Board of Trustees and the Finance Committee review annually the Company's comprehensive annual operating and five-year strategic plans. The annual operating plan consists of the goals and objectives for the year, key performance indicators and financial forecasts. The strategic plan consists of long-term corporate goals and objectives, specific strategies to achieve those goals, and action plans designed to implement each strategy. The ERM process is integrated with the annual operating and strategic planning processes. The top enterprise-wide financial risks are identified during the development of the annual operating plan, and are updated and presented monthly to the Finance Committee. Enterprise strategic risks are identified and presented to the Board of Trustees during development of the five-year strategic plans. Detailed risk mitigation plans are updated periodically and presented to the Finance Committee.

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ERM also informs the Finance Committee about the activities of the Company's Risk and Capital Committee (RaCC). The RaCC consists of the senior executives of the Company, and it is responsible for ensuring that the Company is managing its principal enterprise wide risks, including large capital and non-capital projects, with a focus on project risk assessments and mitigations, as well as other key risk areas such as credit, environmental, information technology, compliance and business continuity risks.

In addition, each Board committee oversees risks within its area of responsibility. For example, the Corporate Responsibility Committee oversees compliance with all applicable laws, regulations, policies and standards, including environmental, safety, health and employment regulations and policies, as well as the Company's ethical standards. In addition, the Board of Trustees administers its compensation risk oversight function primarily through its Compensation Committee. The process by which the Board and the Compensation Committee oversee executive compensation risk is described in greater detail on page 28.

**Board Committees and Responsibilities**

The Board of Trustees of Northeast Utilities has six standing committees: the Audit Committee, the Compensation Committee, the Corporate Responsibility Committee, the Corporate Governance Committee, the Executive Committee and the Finance Committee, each of which consists of members appointed by the Trustees upon the recommendation of the Corporate Governance Committee. None of the committee members is employed by Northeast Utilities or its subsidiaries except for Mr. Shivery, our Chairman of the Board, President and CEO, who is a member of the Executive Committee. The Corporate Governance Committee performs the functions of a nominating committee. The Board of Trustees has adopted a written charter for each standing committee and for the Lead Trustee as well as written Corporate Governance Guidelines. The Corporate Governance Guidelines and committee charters are available on our website at the internet addresses appearing in the committee descriptions below. Copies of these documents are available to any shareholder upon written request to our Assistant Secretary at the address set forth on page 7 of this Proxy Statement. The Succession Planning Committee was formed in late 2009 and first met in 2010 to review the CEO succession planning process, as well as the succession and development process for the Company's key executives. The Succession Planning Committee has suspended activities pending consummation of the proposed merger with NSTAR. The table below shows the Trustees who currently serve on each committee and number of committee meetings held in 2010. The functions of the committees are described in the paragraphs following the table.

**Board Committees**

Trustee	Audit	Compensation	Corporate Governance	Corporate Responsibility	Executive	Finance	Succession Planning
R. H. Booth	C				M	M	CC
J. S. Clarkeson		C			M	M	M
C. M. Cleveland			VC	M			
S. Cloud, Jr.		M	C		M		CC
J. G. Graham	M					VC	
E. T. Kennan *	M	M	M	M	VC	M	M
K. R. Leibler	M	M			M	C	
R. E. Patricelli			M	VC			
C. W. Shivery					C		
J. F. Swope			M	C	M		
D. R. Wraase	VC	M					
No. of Meetings	8	18	10	4	3	12	12

C: Committee Chair  
 CC: Committee Co-Chair  
 VC: Committee Vice Chair  
 M: Committee Member

\* Lead Trustee



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### **Audit Committee**

The Audit Committee consists of Mr. Booth (Chair), Mr. Graham, Dr. Kennan, Mr. Leibler and Mr. Wraase (Vice Chair).

The Audit Committee meets independently with the internal and independent auditors of Northeast Utilities and its subsidiaries and with management at least quarterly. Following each committee meeting, the Audit Committee reports to the full Board. The Audit Committee reviews and evaluates the auditors' activities, procedures and recommendations to assist the Board of Trustees in monitoring the integrity of our financial statements, the independent auditors' qualifications and independence, the performance of our internal audit function and independent auditors, and our compliance with legal and regulatory requirements. The Committee also discusses the guidelines and policies that govern management's processes for assessing, monitoring and mitigating major financial risk exposures. The Audit Committee has the sole authority to select and replace the independent auditors and is directly responsible for their compensation and oversight of their work. No member of the Audit Committee is employed by Northeast Utilities or its subsidiaries. Each member of the Audit Committee meets the financial literacy requirements of the New York Stock Exchange and Securities and Exchange Commission. The Board of Trustees has affirmatively determined that Messrs. Booth, Graham and Leibler are audit committee financial experts, as that term is defined by the Securities and Exchange Commission. Each member of the Audit Committee meets the independence requirements of the New York Stock Exchange and Securities and Exchange Commission and under our Corporate Governance Guidelines. A copy of the Committee's charter, which has been adopted by our Board of Trustees, is available on our website at [www.nu.com/investors/corporate\\_gov/charter\\_audit.asp](http://www.nu.com/investors/corporate_gov/charter_audit.asp).

### **Compensation Committee**

The Compensation Committee consists of Mr. Clarkeson (Chair), Mr. Cloud, Dr. Kennan, Mr. Leibler and Mr. Wraase. The Board of Trustees has affirmatively determined that each member of the Compensation Committee meets the independence requirements of the New York Stock Exchange and Securities and Exchange Commission and under our Corporate Governance Guidelines.

The Compensation Committee is responsible for the compensation and benefits programs for all executive officers in the Northeast Utilities System and has overall authority to establish and interpret our executive compensation programs. The Compensation Committee is also responsible for equity grants and retirement benefit plans for all employees. The Compensation Committee establishes and reviews our executive compensation strategy in order to align appropriate compensation for our executive officers with organization strategies, goals and performance. The Compensation Committee evaluates components of total compensation and assesses performance against goals, market competitive data and other appropriate factors. The Compensation Committee is authorized to grant share awards to our executive officers. The Compensation Committee makes recommendations to the Board with respect to the adoption, amendment or termination of executive compensation and benefits plans, policies and practices. The Compensation Committee has sole authority to select and retain experts and consultants in the field of executive compensation to provide advice to the Committee with respect to market data, competitive information, and executive compensation trends. The Compensation Committee also reviews and approves the compensation of the non-employee members of the Board of Trustees.

The Compensation Committee Chair works with our Lead Trustee and CEO to establish the agenda for Compensation Committee meetings, but our CEO does not have the ability to call Compensation Committee meetings. The Committee's compensation consultants may initiate contact with our CEO, but our CEO may not initiate contact with consultants without the consent of the Chair of the Compensation Committee. Annually, the Compensation Committee and the Corporate Governance Committee meet together to review and approve corporate goals and individual objectives relevant to the compensation of the CEO, and to evaluate the CEO's performance in light of those goals and objectives. While the CEO suggests appropriate goals, he does not participate in establishing individual performance measures or targets that affect his compensation. The

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Compensation Committee and the Corporate Governance Committee meet together in executive session to establish performance criteria for the CEO and to recommend to the independent Trustees the CEO's total compensation based on the annual evaluation. In addition, in collaboration with the CEO, the Compensation Committee oversees the evaluation of those executive officers reporting directly to the CEO. When establishing corporate goals, individual objectives and total compensation for these executive officers and certain other officers, the Compensation Committee considers recommendations from the CEO, Northeast Utilities Service Company's Vice President of Human Resources and its Director of Human Resources (Compensation and Benefits) as well as advice from compensation consultants.

In September 2006, the Compensation Committee retained Semler Brossy Consulting Group (Semler Brossy) to perform an annual competitive assessment of our compensation programs and practices for both executives and Trustees, construct appropriate peer groups, provide market competitive compensation data, recommend an appropriate mix of compensation elements, assist the Compensation Committee in providing context for setting and evaluating goals for the incentive programs and in performing the CEO performance evaluation, and updating the Compensation Committee on emerging trends. Additionally, during 2010, Semler Brossy researched and summarized retention grant practices among companies undergoing a merger or acquisition in preparation for the merger with NSTAR. Since September 2006, Semler Brossy's representative has attended all Compensation Committee meetings. Semler Brossy has been engaged to perform work only for the Compensation Committee and not for Northeast Utilities.

The Compensation Committee has delegated the negotiation of certain compensation arrangements and administration of the Compensation Committee's responsibilities to certain executive officers. These executive officers work with the Compensation Committee and Semler Brossy to propose compensation elements that provide appropriate incentives to meet our goals and reward performance by identifying components of our business plan that are critical to achieving our corporate earnings objectives. Further, executive officers provide context regarding the degree of difficulty in attaining certain goals. In 2010, due to the timing of Compensation Committee meetings, the Compensation Committee delegated to the Compensation Committee Chair, with input from our CEO, the authority to agree upon certain final compensation details for certain executive officers, including the Vice President Customer Operations at The Connecticut Light and Power Company and the Vice President Customer Operations at Western Massachusetts Electric Company. None of these executive officers is a Named Executive Officer in this Proxy Statement. The Compensation Committee delegated to the Compensation Committee Chair the authority to approve grants to executive officers other than Mr. Shivery under the retention program implemented in connection with the proposed merger with NSTAR. The Compensation Committee also delegated to our CEO the authority to make grants under the retention program to nonofficer employees. The Compensation Committee has not delegated any of its responsibilities to any other persons. A copy of the Compensation Committee's charter is available on our website at [www.nu.com/investors/corporate\\_gov/charter\\_compensation.asp](http://www.nu.com/investors/corporate_gov/charter_compensation.asp).

Compensation Committee meetings may include compensation consultants as well as members of management and others invited by the Chair of the Compensation Committee. The Compensation Committee also meets in executive session. The Chair of the Compensation Committee reports to the full Board following each committee meeting.

## **Corporate Governance Committee**

The Corporate Governance Committee consists of Ms. Cleveland (Vice Chair), Mr. Cloud (Chair), Dr. Kennan, Mr. Patricelli and Mr. Swope. The Corporate Governance Committee is responsible for developing, overseeing and regularly reviewing our Corporate Governance Guidelines and related policies. The Corporate Governance Committee also serves as a nominating committee, establishing criteria for new Trustees, identifying and recommending prospective Board candidates, and reviewing qualifications of Trustees and nominees. In addition, the Corporate Governance Committee evaluates the performance of the Board and its committees. In conjunction with the Compensation Committee, the Committee reviews and approves corporate goals and objectives related to CEO compensation, establishes and implements the CEO evaluation process, and engages in

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the succession planning process for our CEO. Following each meeting, the Corporate Governance Committee reports to the full Board. No member of the Corporate Governance Committee is employed by Northeast Utilities or its subsidiaries. The Board of Trustees has determined that each member of the Corporate Governance Committee meets the independence requirements of the New York Stock Exchange, Securities and Exchange Commission and our Corporate Governance Guidelines. A copy of the Committee's charter is available on our website at [www.nu.com/investors/corporate\\_gov/charter\\_corporate\\_gov.asp](http://www.nu.com/investors/corporate_gov/charter_corporate_gov.asp).

### **Corporate Responsibility Committee**

The Corporate Responsibility Committee consists of Ms. Cleveland, Dr. Kennan, Mr. Patricelli (Vice Chair) and Mr. Swope (Chair). The Corporate Responsibility Committee reviews the policies and practices of Northeast Utilities and its subsidiaries on public issues having broad social or community significance, the implementation of those policies and practices and the Company's and subsidiaries' conduct of business as responsible corporate citizens. The Corporate Responsibility Committee's responsibilities include oversight of our compliance with all applicable laws, regulations, policies and standards, including environmental, safety, health and employment regulations and policies, as well as the Company's ethical standards, with the exception of those actions relating to financial, accounting or auditing matters, which are reviewed by the Audit Committee. Following each meeting, the Corporate Responsibility Committee reports to the full Board. No member of the Corporate Responsibility Committee is employed by Northeast Utilities or its subsidiaries. A copy of the Committee's charter is available on our website at [www.nu.com/investors/corporate\\_gov/charter\\_corporate\\_affairs.asp](http://www.nu.com/investors/corporate_gov/charter_corporate_affairs.asp).

### **Executive Committee**

The Executive Committee consists of Mr. Booth, Mr. Clarkeson, Mr. Cloud, Dr. Kennan (Vice Chair), Mr. Leibler, Mr. Shivery (Chair), and Mr. Swope. The Executive Committee is empowered to exercise all the authority of the Board, subject to certain limitations set forth in our Declaration of Trust, during the intervals between meetings of the Board. A copy of the Committee's charter is available on our website at [www.nu.com/investors/corporate\\_gov/charter\\_corporate\\_exec.asp](http://www.nu.com/investors/corporate_gov/charter_corporate_exec.asp).

### **Finance Committee**

The Finance Committee consists of Mr. Booth, Mr. Clarkeson, Mr. Graham (Vice Chair), Dr. Kennan, and Mr. Leibler (Chair). The Finance Committee assists the Board in fulfilling its fiduciary responsibilities relating to financial plans, policies and programs for Northeast Utilities and its subsidiaries. The Finance Committee is responsible for reviewing the Company's risk assessment and risk management policies, its major financial risk exposures, and the steps management has taken to monitor and mitigate such exposures, as further described above under the caption Board's Oversight of Risk. The Finance Committee is also responsible for reviewing the Company's dividend policy and recommending to the Board the dividend on the Company's common shares as well as for reviewing new business ventures and initiatives which may result in substantial expenditures, commitments and exposures. Following each meeting, the Finance Committee reports to the full Board. No member of the Finance Committee is employed by Northeast Utilities or its subsidiaries. A copy of the Committee's charter is available on our website at [www.nu.com/investors/corporate\\_gov/charter\\_finance.asp](http://www.nu.com/investors/corporate_gov/charter_finance.asp).

### **Succession Planning Committee**

The Succession Planning Committee consists of Mr. Booth (Co-Chair), Mr. Clarkeson, Mr. Cloud (Co-Chair) and Dr. Kennan. The Succession Planning Committee was formed in late 2009 and first met in 2010 to review the CEO succession planning process, as well as the succession and development process for the Company's key executives. The Succession Planning Committee periodically reports its activities to the Corporate Governance Committee, which in turn includes the activities of the Succession Planning Committee in the Corporate Governance Committee's periodic reports to the Board of Trustees. The Succession Planning Committee has suspended activities pending consummation of the proposed merger with NSTAR.

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### **Meetings of the Board and its Committees**

In 2010, the Board of Trustees held 26 meetings, the independent Trustees held 8 meetings, and the Board, the independent Trustees and the committees of the Board held a total of 97 meetings, taking into account that certain meetings were jointly held by various committees. The totals above reflect special meetings of the Board and various committees of the Board conducted during 2010 in connection with the proposed merger with NSTAR. In 2010, each Trustee attended at least 93% of the aggregate number of meetings of the Board of Trustees and meetings of all Committees of the Board held during the periods for which he or she served as a Trustee. All but one of the Trustees attended the Annual Meeting of Shareholders held on May 11, 2010. Our Trustees are expected to attend our Annual Meetings of Shareholder, but we do not have a formal policy addressing this subject.

### **SELECTION OF TRUSTEES**

As set forth in its charter, it is the responsibility of the Corporate Governance Committee to identify individuals qualified to become a Trustee and to recommend to the Board a slate of trustee candidates to be submitted to a vote of our shareholders at the Annual Meeting of Shareholders. The Committee has from time to time retained the services of a third party executive search firm to assist it in identifying and evaluating such individuals.

As provided in our Corporate Governance Guidelines, the Corporate Governance Committee seeks nominees with the following qualifications:

Trustees should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the shareholders. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment. The Board should represent diverse experience at policy-making levels in business, government, education, community and charitable organizations as well as areas that are relevant to our business activities. The Corporate Governance Committee also seeks diversity in gender, ethnicity and personal background when considering trustee candidates.

Applying these criteria, the Corporate Governance Committee considers trustee candidates suggested by its members as well as by management and shareholders. As part of the annual nomination process, the Corporate Governance Committee reviews the qualifications, experience, attributes and skills of each nominee for Trustee, including currently serving Trustees, under the Corporate Governance Guidelines and reports its findings to the Board. The Committee's review, which commenced in February 2011, determined that each Trustee possesses the highest personal and professional ethics, integrity and values, and each Trustee remains committed to representing the long-term interests of our shareholders. The Committee's review also focused on each Trustee's experience at policy-making levels in business, government, education, community and charitable organizations, and other areas relevant to our business activities, as described below. Based on this review, the Committee advised the Board on February 8, 2011 that each of the Trustees was qualified to serve on the Board under the Corporate Governance Guidelines.

***Business, Management and Finance.*** The Board values significant business and management experience at the highest levels, including experience in heavily regulated industries in general and the electric utility industry in particular. Many of our Trustees have served as chief executive officers and/or chief financial officers, and several have spent their careers in the utility or energy industries. Most of our Trustees have served on the board of directors of numerous companies. In addition, the vast majority of our ongoing capital program is expected to be funded through cash flows provided by operating activities as well as new debt issuances and, less frequently, equity issuances. As a result, the Board of Trustees highly values policy-making level experience in, and understanding of, capital and financial markets, accounting and financial reporting, credit markets, and risk assessment.

***Government/Regulatory/Political.*** Each of our utility subsidiaries is regulated in virtually all aspects of its business by various federal and state agencies, including the Securities and Exchange Commission, the Federal

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Energy Regulatory Commission, and various state and/or local regulatory authorities with jurisdiction over the industry and the service areas in which each subsidiaries operates. Accordingly, the Board of Trustees considers important policy-making level experience in a heavily regulated industry with major political overtones, or experience as a senior governmental official or regulator.

***Education/Community and Charitable Organizations.*** The Board of Trustees also supports and encourages educational opportunities, community involvement and development, and philanthropic goals and activities. We established the Northeast Utilities Foundation, Inc. in 1998 to focus our community investments and to provide grants to our nonprofit community partners. Consistent with our business strategy and core values, the Foundation invests primarily in projects that address issues of economic and community development and the environment. Each Trustee has experience in one or more community or charitable organizations.

***Other Areas Relevant to Our Business Activities.*** We operate New England's largest energy delivery system in three different states. Because a majority of our Trustees also reside in our service territory, they not only have ties to local communities, but they understand our customers needs.

***Diversity.*** In accordance with our Corporate Governance Guidelines, in addition to diverse business and other experience described above, the Corporate Governance Committee seeks diversity in gender, ethnicity and personal background when considering trustee candidates. Diverse thoughts and views emanating from different backgrounds, life experiences, career experiences and skills are critical to a well-functioning Board and essential to embracing opportunities and confronting challenges in the future. To ensure the success of our business strategy, the Board of Trustees strives to identify and pursue trustee candidates with diverse skills, knowledge, background and experience that complement the skills, knowledge and experience of our current Trustees.

Shareholders wishing to suggest potential candidates for membership on the Board of Trustees may address such information, in writing, to our Corporate Secretary at the mailing address set forth on page 6 of this Proxy Statement. The communication must identify the writer as a shareholder of Northeast Utilities and provide sufficient detail for the Corporate Governance Committee to consider the individual's qualifications.

## **TRUSTEE INDEPENDENCE**

We have adopted Corporate Governance Guidelines incorporating independence standards that meet the listing standards of the New York Stock Exchange. In addition, we have adopted an additional standard under which a charitable relationship will not be considered to be a material relationship that would impair a Trustee's independence if a Trustee serves as an officer or director of a charitable organization, and our discretionary charitable contributions to the organization, in the aggregate, do not exceed the greater of: (a) \$200,000; or (b) two percent of the organization's total annual charitable receipts or latest publicly available operating budget. The Trustee Independence Guidelines are available on our website at [www.nu.com/investors/corporate\\_gov/trustee\\_independence.asp](http://www.nu.com/investors/corporate_gov/trustee_independence.asp).

The Corporate Governance Committee conducts an annual review of the independence of the members of the Board and reports its findings to the full Board. Applying the Corporate Governance Guidelines, the Committee, assisted by legal counsel and based on responses to questionnaires completed by the Trustees, reviewed and considered relationships and transactions between Northeast Utilities, its affiliates and subsidiaries, on the one hand, and each nominee for Trustee, entities affiliated with him or her, and/or any member of his or her immediate family, on the other hand. The Committee also reviewed Northeast Utilities' charitable donations to organizations where the nominees for Trustee or their immediate family members serve as officers or directors. Similarly, the Committee examined relationships and transactions between each nominee for Trustee and (a) our senior management and (b) our independent auditors. The Committee determined that none of these relationships were material to the nominees for Trustee or likely to impair the independence of any of the nominees for Trustee.



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The Board of Trustees separately considered that the utility operating company subsidiaries of Northeast Utilities provide electric service or natural gas service to the residences of nominees for Trustee and/or companies at which some of the nominees for Trustee were directors or executive officers. In 2010, Ms. Cleveland and Mr. Cloud and Mr. Patricelli each served as an executive officer of one or more of such companies. These utility services are provided in the ordinary course of business, on an arms length basis and pursuant to rates determined by the applicable public utility commission. The Board determined that relationships that exist solely due to an individual or entity purchasing electric service or natural gas service from any of the utility operating company subsidiaries of Northeast Utilities in the ordinary course of business, on an arms length basis and pursuant to rates determined by the applicable public utility commission, were not material to the nominees for Trustee or likely to impair the independence of any of the nominees for Trustee.

Based on the recommendation of the Corporate Governance Committee following its review, on February 8, 2011, the Board of Trustees affirmatively determined that all of the nominees for election as Trustee at the Annual Meeting, with the exception of Mr. Shivery, our Chairman of the Board, President and Chief Executive Officer, satisfied the independence criteria (including the enhanced criteria with respect to members of the Audit Committee) set forth in the current listing standards and rules of the New York Stock Exchange and Securities and Exchange Commission and under our Corporate Governance Guidelines.

### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The Board of Trustees adopted a Related Party Transactions Policy on December 11, 2007. The Policy is administered by the Corporate Governance Committee. The Policy generally defines a Related Party Transaction as any transaction or series of transactions in which (i) Northeast Utilities or a subsidiary is a participant, (ii) the aggregate amount involved exceeds \$120,000 and (iii) any Related Party has a direct or indirect material interest. A Related Party is defined as any Trustee or nominee for Trustee, any executive officer, any shareholder owning more than 5% of our total outstanding shares, and any immediate family member of any such person. Management submits to the Corporate Governance Committee for consideration any proposed Related Party Transaction. The Corporate Governance Committee recommends to the Board of Trustees for approval only those transactions that are in our best interests. Related Party Transactions are considered in light of the requirements set forth in our Standards of Business Conduct, including the Conflicts of Interest Policy, and our Code of Ethics for Senior Financial Officers. If management causes us to enter into a Related Party Transaction prior to approval by the Committee, the transaction will be subject to ratification by the Board of Trustees. If the Board determines not to ratify the transaction, then management will make all reasonable efforts to cancel or annul such transaction.

### **THE CODE OF ETHICS AND THE STANDARDS OF BUSINESS CONDUCT**

We have adopted a Code of Ethics for Senior Financial Officers (Chief Executive Officer, Chief Financial Officer and Controller) and a Standards of Business Conduct which is applicable to all of the Trustees, directors, officers, employees, contractors and agents of Northeast Utilities and its subsidiaries. The Code of Ethics is available on our website at [www.nu.com/investors/corporate\\_gov/code\\_ethics.asp](http://www.nu.com/investors/corporate_gov/code_ethics.asp) and our Standards of Business Conduct are available on our website at [www.nu.com/investors/corporate\\_gov/NU\\_SBC\\_2007.pdf](http://www.nu.com/investors/corporate_gov/NU_SBC_2007.pdf). You may obtain a printed copy of the Code of Ethics and the Standards of Business Conduct, without charge, by contacting our Assistant Secretary at the address set forth on page 7 of this Proxy Statement. Any amendments to or waivers under the Code of Ethics or the Standards of Business Conduct will be posted to our website at [www.nu.com/investors/corporate\\_gov/default.asp](http://www.nu.com/investors/corporate_gov/default.asp).

### **COMMUNICATIONS FROM SHAREHOLDERS AND OTHER INTERESTED PARTIES**

Interested parties, including shareholders, who desire to communicate directly with the Board of Trustees, the non-management Trustees as a group, or individual Trustees, including the Lead Trustee, Dr. Kennan, should send written communications in care of our Corporate Secretary at the mailing address set forth on page 6 of this Proxy Statement. The Secretary will review each communication and forward all communications that properly identify the sender to the intended recipient or recipients.

**Table of Contents****COMMON SHARE OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following table provides information as to persons who are known to us to beneficially own more than five percent of the common shares of Northeast Utilities. We do not have any other class of voting securities.

Name and Address of Beneficial Owner	Amount and Nature of	
	Beneficial Ownership	Percent of Class
Wellington Management Company, LLP 75 State Street Boston, Massachusetts 02109	15,688,683(1)	8.9%(1)
BlackRock Inc. 40 East 52nd Street New York, New York 10022	14,390,843(2)	8.2%(2)
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, Pennsylvania 19355	9,338,419(3)	5.3%(3)

- (1) Based solely on a Schedule 13G/A filed with the Securities and Exchange Commission on February 14, 2011, reporting that as of December 31, 2010, Wellington Management, in its capacity as investment adviser, may be deemed to beneficially own 15,688,683 common shares, which are held of record by clients of Wellington Management. Of these shares, Wellington Management has the shared power to vote or direct the vote of 10,794,340 common shares and the shared power to dispose or direct the disposition of all of these common shares. There were 176,448,081 common shares outstanding at December 31, 2010.
- (2) Based solely on a Schedule 13G/A filed with the Securities and Exchange Commission on January 29, 2011, reporting that as of December 31, 2010, BlackRock Inc. and certain subsidiaries beneficially owned, had the sole power to vote or direct the vote of, and the sole power to dispose of or direct the disposition of, all of these common shares.
- (3) Based solely on a Schedule 13G filed with the Securities and Exchange Commission on February 10, 2011, reporting that as of December 31, 2010, The Vanguard Group, Inc. had the sole power to vote or direct the vote of 220,250 common shares; the sole power to dispose of or to direct the disposition of 9,118,169 common shares; and the shared power to dispose or to direct the disposition of 220,250 common shares. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 220,250 common shares as investment manager of collective trust accounts and directs the voting of these shares.

**Table of Contents****COMMON SHARE OWNERSHIP OF TRUSTEES AND MANAGEMENT**

The table below shows the number of our common shares beneficially owned as of March 15, 2011, by each of our Trustees and each Named Executive Officer as well as the number of common shares beneficially owned by all of our Trustees and executive officers as a group. The table also includes information about options, restricted share units and deferred shares credited to the accounts of our Trustees and executive officers under certain compensation and benefit plans. Unless otherwise indicated, the address for the shareholders listed below is c/o Northeast Utilities, 56 Prospect Street, Hartford, Connecticut 06103-2818.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)(2)	Percent of Class
Richard H. Booth	37,308	*
Gregory B. Butler	158,040(3)(4)(5)	*
John S. Clarkeson	13,526	*
Cotton M. Cleveland	41,450	*
Sanford Cloud, Jr.	41,250	*
John G. Graham	35,743	*
Elizabeth T. Kennan	38,190	*
Kenneth R. Leibler	17,031	*
David R. McHale	171,796(4)(5)(6)	*
Leon J. Olivier	160,153(4)	*
Robert E. Patricelli	50,173	*
James B. Robb	75,545	*
Charles W. Shivery	750,342(4)(7)	*
John F. Swope	46,688	*
Dennis R. Wraase	10,081(8)	*
All Trustees and Executive Officers as a group (17 persons)	1,705,341(9)	*

\* Less than 1% of Northeast Utilities common shares outstanding.

(1) The persons named in the table have sole voting and investment power with respect to all shares beneficially owned by each of them, except as noted below.

(2) Includes common shares issuable upon exercise of outstanding stock options exercisable within the 60-day period after March 15, 2011, as follows: Mr. Booth, Mr. Swope and Ms. Cleveland: 2,500 shares each; and Mr. Shivery: 29,024 shares.

Also includes restricted share units, deferred restricted share units and/or deferred shares, including dividend equivalents, as to which none of the individuals has voting or investment power, and phantom common shares, representing employer matching contributions distributable only in cash, held by executive officers (except for Mr. McHale) who participate in our Deferred Compensation Plan for Executives, as follows: Mr. Booth: 33,509 shares; Mr. Butler: 69,147 shares; Mr. Clarkeson: 3,000 shares; Ms. Cleveland: 30,839 shares; Mr. Cloud: 13,908 shares; Mr. Graham: 35,143 shares; Dr. Kennan: 31,779 shares; Mr. Leibler: 3,000 shares; Mr. McHale: 85,912 shares; Mr. Olivier: 74,312 shares; Mr. Patricelli: 3,000 shares; Mr. Robb: 44,762 shares; Mr. Shivery: 509,228 shares; Mr. Swope: 29,778 shares; and Mr. Wraase: 6,081 shares.

Also includes unvested performance shares reported at target payouts, plus accumulated dividend equivalents, as to which none of the individuals has voting or investment power, as follows: Mr. Butler: 30,601 shares; Mr. McHale: 39,438 shares; Mr. Olivier: 41,410 shares; Mr. Robb: 20,033 shares; and Mr. Shivery: 155,770 shares. Actual payouts of the performance shares, if any, at the conclusion of relevant performance periods will depend on the extent to which performance goals are satisfied.

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- (3) Includes 54,571 common shares owned jointly by Mr. Butler and his spouse with whom he shares voting and investment power.

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- (4) Includes common shares held in the 401k Plan in the employee stock ownership plan account over which the holder has sole voting and investment power (Mr. Butler: 3,283 shares; Mr. McHale: 3,990 shares; Mr. Olivier: 1,912 shares; Mr. Robb: 667 shares; and Mr. Shivery: 2,068 shares).
- (5) Includes common shares held as units in the 401k Plan invested in the NU Common Shares Fund over which the holder has sole voting and investment power (Mr. Butler: 439 shares, and Mr. McHale: 1,826 shares).
- (6) Includes 112 common shares held by Mr. McHale in the 401k Plan TRAESOP/PAYSOP account over which Mr. McHale has sole voting and investment power.
- (7) Includes 1,500 common shares owned jointly by Mr. Shivery and his spouse with whom he shares voting and investment power.
- (8) Includes 4,000 common shares owned jointly by Mr. Wraase and his spouse with whom he shares voting and investment power.
- (9) Includes 36,524 common shares issuable upon exercise of outstanding stock options exercisable within the 60-day period after March 15, 2011, and 1,295,224 unissued common shares. See note 2.

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**COMPENSATION DISCUSSION AND ANALYSIS**

**OVERALL OBJECTIVES OF EXECUTIVE COMPENSATION PROGRAM**

**General**

The fundamental objective of our Executive Compensation Program is to motivate executives and key employees to support our strategy of investing in and operating businesses that benefit customers, employees, and shareholders. As a holding company for several regulated utilities, we are also responsible to our franchise customers to provide energy services reliably, safely, with respect for the environment and our employees, and at a reasonable cost.

The Executive Compensation Program supports its fundamental objective through the following design principles:

**Attract and retain key executives by providing total compensation competitive with that of other executives employed by companies of similar size and complexity in the utility and general industries.** The program relies on compensation data obtained from consultants' surveys of companies and from a customized peer group to ensure that compensation opportunities are competitive and capable of attracting and retaining executives with the experience and talent required to achieve our strategic objectives. As we continue to grow and improve our transmission, distribution, and generation systems, having the right talent will be critical.

**Establish performance-based compensation that balances rewards for short-term and long-term business results.** The program motivates executives to run the business well in the short-term, while executing the long-term business plan to benefit both our customers and shareholders. The program aims to strike a balance between the short- and long-term programs so that they work in tandem. It also ensures that long-term objectives are not sacrificed to achieve short-term goals or vice versa.

Incentive plan performance criteria are based on a combination of financial, operational, stewardship, and strategic goals that are essential to the achievement of our business strategies. This linkage to critical goals helps to align executives with our key stakeholders: customers, employees, and shareholders. The long-term program also compares performance relative to a group of comparable utility companies.

**Reward corporate and individual performance.** Overall compensation has many metrics based on corporate performance but is also highly differentiated based on individual performance. The annual incentive program rewards both corporate performance (measured by adjusted net income) and individual performance (including individualized financial, operational, stewardship and strategic metrics). Long-term incentives consist of performance units (performance shares and performance cash) and restricted share units (RSUs). Performance units are paid out based on the achievement of corporate goals (cumulative net income, average return on equity, average credit rating and relative total shareholder return). The size of RSU grants may reflect corporate performance during the preceding fiscal year as well as individual performance and contribution, but the ultimate value of the RSUs is based on total shareholder return.

**Encourage long-term commitment to the Company.** Utility companies provide a public service and have a long-term commitment to ensure that customers receive reliable service day after day. Meeting this commitment requires specialized skills and institutional knowledge that are learned over time through local industry experience. These skills include familiarity with the regions and communities that we serve, government regulations, and long-term energy policies. In addition, utility companies rely on long-term capital investments to serve their customers.

As a result, public utilities benefit from long-term service employees. We have structured our executive compensation programs to build long-term commitment as well as shareholder alignment. Providing



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competitive compensation opportunities and offering programs such as RSUs and supplemental retirement benefits that vest and have the ability to increase in value over time encourage long-term employment. Executive share ownership guidelines are another program component intended to build long-term shareholder alignment and commitment.

### **NAMED EXECUTIVE OFFICERS**

The executive officers listed in the Summary Compensation Table in this Proxy Statement whose compensation is discussed in this CD&A are referred to as the Named Executive Officers or NEOs. For 2010, our Named Executive Officers are:

Charles W. Shivery, Chairman of the Board, President and Chief Executive Officer

David R. McHale, Executive Vice President and Chief Financial Officer

Leon J. Olivier, Executive Vice President and Chief Operating Officer

Gregory B. Butler, Senior Vice President and General Counsel

James B. Robb, Senior Vice President-Enterprise Planning and Development, Northeast Utilities Service Company

### **RISK ANALYSIS OF EXECUTIVE COMPENSATION PROGRAM**

The overall compensation program features a mix of compensation elements ranging from a fixed base salary that is risk-neutral to annual and long-term incentive compensation programs intended to motivate officers and eligible employees to achieve individual and corporate performance goals that reflect the appropriate assessment of risk. The fundamental objective of the compensation program is to foster the continued growth and success of our business. The design and implementation of the overall compensation program provides the Compensation Committee with opportunities throughout the year to assess risks within the compensation program that may have a material effect on the Company and our shareholders.

Each year, as part of its annual planning process, the Board of Trustees and its Finance Committee review the Company's comprehensive annual operating and five-year strategic plans. The annual operating plan consists of the goals and objectives for the year, key performance indicators and financial forecasts. The strategic plan consists of long-term corporate goals and objectives, specific strategies to achieve those goals, and action plans designed to implement each strategy. The Enterprise Risk Management (ERM) process is integrated into the annual operating planning and the strategic planning processes. The most significant enterprise-wide financial risks are identified during development of the annual operating plans, and are updated and presented monthly to the Finance Committee. Enterprise strategic risks are identified and presented to the Board during development of the five-year strategic plans. Following review and approval of the annual operating and strategic plans by the Board of Trustees and the Finance Committee, the Compensation Committee reviews the overall compensation program in the context of both plans. In particular, the Compensation Committee designs the annual and long-term incentive compensation programs for officers and eligible employees to promote the achievement of the goals and objectives of the annual operating plan and the strategic plan that were each previously subjected to ERM review.

In 2009, the Compensation Committee also assessed the risks associated with the executive compensation program proposed for 2010 by specifically reviewing the various elements of the incentive compensation programs. The annual incentive program was reviewed to ensure an appropriate balance between the individual and corporate goals and that the goals were appropriate to support the annual business plan. Similarly, the long-term incentive program was reviewed to ensure that the performance metrics were properly weighted and supported the Company's strategic plan. Both the annual and long-term incentive programs were reviewed to ensure that mechanisms exist to mitigate risk, which mechanisms include goal setting and discretion with respect



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to actual payments, share ownership guidelines, clawback of incentive compensation under certain circumstances, and deferral of certain long-term incentive awards. Key elements of the executive compensation program have not changed since the review in 2009.

**ELEMENTS OF 2010 COMPENSATION**

Set forth below is a brief description and the objective of each material element of our executive compensation program:

<b>Compensation Element</b>	<b>Description</b>	<b>Objective</b>
<b>Base Salary</b>	Fixed compensation  Subject to increase annually during the first quarter based on individual performance, competitive market levels, strategic importance of the role and experience in the position	Compensate officers for fulfilling their basic job responsibilities  Provide base pay commensurate with salaries paid to executive officers holding comparable positions in other utility companies and companies in general industry
<b>Annual Incentive Program</b>	Variable compensation based on performance against pre-established annual corporate and individual goals that is paid in cash in the first quarter following the end of the program year	Aid in attracting and retaining qualified personnel  Promote the achievement of annual performance objectives that represent business success for the Company, the executive, and his business unit or function
<b>Long-Term Incentive Program</b>	Variable compensation consisting of 25% RSUs and 75% Performance Units (see below)	
Restricted share units (RSUs)	Common share units, which vest over a three-year period, may be granted based on corporate performance and individual performance and contribution	Align executive and shareholder interests through share performance and share ownership  Encourage a long-term commitment to the Company
Performance units	Long-term incentive, one-half of which is performance cash and one-half of which is performance shares, that rewards individuals for corporate performance over a three-year period based on achieving pre-established levels of:  Cumulative net income  Average return on equity	Reward performance on key corporate priorities that are also key drivers of total shareholder return performance  Align executive and shareholder interests through share performance and share ownership  Strengthen the link between long-term compensation and total shareholder return performance

Average credit rating

Encourage long-term thinking and commitment  
to the Company

Total shareholder return relative to a group of  
comparable utility companies

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<b>Compensation Element</b>	<b>Description</b>	<b>Objective</b>
<b>Supplemental Benefits</b>	Supplemental Executive Retirement Plan, Nonqualified Deferred Compensation, and Perquisites	Supplemental benefits intended to help us attract and retain executive officers critical to our success by reflecting competitive practices
Supplemental Executive Retirement Plan (Supplemental Plan)	Non-qualified pension plan, providing additional retirement income to officers beyond payments provided in our standard defined benefit retirement plan, consisting of:  A defined benefit make-whole plan  A supplemental target benefit (certain senior vice presidents and above only)	Compensate for Internal Revenue Code limits on qualified plans  Aid in retention of executives and enhance long-term commitment to the Company
Other Nonqualified Deferred Compensation  (Deferral Plan)	Executives hired after 2005 are ineligible for these benefits  Opportunity to defer base salary and annual incentives, using the same investment vehicles as NU's qualified 401(k) plan, and receive matching contributions otherwise capped by Internal Revenue Code limits on qualified plans	Aid executives in tax planning by allowing them to defer taxes on certain compensation  Compensate for Internal Revenue Code limits on qualified plans
Med-Vantage Plan	Each year's matching contribution vests after three years or at retirement  For executives hired after 2005, who are ineligible to participate in our defined benefit pension plan, we make contributions of 2.5%, 4.5% and 6.5%, as applicable based on the relevant bracket for the sum of the officer's age and years of service, of cash compensation that would otherwise be capped by Internal Revenue Code limits on qualified plans	Provide a competitive benefit  Aid in retention and enhance long-term commitment to the Company
	For executives hired after 2005, who are ineligible to participate in our defined benefit pension plan, starting at age 40 we make contributions of \$1,000 per year to a qualified retiree medical savings account	Designed to help build tax-free savings for post-employment health care expenses

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<b>Compensation Element</b>	<b>Description</b>	<b>Objective</b>
Perquisites	Tax preparation and financial planning reimbursement benefit (certain senior executives)	Encourage use of a professional tax advisor to properly prepare complex tax returns and leverage the value of our compensation programs
	Executive physical examination reimbursement plan	Encourage executives to undergo regular health checks to reduce the risk of losing critical employees
	Reimbursement of relocation expenses for newly hired and transferred executives	Discretionary benefits intended to help our executive officers be more productive and efficient
	Reimbursement of spousal travel expenses only for business purposes	
<b>Employment Agreements</b>	Employment or other agreements with certain of our Named Executive Officers provide benefits and payments upon involuntary termination and termination following a change of control. Mr. Olivier participates in a Special Severance Program (SSP) that provides other benefits and payments upon termination of employment resulting from a change-in-control	Meet competitive expectation of employment  Help focus executive on shareholder interests
		Provide income protection in the event of involuntary loss of employment

**MIX OF COMPENSATION ELEMENTS**

We strive to provide executive officers with base salary, performance-based annual incentive compensation and long-term incentive compensation opportunities that are competitive with the market. The Compensation Committee determines the Total Direct Compensation for our Named Executive Officers as described under the caption entitled "Market Analysis," below. As a result, the annual and long-term incentive target percentages for our CEO and the other executive officers listed in the Summary Compensation Table are approximately equal to competitive median incentives.

With respect to incentive compensation, the Compensation Committee believes it is important to balance short-term goals, such as generating earnings, with longer term goals, such as long-term value creation and maintaining a strong balance sheet. As our executive officers are promoted to more senior positions, they assume increased responsibility for implementing our long-term business plans and strategies, and a greater proportion of their total compensation is based on performance with a long-term focus.

The Compensation Committee determines the compensation for each executive officer based on the relative authority, duties and responsibilities of each office. Our CEO's responsibilities for the daily operations and management of the Northeast Utilities System companies are significantly greater than the duties and responsibilities of our other executive officers. As a result, our CEO's compensation is significantly higher than the compensation of our other executive officers. We regularly review market compensation data for executive officer positions similar to those held by our executive officers, including our CEO, and this market data continues to indicate that chief executive officers are typically paid significantly more than other executive officers. For 2010, target annual incentive and long-term incentive compensation opportunities for our CEO were 100% and 300% of base salary, respectively. For the remaining NEOs, target annual incentive compensation opportunities ranged from 50% to 65% of base salary and target long-term incentive compensation opportunities ranged from 100% to 150% of base salary.

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The following table sets forth the contribution to 2010 Total Direct Compensation (TDC) of each element of compensation, at target, reflected as a percentage of TDC, for each Named Executive Officer.

Named Executive Officer	Percentage of TDC at Target Performance Based				TDC
	Base Salary	Annual Incentive	Long-Term Incentives (2)		
			Performance Units	RSUs (3)	
Charles W. Shivery	20%	20%	45%	15%	100%
David R. McHale	32%	20%	36%	12%	100%
Leon J. Olivier	32%	20%	36%	12%	100%
Gregory B. Butler	32%	20%	36%	12%	100%
James B. Robb	40%	20%	30%	10%	100%
NEO average, excluding CEO	34%	20%	34.5%	11.5%	100%

(1) The annual incentive compensation element and performance units under the long-term incentive compensation element are performance-based.

(2) Long-term incentive compensation at target consists of 75% performance units and 25% RSUs.

(3) RSUs vest over three years contingent upon continued employment.

**MARKET ANALYSIS**

The Compensation Committee strives to provide our executive officers with compensation opportunities over time at or above the median compensation levels for executive officers of companies comparable to us. The Committee determined executive officer TDC levels in two steps. First, the Committee determined the market values of executive officer compensation elements (base salaries, annual incentives and long-term incentives) as well as total compensation using compensation data obtained from other companies. The Committee reviewed compensation data obtained primarily from utility and general industry surveys and, secondarily, from a customized group of peer utility companies. The Committee then reviewed the compensation elements for each executive officer with respect to the median of these market values, and considered individual performance, experience and internal pay equity to determine the amount, if any, by which the various compensation elements should differ from median market values. Significantly, the Committee has not made an explicit commitment to compensate our executive officers through a firm and direct connection between the compensation paid by us and the compensation paid by any of the companies in the utility and general industry surveys or in the customized group of peer utilities.

Set forth below is a description of the sources of the compensation data used by the Compensation Committee when reviewing 2010 compensation:

**Utility and general industry survey data.** The Committee analyzed compensation information obtained from surveys of diverse groups of utility and general industry companies that represent our market for executive officer talent. The Committee used size-adjusted utility and general industry survey data to determine base salaries and incentive opportunities. Then the Committee compared utility-specific executive officer positions, including our Executive Vice President and Chief Operating Officer, to utility-specific market values. For executive officer positions that have counterparts in general industry, including our CEO; Executive Vice President and Chief Financial Officer; Senior Vice President and General Counsel; and Senior Vice President-Enterprise Planning and Development, the Committee averaged general industry comparisons with utility industry comparisons weighted equally, as both groups represent the talent market for these executive officers.

**Customized peer group data.** The Committee also evaluated compensation data obtained from reviews of proxy statements from our customized group of peer utility companies. Periodically, the Committee assesses the composition of our customized peer group to ensure that the number of

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companies is sufficient and the companies have reasonably similar revenues. The Committee reviewed the composition of our customized peer group in 2010 and compared the group against our size guidelines of revenues between approximately \$3 billion and \$12 billion. Keeping in mind the Compensation Committee's desire to maintain a consistent set of peer companies from year to year to avoid volatility in competitive compensation findings used for comparison across companies, the Committee maintained the same peer group for 2010 that it used in 2009. As a result, in support of executive pay decisions during 2010, our customized peer group consisted of utilities with annual revenues that ranged from \$1.7 billion to \$14 billion with median annual revenues of \$6.1 billion. We will continue to monitor their size to determine if they should be removed from the peer group in the future. The Committee considered data only for those executive officer positions where there is a title match, which in 2010 included the CEO, Chief Operating Officer, Chief Financial Officer, and General Counsel. For 2010, the peer group consisted of the following 20 companies:

Allegheny Energy, Inc.	Great Plains Energy Incorporated	Pinnacle West Capital Corporation
Alliant Energy Corporation	Integrus Energy Group Inc.	Progress Energy, Inc.
Ameren Corporation	NiSource Inc.	SCANA Corporation
CenterPoint Energy, Inc.	NSTAR	TECO Energy, Inc.
CMS Energy Corporation	NV Energy, Inc.	Wisconsin Energy Corporation
Consolidated Edison, Inc.	OGE Energy Corp.	Xcel Energy Inc.
DTE Energy Company	Pepco Holdings, Inc.	

The Committee used compensation data obtained from these companies for insights into incentive compensation design practices and compensation levels, although no specific actions were taken in 2010 directly as a result of this information. In 2010, the Committee also used this group for performance comparisons under the 2010–2012 Long-Term Incentive Program. The Committee periodically adjusts the target percentages of annual and long-term incentives based on the survey data to ensure that they continue to represent market median levels. Adjustments are made gradually over time to avoid radical changes.

The Compensation Committee also sets supplemental benefits at levels that provide market-based compensation opportunities to the executive officers. Compensation includes perquisites to the extent they serve business purposes. The Committee periodically reviews the general market for supplemental benefits and perquisites using utility and general industry survey data, sometimes including data obtained from companies in the customized peer group. Benefits are adjusted occasionally to help maintain market parity. When the market trend for supplemental benefits reflects a general reduction (*e.g.*, the elimination of defined benefit pension plans), the Committee has reduced these benefits only for newly hired officers. The Committee reviewed our supplemental retirement practices most recently in 2005 and 2006, as described in more detail below under the caption entitled Supplemental Benefits.

**BASE SALARY**

The Compensation Committee reviews executive officers' base salaries annually. The Committee considers the following specific factors when setting or adjusting base salaries:

Annual individual performance appraisals

Market pay movement across industries (determined through market analysis)

Targeted market pay positioning for each executive officer

Individual experience and years of service

Changes in corporate focus with respect to strategic importance of a position

Internal equity



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Individuals who are performing well in strategic positions are likely to have their base salaries increased more significantly than other individuals. From time-to-time, economic conditions and corporate performance have caused salary increases to be postponed. The Committee prefers to reflect subpar corporate performance through the variable pay components.

In 2010, given the continuing uncertainty in the capital markets and weakened economic conditions, the Committee determined to continue the base salary freeze for the NEOs, first implemented in 2009.

## **INCENTIVE COMPENSATION**

The annual incentive program and the long-term incentive program are provided under the Northeast Utilities Incentive Plan, which was approved by our shareholders at the 2007 Annual Meeting of Shareholders. The annual incentive program provides cash compensation intended to reward performance under our annual operating plans. The long-term incentive program is designed to reward demonstrated performance and leadership, motivate future superior performance, align the interests of the executive officers with those of our shareholders and retain the executive officers during the term of grants. The annual and long-term programs are intended to work in tandem so that achievement of our annual goals leads us towards attainment of our long-term financial goals. Similar to 2009, grants under the long-term incentive program consisted of three elements of compensation: RSUs, performance cash, and performance shares. For the 2010 – 2012 Long-Term Incentive Program, the grant value consisted of 25% RSUs, 37.5% performance shares, and 37.5% performance cash, reflecting the Committee's desire to balance the roles of total shareholder return and our corporate financial performance in our compensation programs.

Incentive grants are based on objective financial performance goals established by the Compensation Committee with the advice of the Finance Committee. The Compensation Committee sets the performance goals annually for new annual incentive and long-term incentive program performance periods, depending on our business focus for the then-current year and the long-term strategic plan.

## **2010 ANNUAL INCENTIVE PROGRAM**

The 2010 Annual Incentive Program consisted of a corporate goal plus individual goals for each NEO. The Compensation Committee set the annual incentive compensation targets for 2010 at 100% of base salary for our CEO and at 50% to 65% of base salary for the other NEOs. The annual incentive compensation targets are used as guidelines for the determination of annual incentive payments, but actual annual incentive payments may vary significantly from these targets, depending on individual and corporate performance. Actual annual incentive payments may equal up to two times target if we achieve superior financial and operational results. The opportunity to earn up to two times the incentive target reflects the Compensation Committee's belief that executive officers have significant ability to affect performance outcomes. However, we do not pay annual incentive awards if minimum levels of financial performance are not met. A total of 33 officers, including the NEOs, participated in the 2010 Annual Incentive Program.

### *2010 Corporate Goal*

The objective of the 2010 Annual Incentive Program corporate goal for the NEOs was to achieve an adjusted net income (ANI) target established by the Compensation Committee. ANI is defined as consolidated Northeast Utilities net income adjusted to exclude the effect of certain nonrecurring income and expense items or events. The Committee uses ANI because it believes that ANI serves as an indicator of ongoing operating performance. The minimum payout under the corporate goal was set at 50% of target and would have occurred if actual ANI had been 90% of the ANI target. The maximum payout under the corporate goal was set at 200% of target and would have occurred if actual ANI had been at least 110% of the ANI target.

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For 2010, the Compensation Committee established the ANI target at \$346.8 million. The ANI target reflects the midpoint of the range of internal ANI estimates calculated at the beginning of the year. The ANI thresholds for the individual and corporate goals appear below (dollars in millions):

Threshold For	Minimum		Maximum	
Individual Goals	Corporate Goal		Corporate Goal	Actual
(20% below	(10% below		(10% above	
ANI Target)	ANI Target)	2010 ANI Target	ANI Target)	2010 ANI
\$277.4	\$312.1	\$346.8	\$381.5	\$400.6

The Compensation Committee set the ANI threshold for achieving individual goals and the minimum and maximum corporate goals in its discretion based on the following factors:

An assessment of the potential volatility in results through an evaluation of critical elements of the strategic business plan, both individually and in combination with each other;

The degree of difficulty in achieving the ANI target; and

The minimum acceptable ANI.

At the time that the Compensation Committee established the performance goals for 2010, the Committee also considered and agreed upon exclusions from ANI consisting of certain nonrecurring income and expense items or events that were either beyond the control of management generally or related to a decision by the Committee not to penalize executive officers for making correct strategic business decisions. The Compensation Committee approved all final exclusions from ANI. In addition, using its discretion, the Compensation Committee excluded the positive effect on earnings that resulted from the delay of a planned asset transaction. The income and expense items set forth below were excluded from ANI in 2010.

Excluded Categories	Specific 2010 Adjustments (\$ in millions)
Changes to net income as the result of accounting or tax law changes	\$ (5.1)
Delay in planned asset transactions	1.8
Incremental NSTAR merger costs	(9.4)
<b>Net Adjustments:</b>	<b>\$ (12.7)</b>

*2010 Individual Goals*

The 2010 Annual Incentive Program individual goals included various financial, operational, stewardship, and strategic metrics that are drivers of overall corporate performance. The achievement of individual goals would result in an annual incentive payment only if actual ANI is at least 80% of the ANI target. Upon achieving this ANI threshold, the maximum payout is possible for individual goals for every participant.

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This 80% ANI threshold satisfies the requirements of Section 162(m) of the Internal Revenue Code. The Committee acts in its discretion under Section 162(m) and related Internal Revenue Service rules and regulations to ensure that incentive compensation payments are qualified performance based compensation not subject to the \$1 million limitation on deductibility.

The Compensation Committee acting jointly with the Corporate Governance Committee determines the CEO's proposed annual incentive program payment based on the extent to which individual and corporate goals have been achieved. The Compensation Committee recommends to the Board of Trustees for approval the proposed award for the CEO. For the remaining NEOs, the CEO recommends annual incentive awards to the Compensation Committee for its approval. NEOs are eligible to receive up to two times the annual incentive compensation target for the individual portion of the award.

**Table of Contents***Goal Weightings and Individual Goals for 2010*

The following table sets forth the weighting of the annual incentive program corporate goal and individual goals for each NEO for 2010. These weightings reflect the Compensation Committee's desire to balance individual accountability with teamwork across the organization. Individual goals for our NEOs range from 40% to 50% of the total annual incentive program target. Certain of our NEOs' individual performance goals are subjective in nature and cannot be measured either by reference to existing financial metrics or by using pre-determined mathematical formulas. The Committee believes that it is important to exercise judgment and discretion when determining the extent to which each NEO satisfies subjective individual performance goals. The Committee considers these goals along with several factors, including overall individual performance, corporate performance, prior year compensation and the other factors discussed below.

<b>Name and Principal</b>	<b>Corporate Goal</b>	<b>Individual Goal</b>	<b>Brief Description of Material Individual Goals</b>
<b>Position</b> Charles W. Shivery	<b>Weighting</b> 60%	<b>Weighting</b> 40%	<p>Ensure the effective execution of the Company's articulated 2010 operating and capital plans as approved. Special emphasis should be given to ensuring that operational leadership continues to transition to the appropriate level within the organization, through the use of well defined expectations and metrics. Implement the Company's new safety initiatives and make measurable improvement in safety related results (20% of individual goals).</p> <p>Ensure the effective execution of the Company's articulated strategic plan for 2010-2014. Continue to shape the implementation of energy policy in New England, consistent with the Company's strategic plan to benefit its customers (20% of individual goals).</p> <p>Identify a strategic vision and the associated opportunities that are in addition to the current transmission-centric strategy and ensure the appropriate organizational structure, resources and culture to position the Company for future success (20% of individual goals).</p> <p>Continue to embed sustainability into the Company's operations and relationships with its key stakeholders. Achieve improvement in the Company's reputation among its various stakeholders (10% of individual goals).</p> <p>Implement cultural changes necessary for the Company to succeed in an increasingly customer-centric environment. Continue to advance the Company's succession planning and leadership development program to improve the depth and breadth of leadership talent. Lead through tone and actions the Company's efforts to realize our vision to create an inclusive environment and a diverse workforce (10% of individual goals).</p>
Chairman of the Board, President, and Chief Executive Officer			

Assist the Committee on Succession Planning and the Board of Trustees to ensure the smooth implementation of the succession planning process and to provide a seamless transition of leadership for the Company and its stakeholders (20% of individual goals).

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<b>Name and Principal</b>	<b>Corporate Goal</b>	<b>Individual Goal</b>	<b>Brief Description of Material Individual Goals</b>
<b>Position</b> David R. McHale	<b>Weighting</b> 60%	<b>Weighting</b> 40%	Successfully execute operating plans: support the Company's strategy, 2010 operating plan, and competitive businesses, and improve effectiveness of shared services (40% of individual goals).
Executive Vice President and Chief Financial Officer			Provide critical subject matter and execution expertise to advance NU's strategy while ensuring integrity of the Company's financial position (20% of individual goals).
			Manage department budgets and expenditures; continue to execute internal customer focus strategy (15% of individual goals).
			Effectively communicate the Company's strategy and financial position to stakeholders, with particular emphasis on investors, and throughout the Company (15% of individual goals).
Leon J. Olivier	50%	50%	Achieve organization development goals: continue to ensure the effective organizational design of the finance and shared services organizations; manage for an inclusive environment and diverse workforce (10% of individual goals).
Executive Vice President and Chief Operating Officer			Advance the Company's strategic objectives (40% of individual goals).
			Achieve the Company's 2010 utility operating plans emphasizing execution, improvement, and operating company operational objectives (30% of individual goals).
			Work with the CEO and members of the executive team to build stakeholder confidence (10% of individual goals).
			Achieve 2010 Customer Experience goals and objectives (10% of individual goals).
			Implement planned safety initiatives and make measureable improvements in overall safety results; continue to build and maintain a diverse and quality workforce (10% of individual goals).

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Gregory B. Butler	50%	50%	Manage Legal Department to enable the Company to achieve its strategic plan and 2010 operating and capital financing objectives; provide leadership with respect to uncollectibles expense and HWP Company site remediation (30% of individual goals).
Senior Vice President and General Counsel			Develop Legislative, Regulatory, Legal, and Communications plans and provide expertise for the Company's strategic initiatives and emerging opportunities (30% of individual goals). Achieve successful outcomes in federal and state energy regulatory legislative proceedings; contribute to positioning Company as a leading regional and national expert on energy issues (25% of individual goals).
			Provide quality internal customer support; execute talent management and development plans; manage budget (15% of individual goals).

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<b>Name and Principal</b>	<b>Corporate Goal</b>	<b>Individual Goal</b>	
<b>Position</b>	<b>Weighting</b>	<b>Weighting</b>	<b>Brief Description of Material Individual Goals</b>
James B. Robb	50%	50%	Develop comprehensive energy productivity and renewable generation strategies that align Company objectives, shareholder aspirations, and customer needs; finalize key commitments established for the northern transmission opportunities (75% of individual goals).
Senior Vice			
President Enterprise Planning and Development, Northeast Utilities Service Company <i>2010 Results</i>			Continue to build the Company's reputation for sustainability and build on the Company's emerging reputation as a thought leader on energy issues; evolve the Company's thinking regarding key policy issues in the energy sector, including policies around electric vehicles (25% of individual goals).

The 2010 actual ANI was \$400.6 million, which exceeded the maximum ANI amount. As a result, a portion of the total annual incentive payment to each NEO was attributable to achieving the corporate goal at 200% of target. In addition, the 2010 actual ANI exceeded the individual goal threshold. Accordingly, the balance of the annual incentive payment to each NEO was based on the extent to which each NEO achieved his individual goals.

*CEO Annual Incentive Payment*

The Compensation Committee and the Corporate Governance Committee assessed Mr. Shivery's performance on his individual goals described in the table on page 36. The Committee determined that Mr. Shivery's execution of our long-term strategic plan as well as our 2010 operating and capital plans exceeded expectations. We delivered improved financial performance with strong control over costs, sound operations, strong distribution and generation results, and investments in our transmission and distribution infrastructure. While we began the year with a number of operational and economic uncertainties, we achieved fair and reasonable outcomes in multiple-year electric distribution rate cases, reached key milestones for the Northern Pass transmission project, secured key approvals to advance the New England East-West Solutions projects for improved interstate reliability, and achieved significant improvements in safety and Customer Experience. Mr. Shivery continued to improve the depth and breadth of our leadership talent and to advance the Company's succession planning programs. With Mr. Shivery's leadership, NU is well positioned for the future as we plan for the proposed merger with NSTAR.

Coupled with our overall corporate performance measured by ANI, the Compensation Committee members applied judgment to determine their recommendation for Mr. Shivery's annual incentive payment. Following a detailed review of these factors without Mr. Shivery present, the Board of Trustees awarded Mr. Shivery an annual incentive payment of \$1,987,200 for 2010, consisting of \$1,242,000 attributable to the achievement of 200% of the corporate goal and an additional \$745,200 attributable to Mr. Shivery's performance of his individual goals. The Board of Trustees determined that this annual incentive payment was consistent with Mr. Shivery's above-expectations performance based on corporate, financial and individual criteria established for 2010. Mr. Shivery's annual incentive payment exceeds that of the other NEOs because of his significantly greater duties and responsibilities as our CEO.



**Table of Contents***NEO Annual Incentive Payments*

In addition to our corporate ANI goal described above, the Compensation Committee considered individual performance goals and other factors in determining the annual incentive payments for each of the other NEOs. These factors included the annual incentive payment recommendations made by our CEO with respect to each of the other NEOs and the scope of such NEO's responsibilities, performance, and impact on or contribution to our corporate success and growth. The annual incentives paid to each of the other NEOs as described below include the corporate ANI goal component for 2010.

<b>Name and Principal Position</b>	<b>Annual Incentive Payment</b>	<b>2010 Accomplishments</b>
David R. McHale	\$ 608,517	The Compensation Committee determined that Mr. McHale and his organization successfully issued debt on favorable terms, maintaining and enhancing liquidity through a period of continued economic contraction. Mr. McHale and his team also achieved higher than expected margins from our competitive businesses. Mr. McHale and his organization provided critical subject matter expertise and financial, analytical and risk management support for our major strategic initiatives, allowing the Company to successfully pursue new opportunities, including the Northern Pass transmission project and the proposed merger with NSTAR.
Executive Vice President and Chief Financial Officer		
Leon J. Olivier	\$ 601,494	The Compensation Committee determined that Mr. Olivier and his team effectively executed our operating plan within a challenging economy. Accomplishments included attainment of milestones related to Northern Pass transmission project, NEEWS, Yankee Gas pipeline expansion initiatives, customer service enhancements, and effective completion of the year's capital program.
Executive Vice  President and Chief  Operating Officer		
Gregory B. Butler	\$ 458,320	The Compensation Committee determined that Mr. Butler and his team contributed significantly to our operational and strategic accomplishments by achieving fair and reasonable outcomes in various federal and state regulatory proceedings and by providing extensive support for various strategic initiatives, including the Northern Pass transmission project and the proposed merger with NSTAR. His team continued to position our Company as a leading regional and national expert on energy issues.
Senior Vice  President and General Counsel		
James B. Robb	\$ 339,000	The Compensation Committee determined that Mr. Robb and his team were instrumental in finalizing and executing agreements on the Northern Pass transmission project. Mr. Robb and his team have continued to develop smart grid and electric vehicle strategies to better meet our customers' needs and improve the efficiency of our operations.
Senior Vice President Enterprise Planning and Development		

**LONG-TERM INCENTIVE PROGRAMS**

*General*

Under our Long-Term Incentive Programs, the Compensation Committee acting jointly with the Corporate Governance Committee recommends to the Board of Trustees a long-term incentive target grant value for our CEO as a percentage of base salary on the date of grant. This

recommendation i