NORTHEAST UTILITIES
Form DEF 14A
September 20, 2012
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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 x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Northeast Utilities

(Name of Registrant as Specified In Its Charter)

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

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x No fee required.

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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2012 ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholder:

On behalf of the Board of Trustees and the management of Northeast Utilities, it is our pleasure to invite you to attend the Special Meeting of Shareholders in lieu of the 2012 Annual Meeting of Shareholders of Northeast Utilities to be held on Wednesday, October 31, 2012, at 2:00 p.m., at the Sheraton Springfield Monarch Place Hotel, One Monarch Place, Springfield, Massachusetts 01144.

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 2012 proxy statement includes Appendix B, our 2011 Annual Report, which includes the audited 2011 financial statements of Northeast Utilities and the management s discussion and analysis of financial condition and results of operations. Our meeting agenda will also include a discussion of the operations of the Northeast Utilities system companies and an opportunity for questions.

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 many of our shareholders over the Internet. This process expedites the delivery of proxy materials and allows materials to remain easily accessible to our shareholders.

On September 20, 2012, 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 2012 proxy statement, which includes our 2011 Annual Report as an appendix, 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 2012 proxy statement and 2011 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 also 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, we thank you for your continued support of Northeast Utilities.

Very truly yours,

Charles W. Shivery
Chairman of the Board

Thomas J. May
President and Chief Executive Officer

September 20, 2012

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held on October 31, 2012

To the Shareholders of Northeast Utilities:

Notice is hereby given that the Special Meeting of Shareholders in lieu of the Annual Meeting of Shareholders of Northeast Utilities (NU or the Company) will be held on Wednesday, October 31, 2012, at 2:00 p.m., at the Sheraton Springfield Monarch Place Hotel, One Monarch Place, Springfield, Massachusetts 01144, for the following purposes:

1. To elect fourteen 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 re-approve the material terms of performance goals under the 2009 Northeast Utilities Incentive Plan as required by Section 162(m) of the Internal Revenue Code; and

4. To ratify the selection of Deloitte & Touche LLP as independent registered public accountants for 2012.

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 September 4, 2012 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.

Under New York Stock Exchange rules, if your shares are held in a brokerage account, and if you have not provided directions to your broker, your broker will NOT be able to vote your shares with respect to the election of Trustees, the advisory proposal on executive compensation and the proposal to re-approve the material terms of performance goals under the Incentive Plan. 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,
Gregory B. Butler
Senior Vice President, General Counsel and Secretary

Boston, Massachusetts

Hartford, Connecticut

September 20, 2012

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. 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 proxy card. 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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Appendix B - 2011 Annual Report

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PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

October 31, 2012

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 Special Meeting in lieu of the Annual Meeting of Shareholders (the Annual Meeting) to be held on Wednesday, October 31, 2012, at 2:00 p.m., at the Sheraton Springfield Monarch Place Hotel, One Monarch Place, Springfield, Massachusetts 01144.

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 fewer than 1,000 common shares and have made available to these shareholders our proxy materials, which include our 2012 proxy statement and our 2011 Annual Report as Appendix B, 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 September 20, 2012.

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), the proposal to re-approve the material terms of performance goals under the 2009 Northeast Utilities Incentive Plan (Proposal 3) and the proposal to ratify the selection of Deloitte & Touche LLP as our independent registered public accountants (Proposal 4), you may vote for or against the proposals, or you may abstain from voting on the proposals.

If you vote using the Internet, by telephone or by mailing a proxy card without any instructions, the proxies will vote your common 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 SEC; FOR the proposal to re-approve the material terms of performance goals under the 2009 Northeast Utilities Incentive Plan; and FOR the proposal to ratify the selection of Deloitte & Touche LLP as our independent registered public accountants. 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.

Only holders of common shares of record at the close of business on September 4, 2012 (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

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51,958 holders of record and 313,842,387 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.

The principal office of Northeast Utilities is located at One Federal Street, Building 111-4, Springfield, Massachusetts 01105. The general offices of Northeast Utilities are located at 800 Boylston Street, Boston, Massachusetts 02199 and 56 Prospect Street, Hartford, Connecticut 06103-2818. This proxy statement, which includes our annual report as an appendix, and the accompanying proxy card, are being mailed to shareholders commencing on or about September 20, 2012.

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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 14 nominees to our Board of Trustees. At the recommendation of the Corporate Governance Committee, the Board of Trustees has nominated 14 persons for election as Trustees, each of whom is currently serving as a Trustee. Seven of the nominees were elected as Trustees at our 2011 Annual Meeting of Shareholders. The remaining seven nominees were designated to serve on our Board by NSTAR and were elected by the Northeast Utilities Board in accordance with the Agreement and Plan of Merger by and among Northeast Utilities, NU Holding Energy 1 LLC, NU Holding Energy 2 LLC and NSTAR. The merger of Northeast Utilities and NSTAR closed on April 10, 2012. For more information on each nominee, please turn to Election of Trustees beginning on page 8.

You are being asked to vote on one non-binding advisory proposal. This 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 SEC, including the compensation discussion and analysis, compensation tables and any related material disclosed in this proxy statement. For more information on this advisory proposal, please turn to Advisory Vote on Executive Compensation beginning on page 79.

You are also being asked to re-approve the material terms of performance goals under the 2009 Northeast Utilities Incentive Plan as required by Section 162(m) of the Internal Revenue Code. For more information on the material provisions of the Northeast Utilities Incentive Plan, please turn to page 81. The Plan, as amended in 2009, is attached to this proxy statement as Appendix A.

Finally, you are being asked to ratify the selection of Deloitte & Touche LLP as Northeast Utilities independent registered public accountants for 2012. For more information on this selection, please turn to Ratification of the Selection of Independent Registered Public Accountants beginning on page 84.

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, September 4, 2012. 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, 313,842,387 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 October 30, 2012. You may access this proxy statement and related materials by going to www.envisionreports.com/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) October 30, 2012.

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 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. I HAVE NOT YET EXCHANGED MY NSTAR COMMON SHARE CERTIFICATES FOR NU COMMON SHARES. AM I ENTITLED TO VOTE?

A. Yes. However, you will not receive dividends on your NU common shares until your NSTAR common shares are exchanged, so we urge you to complete the exchange promptly.

Q: AS A PARTICIPANT IN THE NORTHEAST UTILITIES SERVICE COMPANY 401K PLAN OR THE NSTAR SAVINGS 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 or the NSTAR Savings Plan, you can vote the common shares held in your plan account by completing, signing and dating a proxy card and returning it in the enclosed postage-paid envelope or through the Internet or by telephone as instructed on the proxy card. 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 11:59 p.m. on October 28, 2012, the common shares in your Northeast Utilities Service Company 401K Plan account or NSTAR Savings Plan account, as the case may be, will be voted by each plan trustee in the same proportion as the votes cast by participants in each plan.

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.

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Q: HOW MANY VOTES ARE NEEDED TO RE-APPROVE THE MATERIAL TERMS OF PERFORMANCE GOALS UNDER THE 2009 NORTHEAST UTILITIES INCENTIVE PLAN?

A: The affirmative vote of a majority of the votes cast at the Annual Meeting is required to re-approve the material terms of performance goals under the 2009 Northeast Utilities Incentive Plan.

Q. HOW MANY VOTES ARE NEEDED TO APPROVE THE RATIFICATION OF DELOITTE & TOUCHE LLP AS NORTHEAST UTILITIES INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS FOR THE YEAR ENDING DECEMBER 31, 2012?

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 registered public accountants for the year ending December 31, 2012.

Q: HOW DOES THE BOARD RECOMMEND THAT I VOTE?

A: The Board recommends that you vote as follows:

FOR the election of each Trustee nominee (Proposal 1);

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 SEC (Proposal 2);

FOR the proposal to re-approve the material terms of performance goals under the 2009 Northeast Utilities Incentive Plan (Proposal 3); and

FOR the proposal to ratify the selection of Deloitte & Touche LLP as our independent registered public accountants (Proposal 4).

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 proposal on Say-on-Pay, the proposal to re-approve the material terms of performance goals under the 2009 Northeast Utilities Incentive Plan, 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 Computershare Investor 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; and the proposal to re-approve the material terms of performance goals under the 2009 Northeast Utilities Incentive Plan. Accordingly, 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 registered public accountants without instructions; therefore, broker non-votes are not expected for Proposal 4.

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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 Computershare Investor Services. If you have any questions concerning common shares you hold in your name, including address changes, name changes, requests to transfer shares and similar issues, you may contact Computershare Trust Company, N.A. by mail at P. O. Box 43078, Providence, Rhode Island 02940-3078, by telephone at (800) 999-7269 or on the Internet at www.computershare.com.

Q: HOW CAN I CHANGE MY VOTE?

A: Your presence at the Annual Meeting will not automatically revoke your proxy. You may, however, revoke a 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 Richard J. Morrison, Assistant 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 October 30, 2012; or

- Attending the Annual Meeting and voting in person.

If you are a participant in either the Northeast Utilities Service Company 401K Plan or the NSTAR Savings Plan, you can revoke your proxy card and change your vote by re-voting on the Internet or by telephone until 11:59 p.m. (EDT) on October 28, 2012.

Q: WHEN IS THE DEADLINE FOR SUBMITTING SHAREHOLDER PROPOSALS FOR THE 2013 ANNUAL MEETING OF SHAREHOLDERS?

A: Northeast Utilities has traditionally held its Annual Meeting of Shareholders in early May of each year. However, because the merger with NSTAR closed on April 10, 2012, the 2012 Annual Meeting was rescheduled to October 31, 2012 in order to provide the former shareholders of NSTAR with sufficient time to exchange certificates representing NSTAR common shares for common shares of Northeast Utilities. For 2013, Northeast Utilities decided to return to its traditional annual meeting date, and has tentatively scheduled the 2013 Annual Meeting of Shareholders for May 1, 2013. This date is more than thirty days prior to the anniversary date of the 2012 Annual Meeting of Shareholders. We currently expect to mail definitive proxy materials to shareholders on or about March 22, 2013.

Accordingly, you may submit proposals for consideration at the 2013 Annual Meeting of Shareholders, including Trustee nominations, in accordance with the following provisions:

To include a proposal in our proxy statement for the 2013 Annual Meeting of Shareholders, your proposal must be received by the Corporate Secretary s office no later than November 21, 2012, and must satisfy the

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conditions established by the SEC. Written notice of proposals of shareholders to be considered at the 2013 Annual Meeting without inclusion in next year s proxy statement must be received on or before February 5, 2013. If a notice is received after February 5, 2013, 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. Northeast Utilities considers these dates to be reasonable deadlines for submission of proposals before we begin to print and mail our proxy materials for the 2013 Annual Meeting of Shareholders. Proposals should be addressed to: Richard J. Morrison, Assistant 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 telephone or electronic mail, by officers or employees of Northeast Utilities or its affiliates, Northeast Utilities Service Company and NSTAR Electric & Gas Corporation, neither of whom will be specially compensated for such activities, and by employees of Computershare Investor Services, our Transfer Agent and Registrar. We have also retained AST Phoenix Advisors, a professional proxy soliciting firm, to assist in the solicitation of proxies for a fee of $6,500, plus reimbursement of certain out-of-pocket expenses. We also will request persons, firms and other companies holding common shares in their names or in the name of their nominees, which are beneficially owned by others as of September 4, 2012, 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, which includes our 2011 Annual Report as an appendix, is available on our website at 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 cost of producing and mailing these documents by visiting www.computershare.com/investor and following the instructions. You will need to login to your account or create a login 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, bank or nominee.

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 September 4, 2012 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, 2011 as Appendix B to this proxy statement. If you would like a copy of our Annual Report on Form 10-K filed with the SEC, you can access it on our website at www.nu.com/investors/reports/sec.asp or you may request it from the Corporate Secretary s office at the following address and we will send it to you free of charge:

Richard J. Morrison
Assistant Secretary
Northeast Utilities
Post Office Box 270
Hartford, Connecticut 06141-0270

Important Notice Regarding the Availability of Proxy Materials for the

Northeast Utilities Annual Meeting of Shareholders to be held on October 31, 2012:

This proxy statement, which includes the 2011 Annual Report as an appendix, is also available free of charge at the following website: www.edocumentview.com/NU.

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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 14 Trustees, only one of whom, Thomas J. May, our President and Chief Executive Officer, is a member of management.

On April 10, 2012, Northeast Utilities completed its merger transaction with NSTAR (the Merger). Pursuant to the Agreement and Plan of Merger (the Merger Agreement) entered into by Northeast Utilities and NSTAR in October 2010, upon completion of the Merger, the Northeast Utilities Board was comprised of 14 Trustees, seven of whom were designated by Northeast Utilities (including Charles W. Shivery, who was serving as the Chairman, President and Chief Executive Officer of Northeast Utilities) and seven of whom were designated by NSTAR (including Thomas J. May, who was serving as the Chairman, President and Chief Executive Officer of NSTAR). Accordingly, the Northeast Utilities Board elected the following individuals designated by NSTAR (the NSTAR Designees) to the Northeast Utilities Board effective upon the completion of the Merger: James S. DiStasio, Francis A. Doyle, Charles K. Gifford, Paul A. La Camera, Thomas J. May, William C. Van Faasen and Frederica M. Williams.

In addition, Richard H. Booth, John S. Clarkeson, Cotton M. Cleveland, Sanford Cloud, Jr., Kenneth R. Leibler, Charles W. Shivery and Dennis R. Wraase, each a Trustee of Northeast Utilities, were designated by the Northeast Utilities Board to continue to serve on the Board (the Northeast Utilities Designees). The Northeast Utilities Designees were elected as Trustees of Northeast Utilities at our 2011 Annual Meeting of Shareholders. Effective upon completion of the Merger, John G. Graham, Elizabeth T. Kennan, Robert E. Patricelli and John F. Swope, each of whom had also been elected as a Trustee in 2011, retired as a Trustee of Northeast Utilities and from all committees of the Board on which each of them served.

As a result, upon the closing of the Merger the Board of Trustees consists of: Richard H. Booth, John S. Clarkeson, Cotton M. Cleveland, Sanford Cloud, Jr., James S. DiStasio, Francis A. Doyle, Charles K. Gifford, Paul A. La Camera, Kenneth R. Leibler, Thomas J. May, Charles W. Shivery, William C. Van Faasen, Frederica M. Williams and Dennis R. Wraase. The Lead Trustee of the Company is Mr. Cloud; the Chairman of the Board is Mr. Shivery; and the President and Chief Executive Officer is Mr. May.

All 14 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. Unless you specify otherwise, the enclosed proxy will be voted to elect the 14 nominees named on pages 9-15 as Trustees.

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 14 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 a 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, 65

Trustee since 2001.

Since July 2009, Mr. Booth has served as Vice Chairman of Guy Carpenter & Company, LLC, a global reinsurance intermediary and 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. Mr. Booth is currently a member of the boards of Sun Life Financial Inc., WorldBusiness Capital LLC, the Florence Griswold Museum (Emeritus) 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 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, 69

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. He is a director of the Cabot Corporation, a director of the National Bureau of Economic Research, a former 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 Chief Executive Officer of The Boston Consulting Group, as well as his service as a director of Cabot Corporation, where he chairs the Corporate Governance and Nominating 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, 60

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, and was the founding Executive Director of the state-wide Leadership New Hampshire program. 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 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. She is a certified and practicing Court Appointed Special Advocate for abused and neglected children.

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., 67

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 served as past President and Chief Executive Officer of the National Conference for Community and Justice from 1994 to 2004, was 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. 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., and Chairman of The Connecticut Health Foundation and the University of Connecticut 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 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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JAMES S. DISTASIO, 65

Trustee since 2012.

Mr. DiStasio served as Senior Vice Chairman and Americas Chief Operating Officer at Ernst & Young, a registered public accounting firm, from 2003 until his retirement in 2007. Mr. DiStasio joined Ernst & Young in 1969 and became a partner in 1977. He has served as a director of EMC Corporation since 2010. He served as a trustee of NSTAR from 2009 until the closing of the NSTAR merger. He previously served as a director of the United Way of Massachusetts Bay and Merrimack Valley and as a trustee of each of Catholic Charities of Boston, the Boston Public Library Foundation and the Wang Center for the Performing Arts. Mr. DiStasio received a bachelor s degree in Accounting from the University of Illinois at Chicago.

Mr. DiStasio has significant experience overseeing the accounting and financial reporting processes of major public companies, derived from his service as a senior executive at one of the largest public accounting firms in the world. In his position of Senior Vice Chairman and Americas Chief Operating Officer, Mr. DiStasio also acquired important management and leadership skills that provide additional value and support to the Board. Based on his skills and experience, the Board of Trustees determined that Mr. DiStasio should continue to serve as a Trustee.

FRANCIS A. DOYLE, 64

Trustee since 2012.

Since 2001, Mr. Doyle has served as President and Chief Executive Officer of Connell Limited Partnership, whose businesses produce metal components and related supplies for the automotive, power, mining, appliance, office and farm equipment industries. From 1972 to 2001, he was Vice Chairman of PricewaterhouseCoopers LLP, where he was Global Technology and E-Business Leader and a member of the firm s Global Leadership Team. Mr. Doyle became a Trustee at the closing of the NSTAR merger. He has served as a director and Chairman of the audit committee and a member of the executive committee of each of Tempur-Pedic International, Inc. and Liberty Mutual Holding Company, Inc. since 2003. In the past five years, Mr. Doyle has served as a director of Citizens Financial Group, where he was a member of the executive committee and chaired the compensation committee, as a trustee of the Joslin Diabetes Center, where he chaired the finance committee, and as a trustee of Boston College. Mr. Doyle is a certified public accountant and holds a B.S. degree and an M.B.A. degree from Boston College.

Mr. Doyle has significant financial accounting and financial reporting experience and an in-depth understanding of finance and capital markets through his years at PricewaterhouseCoopers LLP. He also has extensive senior management experience as the President and Chief Executive Officer of a global manufacturer. Mr. Doyle has served on the board of directors of numerous companies. Based on his qualifications and experience, the Board of Trustees determined that Mr. Doyle should continue to serve as a Trustee.

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CHARLES K. GIFFORD, 69

Trustee since 2012.

Mr. Gifford has served as the Chairman Emeritus of Bank of America Corporation, a bank holding company, since his retirement as Chairman in 2005. He has served as a director of CBS Corporation since 2006. Since 2007, Mr. Gifford has served as a director of NYSE Group Trust I, established as part of the creation of NYSE Euronext and charged with remedying certain significant and unforeseen effects in the application of U.S. or European regulation and legislation on markets operated by NYSE Euronext subsidiaries. He served as a trustee of NSTAR from 1999 until the closing of the NSTAR Merger. He is the chairman of the Boston Plan for Excellence in the Public Schools and was the founding chairman of the United Way of Massachusetts Bay s Success By 6 initiative. He is a trustee of Northeastern University and serves on the boards of several nonprofit organizations, including the Massachusetts General Hospital and Partners HealthCare System, Inc. He is an honorary director of the Greater Boston Chamber of Commerce. Mr. Gifford received a B.A. from Princeton University.

Mr. Gifford, through a career overseeing large complex financial institutions in the banking industry, brings important business and financial expertise to the Board in its deliberations on complex transactions and other financial matters. In addition, his breadth of director experience, which includes his service on executive, executive personnel, credit, governance and nominating, and audit committees, as well as his service as Lead Trustee of NSTAR, provides valuable contributions to the Board in implementing good corporate governance. Based on his qualifications and experience, the Board of Trustees determined that Mr. Gifford should continue to serve as a Trustee.

PAUL A. LA CAMERA, 69

Trustee since 2012.

Mr. La Camera has served as the Administrator of Public Radio for WBUR, the National Public Radio news station in Boston, since 2011. Previously Mr. La Camera served as General Manager of WBUR from 2005 until 2010 and as the President and General Manager of WCVB-TV Channel 5 Boston from 1993 to 2005. He served as a trustee of NSTAR from 1999 until the closing of the NSTAR merger. He serves on the board of the Boston Foundation and as a trustee of the Boston Public Library. Mr. La Camera is a graduate of the College of Holy Cross, where he served as a trustee for eight years. He received Masters Degrees in Journalism and Urban Studies from Boston University and an M.B.A. from Boston College.

Mr. La Camera served for more than 30 years as an executive in the local television and radio broadcast industry. In addition to his experience in operating regulated broadcast businesses and the important perspective that his career in broadcast journalism provides, Mr. La Camera brings extensive organizational and leadership skills to the Board, along with his link to the NSTAR customer community through his substantial non-profit board service. Based on his qualifications and experience, the Board of Trustees determined that Mr. La Camera should continue to serve as a Trustee.

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KENNETH R. LEIBLER, 63

Trustee since 2006.

Mr. Leibler has served as a trustee of The Putnam Mutual Funds since 2006, 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. 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. He also served as a director of The Ruder Finn Group from 2005 to 2010. 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 Chief Executive Officer 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 recently became chair of the Audit and Compliance Committee and serves on the pricing, 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.

THOMAS J. MAY, 65

Trustee since 2012.

Mr. May has served as President and Chief Executive Officer and a Trustee of Northeast Utilities since the closing of the NSTAR merger in April, 2012. He has also served as the Chairman and a director of each of The Connecticut Light and Power Company, Public Service Company of New Hampshire, Western Massachusetts Electric Company and Yankee Gas Services Company since the closing of the merger. Previously, Mr. May served as Chairman, President and Chief Executive Officer and a trustee of NSTAR until the closing of the merger. He served as Chairman, Chief Executive Officer and a trustee from the creation of NSTAR in 1999, was elected President in 2002 and has served as a director of NSTAR Electric Company and NSTAR Gas Company since 1999. Mr. May has served as a director of Bank of America Corporation since 2004 and a director of Liberty Mutual Holding Company, Inc. since 2002. He is Chair of the Board of Trustees of Stonehill College, is a member of the Executive Committee of the Board of Directors of the Boston Chamber of Commerce, is a member of the Board of Trustees of Dana Farber Cancer Institute and a board member of the John F. Kennedy Library Foundation. Mr. May received a bachelor s degree in business administration from Stonehill College and a M.S. in Finance from Bentley College. He is also a graduate of the Harvard Business School s Advanced Management Program.

Mr. May is the President and Chief Executive Officer of the Company. His extensive experience in the energy industry and diverse financial, operations and management skills provide the necessary background to lead the Company. Mr. May represents management on the Board as the sole management Trustee. Based on these skills and experiences, the Board of Trustees determined that Mr. May should continue to serve as a Trustee.

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CHARLES W. SHIVERY, 67

Trustee since 2004.

Mr. Shivery has been Chairman of the Board of Trustees since the closing of the NSTAR merger. Previously, Mr. Shivery served as the Chairman, President and Chief Executive Officer of Northeast Utilities from March 29, 2004 until the closing of the NSTAR merger. He served as interim President of Northeast Utilities beginning in January 2004. Mr. Shivery served as 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 from January 19, 2007 until the closing of the NSTAR merger. In 2002, Mr. Shivery retired from Constellation Energy Group, Inc., 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 Children s Medical Center, The Bushnell, and the Edison Electric Institute. He is the Chairman of the Metro Hartford Alliance, Inc. and the Connecticut Science 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 Energy and Northeast Utilities. Based on his extensive experience and qualifications, the Board of Trustees determined that Mr. Shivery should continue to serve as a Trustee.

WILLIAM C. VAN FAASEN, 64

Trustee since 2012.

Mr. Van Faasen served as Chief Executive Officer of Blue Cross Blue Shield of Massachusetts, Inc. (BCBSMA), a health care services provider, from 1992 until his retirement in 2007. He is currently Chairman of BCBSMA and also served as interim Chief Executive Officer in 2010. He has served as a director of Liberty Mutual Holding Company, Inc. since 2002 and served as a director of IMS Health, Inc. from 1996 to 2010. He also served as a director of PolyMedica Corporation from 2005 to 2008. Mr. Van Faasen served as a trustee of NSTAR from 2002 until the completion of the NSTAR merger. He is an honorary director of the Greater Boston Chamber of Commerce and previously served as a director of the United Way of Massachusetts Bay and Merrimack Valley. Mr. Van Faasen received a B.A. from Hope College and an M.B.A. from Michigan State University.

Mr. Van Faasen brings to the Board extensive management, leadership, and financial experience as a result of leading a large company in a regulated industry. He also brings in-depth experience and insight as a director of several public companies, including service as a lead director. Based on his qualifications and experience, the Board of Trustees determined that Mr. Van Faasen should continue to serve as a Trustee.

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FREDERICA M. WILLIAMS, 54

Trustee since 2012.

Ms. Williams has served as the President and Chief Executive Officer of Whittier Street Health Center in Boston, an urban community health care facility serving residents of Boston and surrounding communities, since 2002. Prior to joining Whittier, she served as the Senior Vice President of Administration and Finance and Chief Financial Officer of the Dimock Center, a large health care and human services facility in Boston. She was elected as a trustee of NSTAR in March 2012 and served as a trustee until the completion of the NSTAR merger. Ms. Williams is a member of the Board of Trustees of Dana Farber Cancer Institute, the Massachusetts League of Community Health Centers and Boston Health Net. She also serves on several advisory boards, including the Global Health/International Health Initiative and the African Health Foundation. Ms. Williams attended the London School of Accountancy, passed the examinations of the Institute of Chartered Secretaries and Financial Administrators, (United Kingdom) (ICSA) and of the Institute of Administrative Management (United Kingdom), with distinction, and was elected a Fellow of the ICSA in 2000. She obtained a graduate certificate in Administration and Management from the Harvard University Extension School and an M.B.A. with a concentration in Finance from Anna Maria College in Paxton, Massachusetts.

Ms. Williams has more than 20 years of experience in a heavily regulated industry and has served as the President and Chief Executive Officer of Whittier Street Health Center, a national model for providing equitable access to high quality and cost effective health care, for more than ten years. She also has significant experience serving on numerous boards and advisory boards. Based on her qualifications and experience, the Board of Trustees determined that Ms. Williams should continue to serve as a Trustee.

DENNIS R. WRAASE, 68

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. PHI is an energy delivery company in the mid Atlantic region. 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 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 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 Vice Chairman 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 PHI. 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 is also 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

The Merger Agreement contained specific provisions addressing the Board s structure and the corporate governance of Northeast Utilities after the completion of the Merger. Our current leadership structure consists of a non-executive Chairman of the Board, a President and Chief Executive Officer, and a Lead Trustee. Pursuant to the Merger Agreement, upon the completion of the Merger on April 10, 2012, Charles W. Shivery became the Company s non-executive Chairman of the Board and Thomas J. May became the Company s President and Chief Executive Officer. In accordance with the Merger Agreement, Mr. Shivery will continue to serve as non-executive Chairman of the Board until October 10, 2013. Also in accordance with the Merger Agreement, at the time that Mr. Shivery ceases to serve as our non-executive Chairman of the Board, the Board will appoint Mr. May as Chairman of the Board.

Effective upon completion of the merger, there were five committees of the Board of Trustees: Audit, Compensation, Corporate Governance, Executive and Finance. Each of these committees consists of an equal number of Northeast Utilities Designees and NSTAR Designees, respectively. The chairs of the Audit and Corporate Governance Committees have been designated by Northeast Utilities, and the chairs of the Compensation and Finance Committees have been designated by NSTAR. In addition, Northeast Utilities has designated the Lead Trustee.

As described in the Merger Agreement, the roles and responsibilities of the non-executive Chairman and the Lead Trustee are as follows:

Chairman: The Chairman of the Board shall:

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

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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, including oversight of 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 designed to allow 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 identifies emerging risks as well as risks that are rare and difficult to predict, but which, if they were to occur, would have a significant impact on the Company. The findings of the ERM process are reported periodically to the Finance Committee.

The Board of Trustees and the Finance Committee annually review the Company s comprehensive operating and strategic plans. The 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 periodically to the Finance Committee. Enterprise strategic risks are identified and presented to the Board of Trustees during development of the three-year strategic plans. Detailed risk mitigation plans are updated periodically and presented to the Finance Committee.

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 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 31.

Board Committees and Responsibilities

During 2011, the Board of Trustees of Northeast Utilities had six standing committees: Audit, Compensation, Corporate Responsibility, Corporate Governance, Executive and Finance, each of which consisted of members appointed by the Trustees upon the recommendation of the Corporate Governance Committee. None of the committee members in 2011 was employed by Northeast Utilities or its subsidiaries except for Mr. Shivery, who served as Chairman of the Board, President and Chief Executive Officer and who was a member of the Executive Committee. The Corporate Governance Committee performed the functions of a nominating committee.

In accordance with the Merger Agreement, following the completion of the Merger, the Board of Trustees has five standing committees: Audit, Compensation, Corporate Governance, Executive and Finance, each of which consists of an equal number of Northeast Utilities Designees and NSTAR Designees, respectively. The

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Board has adopted a written charter for each standing committee 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 functions of these committees are described in the paragraphs following the table.

The table below shows the committee membership:

Board Committees

Trustee	Audit	Compensation	Corporate Governance	Executive	Finance
Richard H. Booth	C			M	M
John S. Clarkeson	M	M			
Cotton M. Cleveland			M		M
Sanford Cloud, Jr. *		M	C	M	
James S. DiStasio		M		M	C
Francis A. Doyle			M		M
Charles K. Gifford		C	M	M	
Paul A. La Camera	M		M		
Kenneth R. Leibler	M				M
Thomas J. May				M	
Charles W. Shivery				C	
William C. Van Faasen	M	M			
Frederica M. Williams	M				M
Dennis R. Wraase		M	M		

C: Committee Chair
M: Committee Member
* Lead Trustee

Set forth below is a brief summary of the functions performed by the existing Board committees.

Audit Committee

The Audit Committee consists of Mr. Booth (Chair), Mr. Clarkeson, Mr. La Camera, Mr. Leibler, Mr. Van Faasen and Ms. Williams. The Audit Committee meets independently with the internal and independent registered public accountants 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 independent registered public accountants activities, procedures and recommendations to assist the Board in monitoring the integrity of our financial statements, the independent registered public accountants qualifications and independence, the performance of our internal audit function and independent registered public accountants, 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 registered public accountants and is directly responsible for their compensation and oversight of their work. Each member of the Audit Committee meets the financial literacy requirements of the New York Stock Exchange (NYSE) and the SEC. The Board has affirmatively determined that Messrs. Booth and Leibler are audit committee financial experts, as defined by the SEC. Each member of the Audit Committee meets the independence requirements of the NYSE, SEC and our Corporate Governance Guidelines. No member of the Audit Committee is employed by Northeast Utilities or its subsidiaries. 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. The Audit Committee met nine times during 2011.

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Compensation Committee

The Compensation Committee consists of Mr. Clarkeson, Mr. Cloud, Mr. DiStasio, Mr. Gifford (Chair), Mr. Van Faasen and Mr. Wraase. The Compensation Committee is responsible for the compensation and benefits programs for all executive officers of Northeast Utilities and has overall authority to establish and interpret our executive compensation programs. The Compensation Committee establishes and reviews our executive compensation strategy, 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.

The Compensation Committee reviews and approves corporate goals and objectives relevant to the Chief Executive Officer s compensation and, with the participation of the Lead Trustee and subject to the further review and approval of the independent Trustees, evaluates the performance of the Chief Executive Officer in light of those goals and objectives. The Compensation Committee establishes performance criteria for the Chief Executive Officer and approves the Chief Executive Officer s total compensation based on the annual evaluation, subject to further approval by the independent Trustees. In addition, in collaboration with the Chief Executive Officer, the Compensation Committee oversees the evaluation of those executive officers reporting directly to the Chief Executive Officer. The Compensation Committee engages in the succession planning process for the Chief Executive Officer and other officers.

The Compensation Committee retained Semler Brossy Consulting Group (Semler Brossy) to provide compensation consulting services from 2006 to 2012. Following the completion of the Merger, the Compensation Committee retained Pay Governance LLC to provide compensation consulting services. Pay Governance LLC has been engaged to perform work only for the Compensation Committee.

The Compensation Committee has delegated the negotiation of certain compensation arrangements and administration of the Compensation Committee s responsibilities to certain executive officers. The Compensation Committee has not delegated any of its responsibilities to any other persons. The Board has affirmatively determined that each member of the Compensation Committee meets the independence requirements of the NYSE and the SEC, and our Corporate Governance Guidelines. No member of the Compensation Committee is employed by Northeast Utilities or its subsidiaries. A copy of the Compensation Committee s charter is available on our website at www.nu.com/investors/corporate_gov/charter_compensation.asp. The Compensation Committee met 11 times during 2011. 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, Mr. Cloud (Chair), Mr. Doyle, Mr. Gifford, Mr. La Camera and Mr. Wraase. 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. 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 NYSE and the SEC, and under 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. The Corporate Governance Committee met 10 times during 2011.

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Executive Committee

The Executive Committee consists of Mr. Booth, Mr. Cloud, Mr. DiStasio, Mr. Gifford, Mr. May and Mr. Shivery (Chair). 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. The Executive Committee did not meet in 2011.

Finance Committee

The Finance Committee consists of Mr. Booth, Ms. Cleveland, Mr. DiStasio (Chair), Mr. Doyle, Mr. Leibler and Ms. Williams. 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 reviews the Company s plans and actions to assure liquidity; proposed financing programs; plans and recommendations regarding common share repurchase programs, early extinguishment and refunding of debt and preferred stock obligations; and other proposals to modify the Company s capital structure. 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. The Finance Committee met nine times during 2011.

Meetings of the Board and its Committees

In 2011, the Board of Trustees held 16 meetings, the independent Trustees held six meetings, and the Board, the independent Trustees and the committees of the Board held a total of 59 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 2011 in connection with the Merger with NSTAR. In 2011, each Trustee attended at least 95% 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 of the Trustees attended the Annual Meeting of Shareholders held on May 10, 2011. Our Trustees are expected to attend our Annual Meetings of Shareholders, but we do not have a formal policy addressing this subject.

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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 our 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 commenced its review of the Trustees in February 2012, which included its review of the seven Northeast Utilities Designees. Prior to the completion of the Merger with NSTAR, the Committee also reviewed each of the seven NSTAR Designees. The Committee 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 reviews 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 these reviews, the Committee advised the Board on February 14, 2012 with respect to the Northeast Utilities Designees, on April 9, 2012 with respect to the NSTAR Designees, and on July 17, 2012 with respect to all nominees for election as Trustees, 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. Many of our Trustees have served as chief executive officers and/or chief financial officers and 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 highly values policy-making level experience in, and understanding of, capital and financial markets, accounting and financial reporting, credit markets, and risk assessment.

Regulatory. Each of our utility subsidiaries is regulated in virtually all aspects of its business by various federal and state agencies, including the SEC, the Federal Energy Regulatory Commission, and various state and/or local regulatory authorities with jurisdiction over the industry and the service areas in which each subsidiary operates. Accordingly, the Board considers policy-making level experience in a heavily regulated industry to be important.

Education/Community and Charitable Organizations. The Board also supports and encourages educational opportunities, community involvement and development, and philanthropic goals and activities. The Northeast Utilities Foundation, Inc. was established in 1998 and the NSTAR Foundation in 1999 to focus on our community investments and to provide grants to our nonprofit community partners. Consistent with our business strategy and core values, the Foundations invest 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.

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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 Assistant Secretary at the mailing address set forth on page 7 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. The Corporate Governance Guidelines are available on our website at www.nu.com/investors/corporate_gov/guidelines.asp. 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.

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. In addition, prior to the completion of the Merger with NSTAR, the Committee reviewed the independence of the NSTAR Designees. 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 registered public accountants. The Committee determined that none of these relationships was material to the nominees for Trustee or likely to impair the independence of any of the nominees for Trustee.

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 Trustees and/or companies at which some of the Trustees were directors or executive officers. 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 and available to all similar customers of the utility. 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 Trustees or likely to impair the independence of any of the Trustees.

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On February 14, 2012, based on the recommendation of the Corporate Governance Committee following its review, the Board of Trustees affirmatively determined that each of the then-serving Trustees, including the Northeast Utilities Designees but excluding Mr. Shivery, who was then serving as 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 NYSE and the SEC, and under our Corporate Governance Guidelines. Similarly, on April 9, 2012, based on the recommendation of the Corporate Governance Committee following its review, the Board of Trustees affirmatively determined that each of the NSTAR Designees, excluding Mr. May, who became our Chief Executive Officer and President upon the completion of the Merger, 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 NYSE and the SEC, and under our Corporate Governance Guidelines. On July 17, 2012, based on the recommendation of the Corporate Governance Committee following its review, the Board of Trustees affirmatively determined that each nominee for election as a Trustee, excluding Messrs. May and Shivery, 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 NYSE and the SEC, 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 and our Standards of Business Conduct are available on our website at 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.

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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, Mr. Cloud, should send written communications in care of our Assistant Secretary at the mailing address set forth on page 7 of this proxy statement. The Assistant Secretary will review each communication and forward all communications that properly identify the sender to the intended recipient or recipients.

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
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	21,331,498(1)	6.80%(1)
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	16,347,567(2)	5.21%(2)
State Street Corporation State Street Financial Center One Lincoln Street Boston, MA 02111	15,890,795(3)	5.06%(3)

(1) Based on Schedules 13F-HR filed by BlackRock, Inc. and certain of its subsidiaries on August 13, 2012, reporting holdings as of June 30, 2012 by BlackRock, Inc.; BlackRock Financial Management, Inc.; BlackRock Investment Management (Australia) Limited; BlackRock Asset Management Australia Limited; BlackRock Asset Management Canada Limited; BlackRock Investments Canada, Inc.; BlackRock Advisors, LLC; BlackRock Capital Management, Inc.; BlackRock Fund Advisors; BlackRock Investment Management, LLC; BlackRock Fund Managers Limited; BlackRock Investment Management (UK) Limited; BlackRock (Netherlands) B.V.; BlackRock International Limited; BlackRock Asset Management Ireland Limited; BlackRock Advisors (UK) Limited; BlackRock Asset Management Deutschland AG; BlackRock (Luxembourg) S.A.; BlackRock Life Limited; BlackRock Institutional Trust Company, N.A.; and BlackRock Japan Co., Ltd.

(2) Based on a Schedule 13F-HR filed by The Vanguard Group, Inc. on August 13, 2012, reporting holdings as of June 30, 2012 by The Vanguard Group, Inc.; Vanguard Fiduciary Trust Company; and Vanguard Investments Australia Ltd.

(3) Based on a Schedule 13F-HR filed by State Street Corporation on August 14, 2012, reporting holdings as of June 30, 2012 by State Street Corporation; State Street Bank and Trust Company, SSgA Funds Management, Inc.; State Street Global Advisors LTD; State Street Global Advisors Ltd.; State Street Global Advisors, Australia; State Street Global Advisors (Japan) Co., Ltd.; State Street Global Advisors Asia LTD; and State Street Global Advisors France, S.A.

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COMMON SHARE OWNERSHIP OF TRUSTEES AND MANAGEMENT

The table below shows the number of our common shares beneficially owned as of September 4, 2012, by each of our Trustees and each 2011 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. The address for the shareholders listed below is c/o Northeast Utilities, One Federal Street, Building 111-4, Springfield, Massachusetts 01105.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)(2)	Percent of Class
Richard H. Booth	39,888	*
Gregory B. Butler	152,282(3)(4)(5)	*
John S. Clarkeson	16,934	*
Cotton M. Cleveland	43,750	*
Sanford Cloud, Jr.	42,713	*
James. S. DiStasio	9,277	*
Francis A. Doyle	5,857	*
Charles K. Gifford	48,701	*
Paul A. La Camera	36,328	*
Kenneth R. Leibler	20,177	*
Thomas J. May	2,853,235(4)(6)	*
David R. McHale	187,962(4)(5)(7)	*
Leon J. Olivier	183,410(4)(5)	*
James B. Robb	147,262(4)	*
Charles W. Shivery	786,852(4)(8)	*
William C. Van Faasen	27,621	*
Frederica M. Williams	2,456	*
Dennis R. Wraase	13,431(9)	*
All Trustees and Executive Officers as a group (22 persons)	5,413,304(10)	1.7%

* 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 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 who participate in our Deferred Compensation Plan for Executives, as follows: Mr. Booth: 38,438 shares; Mr. Butler: 102,241 shares; Mr. Clarkeson: 3,050 shares; Ms. Cleveland: 35,409 shares; Mr. Cloud: 16,372 shares; Mr. DiStasio: 9,277 shares; Mr. Doyle: 1,921 shares; Mr. Gifford: 42,508 shares; Mr. La Camera: 36,328 shares; Mr. Leibler: 3,050 shares; Mr. May: 980,061 shares (811,688 of which are deferred shares held in a rabbi trust that are voted by the trustee); Mr. McHale: 133,370 shares; Mr. Olivier: 121,920 shares; Mr. Robb: 144,068 shares; Mr. Shivery: 706,079 shares; Mr. Van Faasen: 27,621 shares; Ms. Williams: 2,456 shares; and Mr. Wraase: 9,431 shares.

(3) Includes 45,901 common shares owned jointly by Mr. Butler and his spouse with whom he shares voting and investment power.

(4) Includes common shares held in the Company s 401k Plans invested in employee stock ownership plan accounts over which the holder has sole voting and investment power (Mr. Butler: 3,681 shares; Mr. May: 60,675 shares; Mr. McHale: 4,413 shares; Mr. Olivier: 2,229 shares; Mr. Robb: 937 shares; and Mr. Shivery: 2,340 shares).

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(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: 458 shares; Mr. McHale: 1,993 shares; and Mr. Olivier: 197 shares).
(6) Includes 1,611,136 common shares issuable upon exercise of outstanding stock options exercisable within the 60-day period after September 4, 2012.
(7) Includes 117 common shares held by Mr. McHale in the 401k Plan TRASOP/PAYSOP account over which Mr. McHale has sole voting and investment power.
(8) Includes 1,500 common shares owned jointly by Mr. Shivery and his spouse with whom he shares voting and investment power.
(9) Includes 4,000 common shares owned jointly by Mr. Wraase and his spouse with whom he shares voting and investment power.
(10) Includes 1,880,315 common shares issuable upon exercise of outstanding stock options exercisable within the 60-day period after September 4, 2012, and 2,802,341 unissued common shares. See note 2. Also includes 982,872 deferred shares held in a rabbi trust that are voted by the trustee.

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INTRODUCTORY NOTE

We completed our Merger with NSTAR on April 10, 2012, creating New England s largest energy delivery system, serving approximately 3.5 million customers in Connecticut, Massachusetts and New Hampshire. As previously described, following the completion of the Merger with NSTAR, Mr. Shivery retired as President and Chief Executive Officer of the Company and was elected as Chairman of the Board of Trustees, and Mr. May became our President and Chief Executive Officer. We also consolidated the two management teams, and are well in the process of integrating many talented executives and employees from both Northeast Utilities and NSTAR into the combined Company.

As required by the rules and regulations of the SEC, the Compensation Discussion and Analysis that appears below describes in detail our compensation program as it existed in 2011, prior to the completion of the Merger. Additionally, the narrative was written as of February 22, 2012, approximately six weeks prior to the completion of the Merger, and filed with the SEC on February 24, 2012 in Part III of our Annual Report on Form 10-K. It provides information about compensation paid to or earned by our Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, and the three other most highly compensated executive officers other than the Chief Executive Officer and Chief Financial Officer, all of whom were serving as executive officers at the end of 2011. Information with respect to the 2012 compensation of Mr. May, James J. Judge, our Executive Vice President and Chief Financial Officer, and other current executive officers, including awards to be made for performance in 2012 under our compensation programs and plans, as well as under NSTAR s compensation programs and plans, will be disclosed in our 2013 proxy statement, which we expect to file in March of 2013.

Upon completion of the Merger with NSTAR on April 10, 2012, outstanding awards under our 2010 2012 Long-Term Incentive Program and our 2011 2013 Long-Term Incentive Program were finally determined and paid or converted, as the case may be, as described on page 45, below. In addition, certain executive officers who previously served as executive officers of NSTAR, including Mr. May and Mr. Judge, were participants in NSTAR s Long Term Incentive Plan, whose terms provide that stock compensation awards that were granted prior to October 16, 2010, the date of the Merger Agreement, vest upon the closing of the merger. Mr. Shivery s change in control severance benefits expired in 2011 when he reached age 65. Accordingly, Mr. Shivery did not receive any severance benefits as a result of the completion of the Merger. He will receive 76,406 common shares, conditioned upon his completion of service as Chairman of the Board of Trustees for a period of eighteen months following the date of the merger closing, as described in the Compensation Discussion and Analysis below.

COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY

Pay for Performance Philosophy

Our Compensation Committee follows a philosophy of linking our named executive officers compensation to performance that will ultimately benefit customers and shareholders. We use compensation programs to attract and retain the best executive talent and to motivate our executives to exceed specific financial and organizational goals set each year. We strive to provide executives with base salary, performance-based annual incentive compensation and long-term incentive compensation opportunities that are competitive with the market. 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, maintaining a strong balance sheet, system reliability and customer service.

The Compensation Committee makes annual compensation decisions in a thoughtful and deliberate way using data that our independent compensation consultant provides and through open discussion within the

Committee. The Compensation Committee periodically assesses the risks of our compensation programs and mitigates risks by:

- Rigorous analysis of goal setting in our incentive programs;
- Continuous monitoring of performance and risk;
- Imposing minimum performance thresholds and ceilings on incentive awards; and
- Providing discretion with respect to actual payouts.

In addition, our executives:

- Must comply with share ownership guidelines to more closely link their interests to those of shareholders;
- Are subject to clawback of incentive compensation under certain circumstances; and
- Are provided very few perquisites, all related primarily to business needs.

Alignment of Performance and Compensation

Our compensation philosophy, programs and practices support executive officers and employees as they work to meet and exceed both customer and shareholder expectations. The specific compensation programs that were in place during 2011 were approved during the first quarter of the year and were designed to retain key, talented executives during the continuing uncertainty in the capital markets and weakened economic conditions and incentivize them to create long-term value for customers and shareholders.

Pending Merger with NSTAR

During 2011, our shareholders approved the merger agreement for our pending merger with NSTAR and simultaneously approved an increase in the number of our common shares authorized for issuance. We also received approvals from a number of state and federal regulatory agencies and authorities. We have entered into settlement agreements with the Massachusetts Attorney General and the Massachusetts Department of Energy Resources (DOER) agreeing to certain conditions with respect to the merger, which agreements are subject to approval by the Massachusetts Department of Public Utilities (DPU) on April 4, 2012. We are also awaiting approval of the merger from the Connecticut Public Utilities Regulatory Authority (PURA). After the closing of the transaction, the Company will provide electric and natural gas energy delivery service to approximately 3.5 million electric and natural gas customers through six regulated electric and natural gas utilities in Connecticut, Massachusetts and New Hampshire.

The Compensation Committee faced unique challenges in 2011 related to executive retention and linking compensation of the executives to the interests of our shareholders as the transaction, first announced in October 2010, was pending during the entire year. The Committee acknowledged the critical importance of keeping the management team intact while the merger remained subject to closing conditions and regulatory approvals. In 2010, the Committee had approved a retention pool to be allocated to key employees to help ensure their continued dedication to the Company, both before and after completion of the merger, and to maintain a strong link between compensation and shareholder interests. In 2011, the Committee recommended, and the Board approved, a special grant of 76,406 restricted share units to Mr. Shivery, our Chairman, President and Chief Executive Officer, to recognize the critical role he has had and will play in the successful leadership of the Company through the close of the pending merger and as nonexecutive Chairman of the Board during the post-merger integration period.

During 2011, Mr. Shivery and the management team effectively pursued the federal and state regulatory approvals required to close the merger with NSTAR. At the end of 2011, only the approval of the DPU remained outstanding. However, in January 2012, the PURA revised its earlier decision concluding that it did not have jurisdiction to review the merger and determined that the Company and NSTAR must obtain approval from the

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PURA prior to completing the merger. As a result, approvals from the DPU and PURA are currently outstanding. Mr. Shivery worked closely with NSTAR s Chief Executive Officer, Thomas J. May, to provide guidance and oversight to the merger integration plan to ensure that the Company is positioned to function effectively immediately after the closing. Members of management from both companies continue to work together closely in merger integration teams tasked with identifying the best practices to be implemented by the Company after the closing.

Storm Responses in 2011

On August 28, 2011, Tropical Storm Irene caused extensive damage to the Company s electric distribution system. Approximately 800,000 of our 1.9 million electric distribution customers were without power at the peak of the outages, with approximately 670,000 of those customers in Connecticut. On October 29, 2011, an unprecedented snowstorm inundated our service territory with heavy snow, causing significant damage to our distribution and transmission systems. Approximately 1.2 million electric distribution customers were without power at the peak of the outages. The snowstorm was extraordinary, and we set very high performance expectations, a number of which we did not meet. As a result, in November 2011, CL&P established a storm fund reserve of $30 million to provide bill credits to its residential customers who remained without power after noon on Saturday, November 5, 2011, as a result of the October snowstorm, and to provide contributions to certain Connecticut charitable organizations. CL&P also announced changes in senior leadership, appointing officers to lead emergency preparedness as well as infrastructure hardening to make the electric system more resistant to increasingly severe weather related events. As a result, certain members of senior management, including the Named Executive Officers, proposed to the Compensation Committee that they not receive an award under the 2011 Annual Incentive Award, and the Compensation Committee accepted that proposal.

State regulatory agencies in Connecticut, Massachusetts and New Hampshire opened inquiries into the responses of utilities in their states during the October snowstorm, including responses of CL&P, PSNH and WMECO. In addition, in Connecticut, the review included the responses of utilities during Tropical Storm Irene, and a consultant was engaged to conduct an audit into the emergency response programs of CL&P. These inquiries are expected to be completed in the second quarter of 2012.

2011 Financial Performance

In 2011, the Company achieved:

- 2011 earnings of $423.9 million, or $2.38 per share (excluding a charge of $17.9 million, or $0.10 per share, associated with the $30 million storm fund reserve and an after-tax charge of $11.3 million, or $0.06 per share, associated with the merger with NSTAR), compared with 2010 earnings of $387.9 million, or $2.19 per share;

- 2011 Adjusted Net Income (ANI) of $406.0 million (excluding an after-tax charge of $11.3 million, or $0.06 per share, associated with the merger with NSTAR), compared with 2010 ANI of $400.6 million;

- Share price appreciation of 13.1 percent from a closing price of $31.88 on December 31, 2010 to a closing price of $36.07 on December 30, 2011, the last trading day of the year; and

- Total shareholder returns of 16.4 percent for the year ended December 31, 2011 and 67.4 percent for the three years ended December 31, 2011.

In 2011, the execution of the Company s long-term strategic plan as well as the annual operating and capital plans exceeded expectations. In addition, although approvals from the DPU and PURA remain outstanding, only the approval of the DPU remained outstanding at the end of 2011. The Company has also made significant progress toward integrating the companies after the closing.

For compensation purposes, the Named Executive Officers proposed that they not receive awards under the 2011 Annual Incentive Program and, while recognizing the many notable accomplishments in achieving or exceeding other strategic and operational goals by the Company s leadership, the Compensation Committee

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accepted that proposal. As a result, notwithstanding strong financial performance and successful execution of the strategic operating plan and annual operating and capital plans in 2011, Mr. Shivery and the other Named Executive Officers did not receive awards under the annual incentive program.

CEO Compensation

Mr. Shivery received total direct compensation of $9,685,241 for 2011, including the special equity grant of 76,406 restricted share units described above, valued at $2,574,118. Excluding the value of the special equity grant, Mr. Shivery received compensation of $7,111,123 for 2011, as compared with $8,254,374 for 2010.

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.

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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 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.

The Company provides its shareholders with the opportunity to cast an annual advisory vote on executive compensation (a say-on-pay proposal). At the Company s annual meeting of shareholders held in May 2011, over 97 percent of the votes cast on the say-on-pay proposal were voted to approve the compensation of the Named Executive Officers, as described in our 2011 proxy statement. The Compensation Committee believes this affirms shareholders support of the executive compensation program, and the Committee did not make any changes to the executive compensation program in 2011 as a result of the say-on-pay vote. The Compensation Committee will continue to consider the outcome of the Company s say-on-pay votes when making future compensation decisions for the Named Executive Officers.

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 2011, the 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 of 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 assessed the risks associated with the executive compensation program 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 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.

The Compensation Committee periodically assesses the risks of our compensation programs and mitigates risks by continuous monitoring of performance and risk.

ELEMENTS OF 2011 COMPENSATION

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

Compensation Element	Description	Objective
Base Salary	Fixed compensation	Compensate officers for fulfilling their basic job responsibilities
	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	Provide base pay commensurate with salaries paid to executive officers holding comparable positions in other utility companies and companies in general industry
		Aid in attracting and retaining qualified personnel
Annual Incentive Program	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	Promote the achievement of annual performance objectives that represent business success for the Company, the executive, and his business unit or function

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Compensation Element	Description	Objective
Long-Term Incentive Program	Variable compensation consisting of 75% Performance shares and 25% RSUs (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 shares	Long-term incentive, consisting solely of performance shares, that rewards individuals for corporate performance over a three-year period based on achieving pre-established levels of:	Reward performance on key corporate priorities that are also key drivers of total shareholder return performance
	Cumulative net income	Align executive and shareholder interests through share performance and share ownership
	Average return on equity	Strengthen the link between long-term compensation and total shareholder return performance
	Average credit rating	
		Encourage long-term planning and commitment to the Company
	Total shareholder return relative to a group of comparable utility companies	
Supplemental Benefits	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:	Compensate for Internal Revenue Code limits on qualified plans
		Aid in retention of executives and enhance long-term commitment to the Company
	A defined benefit make-whole plan	
	A supplemental target benefit (certain senior vice presidents and above only)	

	Executives hired after 2005 are ineligible for these benefits	
Other Nonqualified Deferred Compensation (Deferral Plan)	Opportunity to defer base salary and annual incentives, using the same investment vehicles as our qualified 401(k) plan, and receive matching contributions otherwise capped by Internal Revenue Code limits on qualified plans Each year s matching contribution vests after three years or at retirement	Aid executives in tax planning by allowing them to defer taxes on certain compensation Compensate for Internal Revenue Code limits on qualified plans Provide a competitive benefit Aid in retention and enhance long-term commitment to the Company

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Compensation Element	Description	Objective
	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	
Med-Vantage Plan	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
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	
	Reimbursement of relocation expenses for newly hired and transferred executives	Encourage executives to undergo regular health checks to reduce the risk of losing critical employees
	Reimbursement of spousal travel expenses only for business purposes	Discretionary benefits intended to help our executive officers be more productive and efficient
Employment Agreements	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 target mix of compensation for our CEO and the other executive officers listed in the Summary Compensation Table are approximately equal to competitive median incentives.

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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 2011, 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.

The following table sets forth the contribution to 2011 Total Direct Compensation (TDC) of each element of compensation, at target, reflected as a percentage of TDC, for each Named Executive Officer.

	Percentage of TDC at Target				
		Performance Based (1)			
			Long-Term Incentives (2)		
Named Executive Officer	**Base Salary**	**Annual Incentive**	**Performance Units**	**RSUs (3)**	**TDC**
Charles W. Shivery	20%	20%	45%	15%(4)	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.
(4) Excludes 76,406 RSUs granted to Mr. Shivery in 2011 to recognize the critical role he has had and will play in the successful leadership of the Company through the close of the proposed merger with NSTAR and as nonexecutive Chairman of the Board during the post-merger integration period.

MARKET ANALYSIS

The Compensation Committee strives to provide our executive officers with target 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

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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 2011 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 companies is sufficient and the companies have reasonably similar revenues. The Committee reviewed the composition of our customized peer group in 2011 and compared the group against our size guidelines of revenues between approximately $3 billion and $12 billion. Notwithstanding 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 peer group selected by the Committee in 2011 included two fewer utilities than the group used in 2010. One company was omitted because it had been acquired, while a second company was omitted because it fell outside the Committee s revenue guidelines. As a result, in support of executive pay decisions during 2011, our customized peer group consisted of utilities with annual revenues that ranged from $2.3 billion to $10.6 billion with median annual revenues of $4.6 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 2011 included the CEO, Chief Operating Officer, Chief Financial Officer, and General Counsel. For 2011, the peer group consisted of the following 18 companies:

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

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. Any adjustments are made gradually over time to avoid radical changes. The Committee used compensation data obtained from the companies listed above for insights into incentive compensation design practices and compensation levels, although no specific actions were taken in 2011 directly as a result of this information. In 2011, the Committee also used this group for performance comparisons under the 2011 2013 Long-Term Incentive Program.

The Compensation Committee also (i) determines perquisites to the extent they serve business purposes and (ii) sets supplemental benefits at levels that provide market-based compensation opportunities to the executive officers. The Committee periodically reviews the general market for supplemental benefits and perquisites using

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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

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.

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.

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.

2011 ANNUAL INCENTIVE PROGRAM

The 2011 Annual Incentive Program consisted of a corporate goal plus individual goals for each NEO. The Compensation Committee set the annual incentive compensation targets for 2011 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 2011 Annual Incentive Program.

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2011 Corporate Goal

The objective of the 2011 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.

For 2011, the Compensation Committee established the ANI target at $415.8 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 Individual Goals (20% below ANI Target)	Minimum Corporate Goal (10% below ANI Target)	2011 ANI Target	Maximum Corporate Goal (10% above ANI Target)	Actual 2011 ANI
$332.6	$374.2	$415.8	$457.4	$406.0

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 2011, 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. The income and expense items set forth below were excluded from ANI in 2011.

Excluded Categories	Specific 2011 Adjustments ($ in millions)
Incremental NSTAR merger costs	(11.3)
Net Adjustments:	**$ (11.3)**

2011 Individual Goals

The 2011 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.

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.

Goal Weightings and Individual Goals for 2011

The following table sets forth the weighting of the annual incentive program corporate goal and individual goals for each NEO for 2011. 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.

Name and Principal Position	**Corporate Goal Weighting**	**Individual Goal Weighting**	**Brief Description of Material Individual Goals**
Charles W. Shivery	60%	40%	Complete the merger with NSTAR on terms that meet the objectives approved by the Board of Trustees and outlined in the merger documents (25% of individual goals).
Chairman of the Board, President, and Chief Executive Officer			Working with NSTAR CEO Thomas J. May, actively provide oversight to the integration planning process to ensure that the Company functions effectively after the closing. Special emphasis to be placed on the cultural changes necessary to generate the anticipated benefits of the merger (25% of individual goals).
			Operating as an independent company until the merger is completed, effectively execute the Company s approved 2011 operating and capital plan (20% of individual goals).
			Operating as an independent company until the merger is approved, continue to execute the key elements of the Company s 2011-2015 strategic plan (20% of individual goals).
			Until the merger is completed, continue to embed sustainability into the Company s operations and relationships with its key stakeholders. Continue to improve the Company s reputation among the various stakeholders. Take an active role in evolving energy policy nationally, regionally and in each our jurisdictional states (10% of individual goals).

David R. McHale Executive Vice President and Chief Financial Officer	60%	40%	As lead integration officer for the merger with NSTAR, working with the integration project management team, lead the design and implementation of the merger integration effort (40% of individual goals).

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Name and Principal Position	Corporate Goal Weighting	Individual Goal Weighting	Brief Description of Material Individual Goals
			Achieve the 2011 financial plan to meet funding and liquidity requirements necessary to achieve the 2011 operating plan. Support on-going rate cases and develop and implement a regulatory strategy which meets the objectives of the 2011 operating plan. Develop strategic alignment between the shared services organization and operating businesses while effectively managing costs and efficient delivery of services (25% of individual goals).
			Implement the 2011 Talent Management Program and develop a new organization to support the merger with NSTAR (15% of individual goals).
			Continue to execute the Company s strategy that brings customer focus to the forefront of the organization (5% of individual goals).
			Support and advance the Company s strategy and position the Company to successfully pursue new opportunities. Position the Company to finance current and future growth while ensuring the integrity of the Company s financial position (5% of individual goals).
			Communicate the Company s strategy and financial position throughout the organization and with external stakeholders, with an emphasis on investors, shareholders, members of the financial community and employees with respect to the merger with NSTAR (5% of individual goals).
			Manage the CFO and Shared Services budget and capital expenditures (5% of individual goals).
Leon J. Olivier	50%	50%	Achieve the Company s 2011 operating plans, with special emphasis on plan execution, process improvement and meeting the transmission and operating companies operational objectives (35% of individual goals).
Executive Vice President and Chief Operating Officer			Advance the Company s strategic objectives with special emphasis on the NEEWS project, the Northern Pass project, a successful outcome in the Yankee Gas Rate Case and achieving integration goals in the merger with NSTAR (35% of individual goals).

Meet major customer experience 2011 initiatives, including customer satisfaction improvement, meter data management, and 2011 customer experience metrics (10% of individual goals).

Implement safety improvement initiatives in support of measurable improvements in overall safety results (10% of individual goals).

Work with CEO and executive team to build stakeholder confidence; apply rigorous financial performance management across all companies (10% of individual goals).

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Name and Principal Position	Corporate Goal Weighting	Individual Goal Weighting	Brief Description of Material Individual Goals
Gregory B. Butler	50%	50%	Provide strategic counsel to the Board of Trustees, CEO, and management to review and assess future strategic opportunities (35% of individual goals).
Senior Vice President and General Counsel			Support implementation of the Company s operating and capital plans (20% of individual goals).
			Develop legislative, regulatory, legal and communications plans to implement the Company s 2011-2015 strategic plan (20% of individual goals).
			Contribute to the development of the Company s view on major energy and environmental policy issues as necessary to position the Company as a leading regional and national expert on energy issues (10% of individual goals).
			Increase and make more effective engagement of employees in Legal and Governmental Affairs departments through talent management, succession planning, and individual career and professional development. Develop, manage and execute plan to effectively and efficiently integrate with the NSTAR legal department following the merger (5% of individual goals).
			Provide leadership to ensure high quality customer support in the Legal and Governmental Affairs departments to help the company advance overall customer experience (5% of individual goals).
			Successfully manage legal and corporate affairs areas within established budgets (5% of individual goals).
James B. Robb	50%	50%	Finalize Smart Grid Road Map recommendations. Continue to develop electric vehicle strategies. Support Distribution Asset Management strategy development process (15% of individual goals).
Senior Vice President Enterprise			Refocus research and development efforts across the Company (EPRI, UCONN, Utility Technology Challenge). Conduct successful research and development pilots (15% of individual goals).

Planning and Development, Northeast Utilities Service Company	Continue to evolve the Company s understanding of the regional power market and emerging opportunities to drive profitable growth (15% of individual goals).
	Evolve the Company s policies statements and preferred outcomes around carbon, renewables, transmission rules, energy efficiency and market structure. Work with Governmental Affairs in crafting policy strategies (15% of individual goals).
	Continue to build the Company s reputation as a national and regional thought leader on energy sector issues (10% of individual goals).

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Name and Principal Position	**Corporate Goal Weighting**	**Individual Goal Weighting**	**Brief Description of Material Individual Goals**
			Keep Northern Pass project on track. Transition full implementation of leadership after receipt of FERC approval (10% of individual goals).
			Support operating subsidiaries and strategic projects as required (10% of individual goals).
			Engage employees in strategy issues and the Company s direction through live presentations, intranet and other communication outlets (5% of individual goals).
			Effectively integrate relevant planning and analytic functions of the Company and NSTAR (5% of individual goals).

2011 Results

The 2011 actual ANI was $406.0 million. However, as discussed in the Executive Summary, above, the Named Executive Officers proposed to the Committee that they not receive awards under the 2011 Annual Incentive Program, and the Committee accepted that proposal.

CEO Evaluation

The Compensation Committee and the Corporate Governance Committee assessed Mr. Shivery s performance during 2011. The Committee determined that Mr. Shivery s execution of our long-term strategic plan as well as our 2011 operating and capital plans exceeded expectations. The Company delivered improved financial performance with strong control over costs and sound operations.

During 2011, Mr. Shivery and the management team aggressively pursued the federal and state regulatory approvals required to close the pending merger with NSTAR. Through his leadership and direction, only the approval of the DPU remained outstanding at the end of 2011. Currently, approvals from the DPU and PURA remain outstanding and efforts continue to obtain them. Mr. Shivery worked closely with NSTAR s Chief Executive Officer, Thomas J. May, to provide guidance and oversight to the merger integration process to ensure that the Company is positioned to function effectively immediately after the closing.

As described above, notwithstanding strong financial performance, successful execution of the strategic operating plan and annual operating and capital plans, and significant accomplishments in connection with the pending merger with NSTAR during 2011, for compensation purposes, Mr. Shivery proposed to the Committee that he not receive an award under the annual incentive program, and the Committee accepted his proposal.

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Evaluations of Other Named Executive Officers

The Compensation Committee also reviewed the individual performance of each of the other NEOs. These factors included the scope of each NEO s responsibilities, performance, and impact on or contribution to our corporate success and growth. None of the NEOs listed below received awards under the 2011 Annual Incentive Program.

Name and Principal Position	**Annual Incentive Payment**	**2011 Accomplishments**
David R. McHale Executive Vice President and Chief Financial Officer	$ 0	The Compensation Committee determined that Mr. McHale and his organization effectively managed the regulatory approval process for the pending merger with NSTAR. In addition, Mr. McHale demonstrated leadership and initiative in managing all aspects of the merger integration process. Mr. McHale and his team successfully executed the 2011 financing plan, issuing debt on favorable terms, and maintaining and enhancing liquidity through a period of continued economic contraction
Leon J. Olivier Executive Vice President and Chief Operating Officer	$ 0	The Committee determined that Mr. Olivier and his team successfully executed the 2011 operating plans and the five-year strategic plan. Mr. Olivier s significant accomplishments in 2011 included the achievement of important objectives related to the NEEWS project and merger integration. Mr. Olivier also exceeded objectives for customer service performance measurements and effectively completed the 2011 capital program.
Gregory B. Butler Senior Vice President and General Counsel	$ 0	The Compensation Committee determined that Mr. Butler provided comprehensive strategic counsel to the Board of Trustees, CEO, and management, including in connection with the pending merger with NSTAR. Mr. Butler and his organization effectively managed the regulatory approval process for the NSTAR merger. He and his team contributed significantly to supporting the Company s 2011 operational and strategic objectives, including the NEEWS project, and continued to position the Company as a leading regional and national expert on energy issues.
James B. Robb Senior Vice President Enterprise Planning and Development	$ 0	The Compensation Committee determined that Mr. Robb and his team continued to enhance the Company s understanding of the regional power market and emerging opportunities, including in particular opportunities in solar power and natural gas. Mr. Robb and his team continued to evolve the Company s policies with respect to renewable energy, energy efficiency and carbon, and to enhance the Company s reputation as a national leader on energy issues.

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 is presented to the Board of Trustees for approval. The Compensation Committee also approves long-term incentive target grant values for each of the other NEOs as a percentage of base salary on the date of grant. For the 2011 2013 Long-Term Incentive Program, at target, each grant generally consisted of 75% performance shares and 25% RSUs, subject to adjustment by the Compensation Committee (except the Compensation Committee acts jointly with the Corporate Governance Committee in recommending to the Board of Trustees adjustments to our CEO s targets), reflecting the Committee s desire to balance the roles of total shareholder return and our corporate financial performance in our compensation programs.

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For the 2011 2013 program, the Compensation Committee acting jointly with the Corporate Governance Committee recommended to the Board of Trustees a long-term incentive compensation target for our CEO at 300% of base salary, which the Board approved. The Compensation Committee established long-term incentive compensation targets at 100% to 150% of base salary for the remaining NEOs.

Restricted Share Units (RSUs)

Each RSU granted under the long-term incentive program entitles the holder to receive one Northeast Utilities common share at the time of vesting. All RSUs granted under the 2011 2013 program will vest in equal annual installments over three years. RSU holders are eligible to receive reinvested dividend units on outstanding RSUs held by them to the same extent that dividends are declared and paid on our common shares. Reinvested dividend units are accounted for as additional RSUs that accrue and are distributed with the common shares issued upon vesting and distribution of the underlying RSUs. Common shares, including any additional common shares in respect of reinvested dividend units, are not issued for any RSUs that do not vest.

General

Annually, the Compensation Committee determines RSU grants for each officer participating in the long-term incentive program. Initially, the target RSU grants are equal to 25% of the long-term incentive compensation target for each officer. RSU grants are based on a percentage of base salary and measured in dollars. The percentage used for each officer is based on the officer s position in the Company and ranges from 5% to 75% of salary. The Committee reserves the right to increase or decrease the RSU grant from target for each officer under special circumstances. The Compensation Committee acting jointly with the Corporate Governance Committee recommends to the Board of Trustees the final RSU grant for our CEO. Based on input from our CEO, the Compensation Committee determines the final RSU grants for each of the other officers, including the other NEOs.

All RSUs are granted on the date of the Committee meeting at which they are approved. RSU grants are subsequently converted from dollars into common share equivalents by dividing the value of each grant by the average closing price for our common shares during the last ten trading days in January in the year of the grant.

RSU Grants under the 2011 2013 Program

Under the 2011 2013 program, the target RSU grant totaled approximately $2,504,978 million for all 33 officers participating in the long-term incentive program. The Committee did not adjust any officer s RSU grant from target for the 2011 2013 program. Accordingly, the final total RSU grant for officers, including our CEO, was unchanged from target. Dividing the final total RSU grant by $32.72, the average closing price for our common shares during the last ten trading days in January 2011, resulted in an aggregate of 76,558 RSUs. The following RSU grants at 100% of target were approved, reflected in RSUs: Mr. Shivery: 24,526; Mr. McHale: 6,197; Mr. Olivier: 6,524; Mr. Butler: 4,814; and Mr. Robb: 3,148.

Performance Units

General

Performance units are a performance-based component of our long-term incentive program. A new three-year program commences every year. Performance unit grants are equal to 75% of total individual long-term incentive grants at target. The performance-based component of our long-term incentive programs has continued to evolve over the three prior years by shifting a portion of performance cash in earlier programs to performance shares in more recent programs to further strengthen the alignment of the performance elements with our shareholders.

Long-Term Incentive Program	**Percentage of Performance Cash**	**Percentage of Performance Shares**
2008 2010	100%	0%
2009 2011	67%	33%
2010 2012	50%	50%
2011 2013	0%	100%

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The Committee approved the 2011 2013 program in early 2011. The performance unit grant in the 2011 2013 program consisted solely of a performance share grant. Under all of our long-term programs, both performance cash grants and performance share grants are measured in dollars. Performance share grants are subsequently converted from dollars into common share equivalents by dividing the value of each grant by the average closing price for our common shares during the last ten trading days in January in the year of the grant. During the three-year performance program period, the dividends that would have been paid with respect to the performance shares to holders of performance share grants are accounted for as additional common shares that accrue and are distributed with the common shares, if any, at the end of the program.

Awards under a program are earned to the extent to which we achieve goals in the four metrics described below during the three years of the program, except as reduced in the discretion of the Compensation Committee. The Compensation Committee determines the actual awards, if any, only after the end of the final year in the respective program. The selection of these four metrics reflects the Compensation Committee s belief that these areas are critical measurements of corporate success.

Cumulative Adjusted Net Income, which is consolidated Northeast Utilities net income adjusted by the Compensation Committee to exclude the effects of certain nonrecurring income and expense items or events (which we defined as ANI under the annual incentive program) over the three years in a program (20%).

Average adjusted ROE, which is the average of the annual return on equity for the three years in a program. The Committee adjusts average ROE on the same basis as cumulative adjusted net income (20%).

Average credit rating of Northeast Utilities (excluding the regulated utilities), which is the time-weighted average daily credit rating by the rating agencies Standard & Poor s, Moody s, and Fitch. The metric is calculated by assigning numerical values, or points, to credit ratings (A or A2: 5; A- or A3: 4; BBB+ or Baa1: 3; BBB or Baa2: 2; and BBB- or Baa3: 1) so that a large point value represents a high credit rating. In addition to average credit rating objectives, the ratings of Northeast Utilities by S&P and Moody s must remain above investment grade (20%).

Relative total shareholder return of Northeast Utilities as compared to the return of the utility companies listed in the performance peer group identified for each long-term incentive program (40%).

Each metric was weighted equally in the 2009 2011 program. In the 2010 2012 program, the weighting of the total shareholder return metric was increased to 40% and the remaining three metrics were reduced to 20% each, to strengthen the alignment between executives and shareholders. The Committee measures performance against the cumulative adjusted net income, average adjusted ROE, and average credit rating, because these metrics are directly related to our multi-year business plan in effect at the beginning of the three-year program. The Committee also measures performance against relative total shareholder return to emphasize to the plan participants the importance of achieving total shareholder returns that are comparable to the returns for companies listed in the performance peer group. Before any amount is payable with respect to a metric, we must achieve a minimum level of performance under that metric. If we achieve the minimum level of performance for any goal, then the resulting payout will equal 50% of the target for that goal. If we achieve the maximum level of performance for any goal, then the resulting payout will equal 150% of target for that goal. The Committee fixed the minimum opportunity at 50% of target and the maximum opportunity at 150% of target because the Committee believes this range is consistent with the ranges used by companies listed in the performance peer group.

Upon closing of the proposed merger with NSTAR, the extent of satisfaction of the performance goals applicable to performance units for performance periods not yet completed in the 2010 2012 program generally will be measured based on performance up to the closing of the merger and payment generally will be made on a pro-rata basis (based on the portion of the applicable performance period that had been completed upon closing of the merger) following the end of the original performance period conditioned upon continued

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employment through such date. Performance units outstanding immediately before the closing of the merger that are attributable to the portion of the applicable performance periods extending beyond the closing of the merger will be forfeited. However, if an executive officer experiences a qualifying termination of employment (a termination of employment before age 65 by the Company without cause or by the executive officer for good reason) before completion of the original performance period, the awards will be vested at target performance levels and paid out without pro-ration upon such termination. Subject to the closing of the merger, the Committee intends to grant to each executive officer whose awards are paid on a pro-rated basis a make-whole award of RSUs with a value equal to the value of the executive officer s Performance Units outstanding at target immediately before the closing of the merger that are attributable to the portion of the applicable performance periods extending beyond the closing of the merger.

Upon the closing of the pending merger with NSTAR, all performance shares outstanding under the 2011 2013 program will be converted to RSUs assuming a target level of performance. These RSUs will vest according to the schedule that applies to the RSU component already granted as part of the 2011 2013 program.

Set forth below are descriptions of each of the three long-term performance programs that were in effect during 2011. The peer groups used by the Committee for performance comparisons under each program are listed in footnote 1 to the table that accompanies each description. The performance peer groups represent companies with investment profiles, including growth potential, business models and areas of focus substantially similar to ours. The Committee compared our total shareholder return to the total shareholder returns of the companies in the performance peer group. Beginning with the 2009 2011 Long-Term Incentive Program, to simplify the peer group structure, the Committee evaluates the total shareholder return metric using the same customized group of peer utilities described above under Market Analysis.

2009 2011 Performance Units

The Compensation Committee approved the 2009 2011 performance unit grants in early 2009, consisting of two-thirds performance cash and one-third performance shares. Upon completion of our fiscal year ended 2011, the Committee determined that we achieved goals under each of the four metrics during the three-year program and, accordingly, that awards under the program were payable at an overall level of 100% of target.

For the 2009 2011 program, cumulative adjusted net income and average adjusted ROE excluded the effects of the following nonrecurring expense item:

Excluded Categories	**Specific 2011 Adjustments ($ in millions)**
Changes to net income as the result of accounting or tax law changes	(11.3)
Net Adjustments:	**$ (11.3)**

The table set forth below describes the goals under the 2009 2011 program and our actual results during that period:

2009 2011 Program Goals

Goal (1)	**Minimum**	**Target**	**Maximum**	**Actual Results**
Cumulative Adjusted Net Income ($ in millions)	$ 899.3	$ 999.2	$ 1,099.1	$ 1,137.7
Average Adjusted ROE	8.4%	9.3%	10.1%	10.3%
Average Credit Rating Points	1.2	1.7	2.2	1.7
Relative Total Shareholder Return (percentile) (2)	40th	60th	80th	32nd

(1) Goals were evenly weighted in the 2009 2011 program.

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(2) The performance peer group for the 2009 2011 program included Northeast Utilities and the following companies: Allegheny Energy, Inc., Alliant Energy Corporation, Ameren Corporation, CenterPoint Energy, Inc., CMS Energy Corporation, Consolidated Edison, Inc., DTE Energy Company, Great Plains Energy Incorporated, Integrys Energy Group Inc., NiSource, Inc., NSTAR, NV Energy, Inc., OGE Energy Corp., Pepco Holdings, Inc., Pinnacle West Capital Corporation, Progress Energy Inc., SCANA Corporation, TECO Energy, Inc., Wisconsin Energy Corporation and Xcel Energy Inc.

Based on our financial performance during the three-year performance period, the total payout under the 2009 2011 Long-Term Incentive Program equaled 100% of target. As a result, the Committee approved the following performance cash awards: Mr. Shivery: $1,552,500; Mr. McHale: $393,750; Mr. Olivier: $412,500; Mr. Butler: $305,241; and Mr. Robb: $200,000. In addition, the Committee approved the following performance share awards: Mr. Shivery: 32,702 shares; Mr. McHale: 8,294 shares; Mr. Olivier: 8,689 shares; Mr. Butler: 6,430 shares; and Mr. Robb: 4,213 shares. These awards were determined pursuant to formulas set forth in the 2009 2011 Long-Term Incentive Program and were not subject to the discretion of the Compensation Committee.

2010 2012 Performance Units

The Committee approved the 2010 2012 performance unit goals in early 2010. No awards have been paid under this program, and the Committee will not determine whether any awards are payable until the earlier of the end of our 2012 fiscal year, which is the final year in the three-year program, or upon the closing of the pending merger with NSTAR, as described above.

As described above, under the 2010 2012 program, one-half of each performance unit grant consists of a performance cash grant and the remaining one-half of each performance unit grant consists of a performance share grant. The 2010 2012 program also includes goals in four metrics: cumulative adjusted net income, average adjusted ROE, average credit rating, and relative total shareholder return, as described below. For the 2010 2012 program, cumulative adjusted net income and average adjusted ROE exclude the positive and negative effects of the following nonrecurring income and expense items or events: accounting or tax law changes; unusual Internal Revenue Service or regulatory issues; unexpected changes in costs related to nuclear decommissioning; unexpected changes in costs related to environmental remediation of HWP Company; divestiture or discontinuance of a segment or component of our business; the acquisition of shares or assets of another entity comprising an additional segment or component of our business; and impairments on goodwill acquired before 2003 (more than seven years prior to the beginning of this program cycle).

The table set forth below describes the goals under the 2010 2012 program:

2010 2012 Program Goals

Goal (1)	Minimum	Target	Maximum
Cumulative Adjusted Net Income ($ in millions)	$ 1,051.6	$ 1,168.4	$ 1,285.2
Average Adjusted ROE	9.0%	9.9%	10.7%
Average Credit Rating Points	1.2	1.7	2.2
Relative Total Shareholder Return (percentile) (2)	40th	60th	80th

(1) Relative total shareholder return accounted for 40% of the performance units granted in the 2010 2012 program while the cumulative adjusted net income, average adjusted ROE, and average credit rating metrics each accounted for 20% of the performance units granted.

(2) The performance peer group for the 2010 2012 program includes Northeast Utilities and the following companies: Alliant Energy Corporation, Ameren Corporation, CenterPoint Energy, Inc., CMS Energy Corporation, Consolidated Edison, Inc., DTE Energy Company, Great Plains Energy Incorporated, Integrys Energy Group Inc., NiSource, Inc., NSTAR, NV Energy, Inc., OGE Energy Corp., Pepco Holdings, Inc., Pinnacle West Capital Corporation, Progress Energy Inc., SCANA Corporation, TECO Energy, Inc., Wisconsin Energy Corporation and Xcel Energy Inc.

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2011 2013 Performance Shares

The Committee approved the 2011 2013 performance share goals in early 2013. No awards have been paid under this program, and the Committee will not determine whether any awards are payable until the end of our 2013 fiscal year, which is the final year in the three-year program.

As described above, under the 2011 2013 program, each performance grant consists solely of a performance share grant. The 2011 2013 program also includes goals in four metrics: cumulative adjusted net income, average adjusted ROE, average credit rating, and relative total shareholder return, as described below. For the 2011 2013 program, cumulative adjusted net income and average adjusted ROE exclude the positive and negative effects of the following nonrecurring income and expense items or events: accounting or tax law changes; unusual Internal Revenue Service or regulatory issues; unexpected changes in costs related to nuclear decommissioning; unexpected changes in costs related to environmental remediation of HWP Company; divestiture or discontinuance of a segment or component of our business; the acquisition of shares or assets of another entity comprising an additional segment or component of our business; and impairments on goodwill acquired before 2003 (more than eight years prior to the beginning of this program cycle).

The table set forth below describes the goals under the 2011 2013 program:

2011 2013 Program Goals

Goal (1)	Minimum	Target	Maximum
Cumulative Adjusted Net Income ($ in millions)	$ 1,187.5	$ 1,319.4	$ 1,451.3
Average Adjusted ROE	9.5%	10.4%	11.3%
Average Credit Rating Points	1.2	1.7	2.2
Relative Total Shareholder Return (percentile) (2)	40th	60th	80th

(1) Relative total shareholder return accounted for 40% of the performance units granted in the 2011 2013 program while the cumulative adjusted net income, average adjusted ROE, and average credit rating metrics each accounted for 20% of the performance shares granted.

(2) The performance peer group for the 2011 2013 program includes Northeast Utilities and the following companies: Alliant Energy Corporation, Ameren Corporation, CenterPoint Energy, Inc., CMS Energy Corporation, DTE Energy Company, Great Plains Energy Incorporated, Integrys Energy Group Inc., NiSource, Inc., NSTAR, NV Energy, Inc., OGE Energy Corp., Pepco Holdings, Inc., Pinnacle West Capital Corporation, Progress Energy Inc., SCANA Corporation, TECO Energy, Inc., Wisconsin Energy Corporation and Xcel Energy Inc.

SPECIAL EQUITY GRANT

On February 8, 2011, the Board of Trustees approved a special grant of 76,406 RSUs to Mr. Shivery to recognize the critical role he has had and will play in the successful leadership of the Company through the close of the proposed merger with NSTAR and as nonexecutive Chairman of the Board during the post-merger integration period. The RSUs will vest eighteen months after the closing of the merger with NSTAR, coinciding with Mr. Shivery s commitment to remain as nonexecutive Chairman of the Board through that date. If Mr. Shivery dies or becomes disabled prior to the vesting date, then the RSUs will vest as of the date of death or disability. If Mr. Shivery does not serve on the Board through eighteen months after the merger closes, or the merger does not close, then the RSUs will be forfeited.

2012 CHANGES

2012 Incentive Programs

In early 2012, the Compensation Committee approved the 2012 Annual Incentive Program and the 2012 2014 Long-Term Incentive Program. At the time that the Committee established the performance goals for 2012, the Committee also considered and agreed upon exclusions from ANI consisting of certain nonrecurring income

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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. For 2012, the Committee acknowledged that increased amounts will be invested to further strengthen the system s emergency preparedness and abilities to respond to storms. The Committee also acknowledged that enhanced emergency preparedness and system hardening programs were being evaluated as a result of the 2011 storms. Accordingly, the Committee agreed to consider excluding from ANI, in its discretion, expenses resulting from the implementation of emergency preparedness initiatives and system hardening programs. The Committee determined to encourage management to implement these initiatives and programs, if appropriate, which the Committee believes will benefit customers by enhancing the reliability and storm resistance of the electric system.
Similar to the 2011 2013 Long-Term Incentive Program, upon the closing of the pending merger with NSTAR, all outstanding 2012 2014 performance shares will be converted to RSUs assuming a target level of performance. These RSUs will vest according to the schedule that applies to the RSU component already granted as part of the 2012 2014 Long-Term Incentive Program.

CLAWBACKS

If our earnings were to be restated as a result of noncompliance with accounting rules caused by fraud or misconduct, the Sarbanes-Oxley Act of 2002 would require our CEO and our Chief Financial Officer to reimburse us for certain incentive compensation received by each of them. To the extent that reimbursement were not required under Sarbanes-Oxley, our Incentive Plan would require any employee whose misconduct or fraud caused such restatement, as determined by the Board of Trustees, to reimburse us for any incentive compensation received by him or her. To date, there have been no restatements to which either the Sarbanes-Oxley clawback provisions or the Incentive Plan clawback provisions would apply.

SHARE OWNERSHIP GUIDELINES

Effective in 2006, the Compensation Committee approved share ownership guidelines to emphasize the importance of share ownership by certain of our executive officers. The Committee most recently reviewed the guidelines for these executive officers in 2010 and determined that they remain reasonable and require no modification. The guidelines call for the CEO to own 200,000 common shares, which is currently valued at approximately five- to six-times base salary, and the other executive officers to own a minimum number of common shares valued at approximately two- to three-times base salary.

Executive Officer	Ownership Guidelines (Number of Shares)	Approximate Salary Multiple
CEO	200,000	5-6
EVPs / SVPs	30,000 45,000	2-3
VPs	3,000 17,500	1-2

At the time the share ownership guidelines were implemented, the Committee required our executive officers to attain these ownership levels within five years. The Committee requires all newly-elected executive officers to attain the ownership levels within five to seven years. All of our executive officers, including our NEOs, have satisfied the share ownership guidelines, or are expected to satisfy them within the applicable timeframe. Common shares, whether held of record, in street name, or in individual 401(k) accounts, and RSUs satisfy the guidelines. Unexercised stock options and unvested performance shares do not count toward the ownership guidelines.

SUPPLEMENTAL BENEFITS

We provide a variety of basic and supplemental benefits designed to assist us in attracting and retaining executive officers critical to our success by reflecting competitive practices. The Compensation Committee endeavors to adhere to a high level of propriety in managing executive benefits and perquisites. We do not

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provide permanent lodging or personal entertainment for any executive officer or employee, and our executive officers are eligible to participate in substantially the same health care and benefit programs available to our employees.

RETIREMENT BENEFITS

We provide retirement income benefits for employees, including executive officers, who commenced employment before 2006 under the Northeast Utilities Service Company Retirement Plan (Retirement Plan) and, for officers, under the Supplemental Executive Retirement Plan for Officers of Northeast Utilities System Companies (Supplemental Plan). Each plan is a defined benefit pension plan, which determines retirement benefits based on years of service, age at retirement, and plan compensation. Plan compensation for the Retirement Plan, which is a qualified plan under the Internal Revenue Code, includes primarily base pay and nonofficer annual incentives up to the Internal Revenue Code limits for qualified plans. Beginning in 2006, newly-hired nonunion employees, including Mr. Robb and other executive officers, participate in an enhanced defined contribution retirement program in the Northeast Utilities Service Company 401k Plan (401k Plan), called the K-Vantage benefit, instead of participating in the Retirement Plan.

For NEOs who participate in the Retirement Plan, the Supplemental Plan adds to plan compensation: base pay over the Internal Revenue Code limits; deferred base salary; annual executive incentive program awards; and, for certain participants, long-term incentive program awards, as explained in the narrative accompanying the Pension Benefits Table.

The Supplemental Plan consists of two parts. The first part, called the make-whole benefit, compensates for benefits lost due to Internal Revenue Code limitations on benefits provided under the Retirement Plan. The second part, called the target benefit, is available to all NEOs except Mr. Olivier and Mr. Robb. The target benefit supplements the Retirement Plan and make-whole benefit under the Supplemental Plan so that, upon attaining at least 25 years of service, total retirement benefits from these plans will equal a target percentage of the final average compensation. To receive the target benefit, a participant must remain employed by us or our subsidiaries at least for five years and until age 60, unless the Board of Trustees establishes a lower age.

The value of the target benefit was reduced in 2005 to reflect changes in competitive practices, which indicated general reductions in the prevalence of defined benefit plans and the value of special retirement benefits to senior executives. Individuals who began serving as officers before February 2005 are eligible to receive a target benefit with the target percentage fixed at 60%. Individuals who began serving as officers from and after February 2005 are eligible to receive a target benefit with the target percentage fixed at 50%. As a result, Messrs. Shivery and Butler have target benefits at 60% while Mr. McHale has a target benefit at 50%.

Mr. Shivery s employment agreement provides for a special total retirement benefit determined using the Supplemental Plan target benefit formula plus three additional years of service. Upon retirement, Mr. Shivery will be eligible to receive retirement health benefits. In addition, the Named Executive Officers are eligible to receive certain health and welfare benefits upon termination of employment following a change of control or, for Messrs. Shivery, Olivier, McHale and Butler, an involuntary termination of employment. To the extent such benefits may not be provided through our tax qualified plans, the executive is entitled to participate in a non-qualified health plan that will be treated as taxable compensation to the executive officer to the extent of Company contributions and will be provided with a tax gross-up so that the value to the executive is equivalent to a tax qualified plan benefit. See the Pension Benefits Table and the accompanying narrative for more details of these arrangements.

We entered into an employment agreement with Mr. Olivier that includes retirement benefits similar to the benefits provided by his previous employer. Accordingly, Mr. Olivier is entitled to receive separate retirement benefits in lieu of the Supplemental Plan benefits described above. Pursuant to his agreement, Mr. Olivier will receive a pension based on a prescribed formula if he meets certain eligibility requirements. See the Pension Benefits Table and the accompanying narrative for more details of this arrangement.

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401K PLAN

We provide an opportunity for employees to save money for retirement on a tax-favored basis through the 401k Plan. The 401k Plan is a defined contribution qualified plan under the Internal Revenue Code and contains a cash or deferred arrangement under Section 401(k) of the Internal Revenue Code. Participants with at least six months of service receive employer matching contributions, not to exceed 3% of base compensation, one-third of which are in cash available for investment in various fund alternatives and two-thirds of which are in the form of common shares (ESOP shares).

The K-Vantage benefit provides for employer contributions to the 401k Plan in amounts between 2.5% and 6.5% of plan compensation based on an eligible employee s age and years of service. These contributions are in addition to employer matching contributions. Mr. Robb and other executive officers hired beginning in 2006 also participate in a companion nonqualified K-Vantage benefit in the Nonqualified Deferred Compensation Plan (Deferral Plan) that provides defined contribution benefits above Internal Revenue Code limits on qualified plans.

MED-VANTAGE PLAN

We automatically enroll K-Vantage employees who have attained at least age 40 in the Med-Vantage Plan to help pay for medical expenses, including healthcare premiums on a tax-favored basis upon the employee s termination of employment. Eligible full-time employees receive employer contributions of $1,000 per year.

NONQUALIFIED DEFERRED COMPENSATION PLAN

Our executive officers participate in the Deferral Plan to provide additional retirement benefits not available in our 401k Plan because of Internal Revenue Code limits on qualified plans. Under the Deferral Plan, executive officers are entitled to defer up to 100% of base salary and annual incentive awards. We match officer deferrals in an amount equal to 3% of the amount of base salary above Internal Revenue Code limits on qualified plans. The matching contribution is deemed to be invested in common shares and vests at the end of the third year after the calendar year in which the matching contribution was earned, or at retirement, whichever occurs first. Participants are entitled to select deemed investments for all deferred amounts from the same investments available in the 401k Plan, except for investments in our common shares. We also credit the Deferral Plan in amounts equal to the K-Vantage benefit that would have been provided under the 401k Plan but for Internal Revenue Code limits on qualified plans. This nonqualified plan is unfunded. Please see the Nonqualified Deferred Compensation Table and the accompanying notes for additional plan details.

PERQUISITES

It is our philosophy that perquisites should be provided to executive officers only as needed for business reasons, and not simply in reaction to prevalent market practices.

Senior executive officers, including the NEOs, are eligible to receive reimbursement for financial planning and tax preparation services. This benefit is intended to help ensure that executive officers seek competent tax advice, properly prepare complex tax returns, and leverage the value of our compensation programs. Reimbursement is limited to $4,000 every two years for financial planning services and $1,500 per year for tax preparation services.

All executive officers receive a special annual physical examination benefit to help ensure serious health issues are detected early. The benefit is limited to the reimbursement of up to $800 for fees incurred beyond those covered by our medical plan.

When hiring a new executive officer or transferring an executive officer to a new location, we sometimes reimburse executive officers for reasonable temporary living and relocation expenses, or provide a lump sum payment in lieu of specific reimbursement. These expenses are grossed-up for income taxes attributable to such reimbursements so that relocation or transfer is cost neutral to the executive officer.

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When required for a valid business purpose, an executive officer may be accompanied by his or her spouse, in which case we will reimburse the executive officer for all spousal travel expenses.

We do not pay gross-ups for taxes on any perquisites other than for taxes on reimbursement of relocation expenses for newly-hired or transferred executives.

CONTRACTUAL AGREEMENTS

We have entered into employment and other agreements with certain executive officers, including Messrs. Shivery, McHale, Olivier, Butler and Robb. The agreements specify all or part of the following: compensation and benefits during the employment term, benefits payable upon involuntary termination of employment, and benefits payable upon termination of employment following a change of control. These termination and change of control benefits were customary at the time the agreements were signed and were necessary to attract and retain competent and capable executive talent. We continue to believe that these benefits help to ensure our executive officers dedication and objectivity at a time when they might otherwise be concerned about their future employment.

The agreements with Messrs. McHale, Butler and Robb provide for enhanced cash severance benefits in the event of a change of control and subsequent termination of employment without cause (as defined in the employment agreement, generally involving a felony conviction; acts of fraud, embezzlement, or theft in the course of employment; intentional, wrongful damage to our property; gross misconduct or gross negligence in the course of employment; or a material breach of obligations under the agreement) or upon termination of employment by the executive for good reason (as defined in the employment agreement, generally meaning an assignment to duties inconsistent with his position, a failure by the employer to satisfy material terms of the agreement or the transfer of the executive to an office location more than 50 miles from his principal place of business immediately prior to a change of control). The Compensation Committee believes that termination for good reason is conceptually the same as termination without cause and, in the absence of this provision, potential acquirers would have an incentive to constructively terminate executives to avoid paying severance. The change of control provisions in Mr. Shivery s employment agreement expired when Mr. Shivery reached age 65. Mr. Olivier s employment agreement does not provide for severance payments in the event that his employment terminates following a change of control. Mr. Olivier participates instead in the Special Severance Program.

For Messrs. McHale and Butler, a change of control is defined in their employment agreements as a change in ownership or control effected through (i) the acquisition of 20% or more of the combined voting power of common shares or other voting securities, (ii) a change in the majority of the Board of Trustees over a 24-month period, unless approved by a majority of the incumbent Trustees, (iii) certain reorganizations, mergers or consolidations where substantially all of the persons who were the beneficial owners of the outstanding common shares immediately prior to such business combination do not beneficially own more than 50% of the voting power of the resulting business entity, and (iv) complete liquidation or dissolution of Northeast Utilities, or a sale or disposition of all or substantially all of the assets of Northeast Utilities other than to an entity with respect to which following completion of the transaction more than 50% of common shares or other voting securities is then owned by all or substantially all of the persons who were the beneficial owners of common shares and other voting securities immediately prior to such transaction. For Mr. Robb, a change of control is as defined in the shareholder-approved Northeast Utilities Incentive Plan.

Pursuant to the change of control provisions in the employment agreements, each NEO except for Messrs. Olivier and Robb will be reimbursed for the full amount of any excise taxes imposed on severance payments and any other payments under Section 4999 of the Internal Revenue Code. This gross-up is intended to preserve the aggregate amount of the severance payments by compensating the executive officers for any adverse tax consequences to which they may become subject under the Internal Revenue Code. We have not included gross-up provisions in any employment arrangements entered into with executive officers hired beginning with Mr. Robb. The severance payments for Messrs. Olivier and Robb may be reduced to avoid excise taxes.

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We describe and explain how the appropriate payment and benefit levels are determined under the various circumstances that trigger payments or provision of benefits in the tables and accompanying notes appearing in the section of this proxy statement captioned Potential Payments Upon Termination or Change of Control.

To help protect us after the termination of an executive officer s employment, the employment agreements include non-competition and non-solicitation covenants pursuant to which the executive officers have agreed not to compete with us or solicit our employees for a period of two years (one year for Mr. Olivier pursuant to the Special Severance Program and one year for Mr. Robb pursuant to his agreement) after termination of employment.

In the event of a change of control, the long-term incentive programs, other than the 2011 2013 program, provide for the vesting and payment of performance units and RSUs, pro rata based on the number of days of employment during the allocable performance period, if the executive remains employed through the original three-year performance period. In addition, performance units and RSUs will vest and pay out at target, without proration, if the executive s employment terminates involuntarily in conjunction with the change of control, unless the Committee determines otherwise. Under the 2011 2013 program, in the event of a change of control, all outstanding performance shares will be converted to RSUs assuming a target level of performance. These RSUs will vest according to the schedule that applies to the RSU component already granted as part of the 2011 2013 program.

Finally, in the event of a change of control, the Deferral Plan provides for the immediate vesting of any employer matches. These matches and any associated executive officer deferrals will be paid in a lump sum without respect to the executive s original election.

As discussed under the caption entitled Supplemental Benefits, above, our employment agreements with Messrs. Shivery and Olivier also include additional retirement benefits payable upon certain terminations of employment.

With respect to the Company s pending merger with NSTAR, Mr. Shivery is not entitled to severance benefits because he ceased being entitled to such benefits upon attaining age 65. Messrs. McHale and Butler are entitled to severance benefits upon a qualifying termination of employment without regard to whether the merger is completed because the merger does not constitute a change in control within the meaning of their employment agreements. Mr. Olivier will be entitled to benefits under the Special Severance Program in the event of a qualifying termination of employment within two years following the approval by the Company s shareholders of the proposed merger. Pursuant to a supplemental agreement between the Company and Mr. Olivier, Mr. Olivier is also entitled to a special retirement payment upon a qualifying termination of employment within two years following the approval by the Company s shareholders of the merger. Mr. Robb will be entitled to benefits under his employment agreement in the event of a qualifying termination of employment within two years following the approval by the Company s shareholders of the merger.

TAX AND ACCOUNTING CONSIDERATIONS

Tax Considerations. All executive compensation for 2011 was fully deductible by us for federal income tax purposes, except for approximately $109,000 paid to Mr. Shivery, consisting primarily of RSU distributions.

Section 162(m) of the Internal Revenue Code limits the tax deduction for compensation paid to a Company s CEO and certain other executives. We are entitled to deduct compensation payments above $1 million as compensation expense only to the extent that these payments are performance based in accordance with Section 162(m) of the Internal Revenue Code. Our annual incentive program and performance unit grants qualify as performance-based compensation under the Internal Revenue Code. As required by Section 162(m), the Compensation Committee reports to the Board of Trustees annually the extent to which various performance goals have been achieved. RSUs do not qualify as performance-based compensation.

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Currently, Mr. Shivery is the only NEO to exceed the Section 162(m) limit. To preserve an employee compensation tax deduction for us, Mr. Shivery agreed, for as long as it is beneficial to us, to defer the distribution to him of common shares in respect of all vested RSUs until the calendar year after he leaves the Company, at which time Section 162(m) will no longer apply to him. The non-deductible RSU distributions for Mr. Shivery in 2011 described above relate to RSUs granted before Mr. Shivery was elected as our CEO.

Section 409A of the Internal Revenue Code provides that amounts deferred under nonqualified deferred compensation plans are includable in an employee s income when vested unless certain requirements are met. If these requirements are not met, employees are also subject to additional income tax and interest penalties. All of our supplemental retirement plans, executive employment agreements, severance arrangements, and other nonqualified deferred compensation plans were amended in 2008 to satisfy the requirements of Section 409A.

Section 280G of the Internal Revenue Code disallows a tax deduction for excess parachute payments in connection with the termination of employment related to a change of control (as defined in the Internal Revenue Code), and Section 4999 of the Internal Revenue Code imposes a 20% excise tax on any person who receives excess parachute payments. As discussed above, our NEOs are entitled to receive certain payments upon termination of their employment, including termination following a change of control. Under the terms of the agreements, all NEOs except Mr. Olivier and Mr. Robb are entitled to receive tax gross-ups for any payments that constitute an excess parachute payment. Accordingly, our tax deduction would be disallowed under Section 280G for all excess parachute payments as well as tax gross-ups. Not all of the payments to which NEOs are entitled are excess parachute payments. The amounts of the payments that constitute excess parachute payments are set forth in the tables found under the caption entitled Potential Payments at Termination or Change of Control, below.

In the event of a change of control in which we are not the surviving entity, RSUs granted to executive officers provide that the acquirer will assume or replace the grants, even if the executive remains employed after the change of control.

Accounting Considerations. RSUs and performance shares disclosed in the Grants of Plan-Based Awards Table are accounted for based on their grant date fair value, as determined under FASB ASC Topic 718, which is recognized over the service period, or the three-year vesting period applicable to the grant. Assumptions used in the calculation of this amount appear under the caption entitled Management s Discussion and Analysis and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011. Forfeitures are estimated, and the compensation cost of awards will be reversed if the employee does not remain employed by us throughout the three-year vesting period. Performance unit grants are accounted for on a variable basis based on the most likely payment outcome.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Northeast Utilities Board of Trustees has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with Northeast Utilities management. Based on this review and discussion, the Compensation Committee has recommended to the Board of Trustees that the Compensation Discussion and Analysis be included in this proxy statement and our Annual Report on Form 10-K.

The Compensation Committee

John S. Clarkeson, Chair

Sanford Cloud, Jr.

Elizabeth T. Kennan

Kenneth R. Leibler

Dennis R. Wraase

February 22, 2012

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SUMMARY COMPENSATION TABLE

The table below summarizes the total compensation paid or earned by our Chairman, President and Chief Executive Officer (CEO), Executive Vice President and Chief Financial Officer (CFO), and the three other most highly compensated executive officers other than the CEO and CFO who were serving as executive officers at the end of 2011 (collectively, the Named Executive Officers or NEOs). As explained in the footnotes below, the amounts reflect the economic benefit to each Named Executive Officer of the compensation item paid or accrued on his behalf for the fiscal year ended December 31, 2011. The compensation shown for each Named Executive Officer was for all services in all capacities to Northeast Utilities and its subsidiaries. All salaries, annual incentive amounts and long-term incentive amounts shown for each Named Executive Officer were paid for all services rendered to Northeast Utilities and its subsidiaries in all capacities.

Name and Principal Position	Year	Salary ($) (1)	Bonus ($) (2)	Stock Awards ($) (3)	Option Awards ($) (4)	Non-Equity Incentive Plan Compensation ($) (5)		Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($) (6)	All Other Compen-sation ($) (7)	Total ($)
Charles W. Shivery (8)	2011	1,063,270		5,780,091		Annual:		1,158,298	31,898	9,586,057
Chairman of the Board, President and						Long Term:	1,552,500			
Chief Executive Officer						Total:	1,552,500			
	2010	1,035,000		1,905,964		Annual:	1,987,200	1,525,310	31,050	8,254,374
						Long Term:	1,769,850			
						Total:	3,757,050			
	2009	1,035,000		1,574,915		Annual:	1,645,650	1,812,023	31,050	7,773,638
						Long Term:	1,635,000			
						Total:	3,280,650			
David R. McHale	2011	537,721		810,080		Annual:		798,025	16,132	2,555,708
Executive Vice President and						Long Term:	393,750			
Chief Financial Officer						Total:	393,750			
	2010	525,000		2,484,707		Annual:	608,517	934,059	15,750	4,995,533
						Long Term:	427,500			
						Total:	1,036,017			
	2009	524,520		399,436		Annual:	555,728	1,038,268	7,350	2,893,177
						Long Term:	367,875			
						Total:	923,603			
Leon J. Olivier	2011	565,548		852,791		Annual:		724,796	16,966	2,572,601
Executive Vice President and						Long Term:	412,500			
Chief Operating Officer						Total:	412,500			
	2010	550,000		2,007,381		Annual:	601,494	699,343	16,500	4,255,906
						Long Term:	381,188			
						Total:	982,682			
	2009	550,000		418,459		Annual:	558,415	219,565	16,500	2,086,533
						Long Term:	323,594			
						Total:	882,009			
Gregory B. Butler	2011	417,508		629,234		Annual:		553,436	7,350	1,912,769
Senior Vice President and						Long Term:	305,241			
General Counsel						Total:	305,241			
	2010	406,988		1,875,695		Annual:	458,320	472,066	7,350	3,568,394
						Long Term:	347,975			
						Total:	806,295			
	2009	406,988		309,666		Annual:	414,009	503,614	7,350	1,958,496
						Long Term:	316,870			
						Total:	730,878			
James B. Robb	2011	409,692		411,494		Annual:			42,041	1,063,227
Senior Vice President Enterprise						Long Term:	200,000			
Planning & Development NUSCO						Total:	200,000			
	2010	400,000		1,246,211		Annual:	339,000		45,243	2,258,454

				Long Term:	228,000			
				Total:	567,000			
	2009	400,000	202,896	Annual:	316,500		44,237	963,663
				Long Term:				
				Total:	316,500			

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(1) Includes amounts deferred in 2011 by the Named Executive Officers under the Deferral Plan, as follows: Mr. Shivery: $31,898; Mr. McHale: $8,604; Mr. Olivier: $113,110; and Mr. Robb: $8,194. For more information, see the Executive Contributions in the Last Fiscal Year column of the Non-Qualified Deferred Compensation Plans Table.

(2) No discretionary bonus awards were made to any of the Named Executive Officers in the fiscal years ended 2009, 2010 and 2011.

(3) Reflects the aggregate grant date fair value of restricted share units (RSUs) and performance shares granted in each fiscal year, calculated in accordance with FASB ASC Topic 718.

In 2009, 2010 and 2011, certain Named Executive Officers were granted RSUs that vest in equal annual installments over three years as long-term incentive compensation. We deferred the distribution of common shares upon vesting of RSUs granted to Mr. Shivery until 2013, the calendar year after the year in which his employment terminates. RSU holders are eligible to receive dividend equivalent units on outstanding RSUs held by them to the same extent that dividends are declared and paid on our common shares. Dividend equivalent units are accounted for as additional common shares that accrue and are distributed simultaneously with the common shares issued upon vesting of the underlying RSUs.

In 2011, the Named Executive Officers were granted performance shares as long-term compensation. These performance shares will vest on December 31, 2013, based on the extent to which four performance conditions are achieved. The grant date values for the performance shares, assuming achievement of the highest level of all four performance conditions, are as follows: Mr. Shivery: $3,569,554; Mr. McHale: $901,954; Mr. Olivier: $949,497; Mr. Butler: $700,560; and Mr. Robb: $458,157.

On February 8, 2011, the Board of Trustees approved a special grant of 76,406 RSUs to Mr. Shivery to recognize the critical role he has had and will play in the successful leadership of the Company through the close of the pending merger with NSTAR and as nonexecutive Chairman of the Board during the post-merger integration period. The RSUs will vest eighteen months after the closing of the merger with NSTAR, coinciding with Mr. Shivery s commitment to remain as nonexecutive Chairman of the Board through that date. If Mr. Shivery dies or becomes disabled prior to the vesting date, then the RSUs will vest as of the date of death or disability. If Mr. Shivery does not serve on the Board through eighteen months after the merger closes, then the RSUs will be forfeited.

(4) We did not grant stock options to any of the Named Executive Officers in 2011. We have not granted any stock options since 2002.

(5) Includes payments to the Named Executive Officers under the 2011 Annual Incentive Program (Mr. Shivery: $0; Mr. McHale: $0; Mr. Olivier: $0; Mr. Butler: $0; and Mr. Robb: $0). Also includes performance cash payments under the 2009 2011 Long-Term Incentive Program (Mr. Shivery: $1,552,500; Mr. McHale: $393,750; Mr. Olivier: $412,500; Mr. Butler: $305,241; and Mr. Robb: $200,000). Performance goals under the 2011 Annual Incentive Program were communicated to each officer by the CEO or, in the case of the CEO, jointly by the Compensation Committee and Corporate Governance Committee, during the first 90 days of 2011. The Compensation Committee acting jointly with the Corporate Governance Committee determined the extent to which these goals were satisfied (based on input from the CEO, in the case of the other Named Executive Officers) in February 2012. Performance goals under the 2009 2011 Long-Term Incentive Program were communicated to each officer by the CEO or, in the case of the CEO, jointly by the Compensation Committee and Corporate Governance Committee, during the first 90 days of 2009. The Compensation Committee determined the extent to which the long-term goals were satisfied in February 2012.

(6) Includes the actuarial increase in the present value from December 31, 2010 to December 31, 2011 of the Named Executive Officer s accumulated benefits under all of our defined benefit pension plans determined using interest rate and mortality rate assumptions consistent with those appearing under the caption entitled Management s Discussion and Analysis and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011. The Named Executive Officer may not be fully vested in such amounts. More information on this topic is set forth in the notes to the Pension Benefits table, appearing further below. Mr. Robb does not participate in our defined benefit pension plan. There were no above-market earnings on deferrals in 2011.

(7) Includes matching contributions of $7,350 allocated by us to the account of each of the Named Executive Officers under the 401k Plan; Med-Vantage employer contributions (Mr. Robb: $1,000); qualified K-Vantage employer contributions under the 401k Plan (Mr. Robb: $11,025); nonqualified K-Vantage employer contributions under the Deferral Plan (Mr. Robb: $22,666); and employer matching contributions under the Deferral Plan for the Named Executive Officers who deferred part of their salary in the fiscal year ended December 31, 2010 (Mr. Shivery: $24,548; Mr. McHale: $8,782; Mr. Olivier: $9,616; and Mr. Robb: $4,941). Mr. Butler did not participate in the Deferral Plan in 2011.

(8) Mr. Shivery s 2011 total compensation includes the special grant of 76,406 RSUs valued at $2,574,118 as described in footnote 3 above. Excluding the value of this special grant, Mr. Shivery received total compensation of $7,111,123 for 2011.

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GRANTS OF PLAN-BASED AWARDS DURING 2011

The Grants of Plan-Based Awards Table provides information on the range of potential payouts under all incentive plan awards during the fiscal year ended December 31, 2011. The table also discloses the underlying stock awards and the grant date for equity-based awards. We have not granted any stock options since 2002. Accordingly, we did not grant stock options to any of the Named Executive Officers in 2011.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards (1)			All Other Stock Awards: Number of Shares of Stock or Units	Grant Date Fair Value of Stock and Option Awards
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**(#) (2)**	**($) (3)**
Charles W. Shivery									
Annual Incentive (4)	2/8/2011	535,000	1,070,000	2,140,000					
Long-Term Incentive (5)	2/8/2011					73,579	110,369	24,526	3,205,973
Special Equity Grant (6)	2/8/2011							76,406	2,574,118
David R. McHale									
Annual Incentive (4)	2/8/2011	174,759	349,519	699,038					
Long-Term Incentive (5)	2/8/2011					18,592	27,888	6,197	810,080
Leon J. Olivier									
Annual Incentive (4)	2/8/2011	183,803	367,606	735,213					
Long-Term Incentive (5)	2/8/2011					19,572	29,358	6,524	852,791
Gregory B. Butler									
Annual Incentive (4)	2/8/2011	135,690	271,380	542,760					
Long-Term Incentive (5)	2/8/2011					14,441	21,661	4,814	629,234
James B. Robb									
Annual Incentive (4)	2/8/2011	102,423	204,846	409,692					
Long-Term Incentive (5)	2/8/2011					9,444	14,166	3,148	411,494

(1) Reflects the number of performance shares granted to each of the Named Executive Officers on February 8, 2011 under the 2011 2013 Long-Term Incentive Program. Performance shares were granted with a three-year Performance Period that ends on December 31, 2013. At the end of the Performance Period, common shares will be awarded based on performance compared to goals, subject to reduction for applicable withholding taxes. Holders of performance shares are eligible to receive dividend equivalent units on outstanding performance shares held by them to the same extent that dividends are declared and paid on our common shares. Dividend equivalent units are accounted for as additional common shares that accrue and are distributed simultaneously with the common shares distributed in respect of the underlying performance shares. The Annual Incentive Program does not include an equity component.

(2) Reflects the number of RSUs granted to each of the Named Executive Officers on February 8, 2011 under the 2011 2013 Long-Term Incentive Program. RSUs vest in equal installments on February 25, 2012, 2013 and 2014. Except for Messrs. Shivery and Robb, we will distribute common shares in respect to vested RSUs on a one-for-one basis immediately upon vesting, after reduction for applicable withholding taxes. For Mr. Shivery, we will distribute common shares, after reduction for applicable withholding taxes, in respect of vested RSUs in three approximately equal annual installments beginning the later of (i) six months after he leaves the Company and (ii) January of the calendar year after he leaves the Company. For Mr. Robb, we will distribute common shares after reduction for applicable withholding taxes, in respect of vested RSUs beginning the earlier of (i) fifteen years beyond the vesting date or (ii) six months after he leaves the Company. Holders of RSUs are eligible to receive dividend equivalent units on outstanding RSUs held by them to the same extent that dividends are declared and paid on our common shares. Dividend equivalent units are accounted for as additional common shares that accrue and are distributed simultaneously with the common shares distributed in respect of the underlying RSUs. The Annual Incentive Program does not include an equity component.

Also includes the number of RSUs granted to certain Mr. Shivery on February 8, 2011 in connection with the merger with NSTAR. See note 3 to the Summary Compensation Table.

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(3) Reflects the grant-date fair value, determined in accordance with FASB ASC Topic 718, of: (i) RSUs and performance shares granted to the Named Executive Officers on February 8, 2011, under the 2011 2013 Long-Term Incentive Program; and (ii) RSUs granted to the Mr. Shivery on February 8, 2011 in connection with the merger with NSTAR. The Annual Incentive Program does not include an equity component.

(4) Amounts reflect the range of potential payouts, if any, under the 2011 Annual Incentive Program for each Named Executive Officer, as described in the Compensation Discussion and Analysis. The payment in 2012 for performance in 2011 is set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. The threshold payment under the Annual Incentive Program is 50% of target. However, based on Adjusted Net Income and individual performance, the actual payment under the Annual Incentive Program could be zero.

(5) Reflects the range of potential payouts, if any, pursuant to performance share awards under the 2011 2013 Long-Term Incentive Program, as described in the Compensation Discussion and Analysis. No performance share awards were made in 2011 under the 2011 2013 Long-Term Incentive Program.

(6) Reflects the number of RSUs granted to Mr. Shivery on February 8, 2011 in connection with the merger with NSTAR. See note 3 to the Summary Compensation Table.

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EQUITY GRANTS OUTSTANDING AT DECEMBER 31, 2011

The following table sets forth option, RSU and performance share grants outstanding at the end of our fiscal year ended December 31, 2011 for each of the Named Executive Officers. All outstanding options were fully vested as of December 31, 2011.

	Option Awards (1)			Stock Awards (2)			
Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that have not Vested (#) (3)	Market Value of Shares or Units of Stock that have not Vested ($) (4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (5)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (6)
Charles W. Shivery	29,024	$ 18.90	06/11/2012	137,804	4,970,590	148,508	5,536,683
David R. McHale				81,611	2,943,708	37,594	1,356,015
Leon J. Olivier				65,684	2,369,222	39,481	1,424,079
Gregory B. Butler				61,594	2,221,696	29,171	1,052,197
James B. Robb				40,925	1,476,164	19,097	688,828

(1) We have not granted stock options since 2002.

(2) Awards and market values of awards appearing in the table and the accompanying notes have been rounded to whole units.

(3) An additional 61,617 unvested RSUs will vest on February 25, 2012 (Mr. Shivery: 31,331; Mr. McHale: 7,938; Mr. Olivier: 8,327; Mr. Butler: 6,157; and Mr. Robb: 3,932). An additional 37,854 unvested RSUs will vest on February 25, 2013 (Mr. Shivery: 19,188; Mr. McHale: 4,859; Mr. Olivier: 5,101; Mr. Butler: 3,770; and Mr. Robb: 2,468). An additional 16,637 unvested RSUs will vest on February 25, 2014 (Mr. Shivery: 8,437; Mr. McHale: 2,132; Mr. Olivier: 2.244; Mr. Butler: 1,656; and Mr. Robb: 1,084).

In connection with the merger with NSTAR, on November 16, 2010, the Board of Trustees established a retention pool in an aggregate amount of $10 million to be allocated to key employees, including some or all executive officers, to help ensure their continued dedication to the Company both before and after completion of the merger. Awards were in the form of RSUs and generally vest subject to three years of continuous service following completion of the merger. Full payment will also be made if an eligible executive dies, becomes disabled, or is terminated by the Company without cause before the end of the retention period, in which case the retention payment will be reduced by the amount of any cash severance payable to the executive upon or during the year following termination. An additional 193,854 unvested RSUs granted pursuant to the retention pool will vest subject to three years of continuous service following completion of the merger with NSTAR (Mr. McHale: 64,618; Mr. Olivier: 48,463; Mr. Butler: 48,463; and Mr. Robb: 32,310).

(4) The market value of RSUs is determined by multiplying the number of RSUs by $36.07, the closing price per share of common shares on December 30, 2011, the last trading day of the year.

(5) Reflects the target payout level for 2011 and 2010 performance shares. Payouts for 2011 and 2010 performance shares will be based on actual performance. Performance shares are described in the CD&A and footnote (1) to the Grants of Plan-Based Awards table. Performance shares vest following a three-year performance period to the extent targets are achieved. Performance shares are also discussed in the CD&A under Performance Units above. A total of 133,891 unearned performance shares will vest on December 31, 2012 (Mr. Shivery: 72,579; Mr. McHale: 18,408; Mr. Olivier: 19,284; Mr. Butler: 14,269; and Mr. Robb: 9,351). An additional 149,706 unearned performance shares will vest on December 31, 2013 (Mr. Shivery: 75,929; Mr. McHale: 19,186; Mr. Olivier: 20,197; Mr. Butler: 14,902; and Mr. Robb: 9,746).

(6) The market value is determined by multiplying the number of performance shares in the adjacent column by $36.07, the closing price per share of common shares on December 30, 2011, the last trading day of the year.

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OPTIONS EXERCISED AND STOCK VESTED IN 2011

The following table reports amounts realized on equity compensation during the fiscal year ended December 31, 2011. None of the Named Executive Officers exercised options in 2011. The Stock Awards columns report the vesting of RSU grants to the Named Executive Officers in 2011.

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($) (1)**	**Number of Shares Acquired on Vesting (#) (2)**	**Value Realized on Vesting ($) (3)**
Charles W. Shivery			49,119	1,612,086
David R. McHale			11,766	386,160
Leon J. Olivier			11,369	373,131
Gregory B. Butler			8,758	287,438
James B. Robb			5,961	195,640

(1) Represents the amounts realized upon option exercises, which is the difference between the option exercise price and the market price at the time of exercise.

(2) Includes RSUs granted to our Named Executive Officers under our long-term incentive programs, including dividend reinvestments, as follows:

Name	**2008 Program**	**2009 Program**	**2010 Program**
Charles W. Shivery	26,224	12,143	10,752
David R. McHale	6,138	2,985	2,643
Leon J. Olivier	5,473	3,127	2,769
Gregory B. Butler	4,396	2,313	2,049
James B. Robb	3,012	1,564	1,385

In all cases, we reduce the distribution of common shares by that number of shares valued in an amount sufficient to satisfy tax withholding obligations, which amount we distribute in cash. Included in the value realized are values associated with deferred RSUs, which are also reported in the Registrant Contributions in Last Fiscal Year column of the Non-Qualified Deferred Compensation Table.

(3) Value realized on vesting for all amounts is based on $32.82 per share, the closing price of common shares on February 25, 2011. This value includes the value of vested RSUs for which the distribution of common shares is currently deferred.

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PENSION BENEFITS IN 2011

The Pension Benefits Table sets forth the estimated present value of accumulated retirement benefits that would be payable to each Named Executive Officer upon his retirement as of the first date upon which he is eligible to receive an unreduced pension benefit (see below). The table distinguishes the benefits among those available through the Retirement Plan, the Supplemental Plan and any additional benefits available under the respective officer s employment agreement. The Supplemental Plan provides a make whole benefit that is based in part on compensation that is not permitted to be recognized under a tax-qualified plan and provides a target benefit if the eligible officer continues his or her employment until age 60. Benefits under the Supplemental Plan are also based on elements of compensation that are not included under the Retirement Plan. This includes compensation equal to: (i) deferred compensation; (ii) the value of awards under the Annual Incentive Program for officers; and (iii) long-term incentive awards only for Messrs. McHale and Butler (as to each of their respective make whole benefits), the values of which are frozen at the 2001 target levels.

The present value of accumulated benefits shown in the Pension Benefits Table was calculated as of December 31, 2011 assuming benefits would be paid in the form of a one-half spousal contingent annuitant option (the typical form of payment for the target benefit). For Mr. Olivier, who has a special retirement arrangement, we assumed that his special retirement benefit would be paid as a lump sum, and his Retirement Plan benefit would be paid in the form of a life annuity with a one-third spousal contingent annuitant option (the typical form of payment under the Retirement Plan). None of Mr. Olivier s benefits will be provided under the Supplemental Plan. In addition, the present value of accrued benefits for any Named Executive Officer assumes that benefits commence at the earliest age at which the participant would be eligible to retire and receive unreduced benefits. Named Executive Officers are eligible to receive unreduced benefits upon the earlier of (a) attainment of age 65 or (b) attainment of at least age 55 when age plus service equals 85 or more years, except for Mr. Olivier. Mr. Olivier s unreduced benefit is available at age 60 pursuant to his employment agreement. The target benefit is available for Messrs. Butler and McHale only after age 60. Accordingly, Mr. Shivery became eligible to receive unreduced benefits at age 65, Messrs. McHale and Olivier are eligible to receive unreduced benefits at age 60, and Mr. Butler is eligible to receive unreduced benefits at age 62. Mr. Robb does not participate in the Retirement Plan nor the Supplemental Plan.

The limitations applicable to the Retirement Plan under the Internal Revenue Code as of December 31, 2011 were used to determine the benefits under each plan. The accrued benefits reflect actual compensation (both salary and incentives) earned during 2011. Under the terms of the Supplemental Plan, annual incentives earned for services provided in a plan year are deemed to have been paid ratably over that plan year. For example, the March 2012 payment pursuant to the 2011 Annual Incentive Program was reflected in the 2011 plan compensation. We determined the present value of the benefit at retirement age by using the discount rate of 5.57% under Statement of Financial Accounting Standards No. 87 for the 2011 fiscal year end measurement (as of December 31, 2011). This present value assumes no pre-retirement mortality, turnover or disability. However, for the postretirement period beginning at the retirement age, we used the RP2000 Combined Healthy mortality table as published by the Society of Actuaries projected to 2012 with projection scale AA (same table used for financial reporting under FAS 87). Additional assumptions appear under the caption entitled Management s Discussion and Analysis and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

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Pension Benefits

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Charles W. Shivery (1)	Retirement Plan	9.6	387,825	
	Supplemental Plan	9.6	7,566,228	
	Other Special Benefit	12.6	2,490,831	
David R. McHale	Retirement Plan	30.3	918,365	
	Supplemental Plan	30.3	3,541,056	
Leon J. Olivier (2)	Retirement Plan	12.8	516,123	
	Supplemental Plan	10.3		
	Other Special Benefit	10.3	3,101,153	
	Other Special Benefit	32.3	1,281,935	105,966
Gregory B. Butler	Retirement Plan	15.0	441,905	
	Supplemental Plan	15.0	2,287,874	
James B. Robb	Retirement Plan			
	Supplemental Plan			
	Supplemental Plan	10.1	648,809	
	Other Special Benefit	31.1	1,419,229	

(1) Mr. Shivery s actual service with us totaled 9.6 years at December 31, 2011. However, Mr. Shivery s employment agreement provides for a special retirement benefit consisting of an amount equal to the difference between: (i) the equivalent of fully-vested benefits under the Retirement Plan and the Supplemental Plan calculated by adding three years to his actual service and (ii) benefits otherwise payable from the Retirement Plan and the Supplemental Plan. The value of the additional three years of service on December 31, 2011 was approximately $2,490,831.

(2) Mr. Olivier was employed with Northeast Nuclear Energy Company, one of our subsidiaries, from October of 1998 through March of 2001. In connection with this employment, he received a special retirement benefit that provided credit for service with his previous employer, Boston Edison Company (BECO), when calculating the value of his defined benefit pension, offset by the pension benefit provided by BECO. The benefit, which commenced upon Mr. Olivier s 55th birthday, provides an annuity of $105,966 per year in a form that provides no contingent annuitant benefit. The present value of future payments under this benefit was calculated using the actuarial assumptions currently used by the Retirement Plan. Mr. Olivier was rehired by us from Entergy in September 2001. Mr. Olivier s current employment agreement provides for certain supplemental pension benefits in lieu of benefits under the Supplemental Plan, in order to provide a benefit similar to that provided by Entergy. Under this arrangement, Mr. Olivier became eligible during 2011 to receive a special benefit, subject to reduction for termination prior to age 65, consisting of three percent of final average compensation for each of his first 15 years of service since September 10, 2001, plus one percent of final average compensation for each of the second 15 years of service. Alternatively, if Mr. Olivier voluntarily terminates his employment with us, he is eligible to receive upon retirement a lump sum payment of $2,050,000 in lieu of benefits under the Supplemental Plan and the benefit described in the preceding sentence. These supplemental pension benefits will be offset by the value of any benefits he receives from the Retirement Plan. Amounts reported in the table assume the termination of his employment with our consent on December 31, 2011, and payment of the lump sum benefit of $3,617,276 offset by Retirement Plan benefits.

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NONQUALIFIED DEFERRED COMPENSATION IN 2011

Name	Executive Contributions in Last FY ($) (1)	Registrant Contributions in Last FY ($) (2)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($) (3)	Aggregate Balance at Last FYE ($) (4)
Charles W. Shivery	1,895,242	24,548	1,675,878	(109,106)	14,311,086
David R. McHale	8,604	8,732	49,509	(132,570)	279,759
Leon J. Olivier	113,110	9,616	(68,087)	(199,810)	1,757,016
Gregory B. Butler			59,117	(215,376)	364,754
James B. Robb	46,602	27,607	77,882		322,792

(1) Includes deferrals by the Named Executive Officers under the 2011 Deferral Plan (Mr. Shivery: $31,898; Mr. McHale: $8,604; Mr. Olivier: $113,110; and Mr. Robb: $8,194). Named Executive Officers who participate in the Deferral Plan are provided with a variety of investment opportunities, which the individual can modify and reallocate at any time. Fund gains and losses are updated daily by our recordkeeper, Fidelity Investments. Contributions by the Named Executive Officer are vested at all times; however, the employer matching contribution vests after three years and will be forfeited if the executive s employment terminates, other than for retirement, prior to vesting, but will become fully vested upon a change of control.

All other amounts relate to the value of common shares, the distribution of which was either automatically deferred upon vesting of underlying RSUs pursuant to the terms of the respective Long-Term Incentive Programs, or pursuant to the Named Executive Officer s deferral election, calculated using $32.82 per share, the closing price of the common shares on February 25, 2011, the vesting date. For more information, see the footnotes to the Options Exercised and Stock Vested Table.

(2) Includes employer matching contributions made to the Deferral Plan as of December 31, 2011 and posted on January 31, 2012, as reported in the All Other Compensation column of the Summary Compensation Table (Mr. Shivery: $24,548; Mr. McHale: $8,782; Mr. Olivier: $9,616; and Mr. Robb: $4,941). The employer matching contribution is deemed to be invested in common shares but is paid in cash at the time of distribution. Also includes nonqualified K-Vantage employer contributions made to the Deferral Plan during fiscal year 2011 (Mr. Robb: $22,666).

(3) Includes distributions to Named Executive Officers under the Deferral Plan during fiscal year 2011 pursuant to their deferral elections (Mr. Olivier: $19,376); plus the value of previously vested deferred RSUs distributed in 2011, pursuant to the Named Executive Officer s deferral election, valued at distribution at $32.82 per share, the closing price of our common shares on February 25, 2011.

(4) Includes the total market value of Deferral Plan balances at December 31, 2011, plus the value of vested RSUs for which the distribution of common shares is currently deferred, based on $36.07 per share, the closing price of our common shares on December 30, 2011, the last trading day of the year.

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POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

Generally, a change of control means a change in ownership or control effected through (i) the acquisition of 20% or more of the combined voting power of common shares or other voting securities, (ii) a change in the majority of the Board of Trustees over a 24-month period, unless approved by a majority of the incumbent Trustees, (iii) certain reorganizations, mergers or consolidations where substantially all of the persons who were the beneficial owners of the outstanding common shares immediately prior to such business combination do not beneficially own more than 50% (75% for Messrs. Olivier and Robb) of the voting power of the resulting business entity, and (iv) complete liquidation or dissolution of Northeast Utilities, or a sale or disposition of all or substantially all of the assets of Northeast Utilities other than to an entity with respect to which following completion of the transaction more than 50% (75% for Messrs. Olivier and Robb) of common shares or other voting securities is then owned by all or substantially all of the persons who were the beneficial owners of common shares and other voting securities immediately prior to such transaction.

In the event of a change of control, the NEOs are each entitled to receive compensation and benefits following either termination of employment without cause or upon termination of employment by the executive for good reason within 24 months following the change of control. The Compensation Committee believes that termination for good reason is conceptually the same as termination without cause and, in the absence of this provision, potential acquirers would have an incentive to constructively terminate executives to avoid paying severance. Termination for cause generally means termination due to a felony conviction; acts of fraud, embezzlement, or theft in the course of employment; intentional, wrongful damage to Company property; gross misconduct or gross negligence in the course of employment; or a material breach of obligations under the agreement. Termination for good reason generally is deemed to occur following an assignment to duties inconsistent with his position, a failure by the employer to satisfy material terms of the agreement, a reduction in the compensation or benefits of the executive officer (a material reduction in compensation or benefits for Messrs. Olivier and Robb), or the transfer of the executive to an office location more than 50 miles from his principal place of business immediately prior to a change of control.

With respect to the proposed merger with NSTAR, none of the Named Executive Officers will be entitled to receive any additional compensation and benefits in the absence of a termination of employment for cause or for good reason within two years (for Messrs. Olivier and Robb) after shareholder approval of the merger.

The discussion and tables below reflect the amount of compensation that would be payable to each of the Named Executive Officers in the event of: (i) termination of employment for cause; (ii) voluntary termination; (iii) involuntary not-for-cause termination (or voluntary termination for good reason); (iv) termination in the event of disability; (v) death; and (vi) termination following a change of control. The amounts shown assume that each termination was effective as of December 31, 2011, the last business day of the fiscal year as required under Securities and Exchange Commission reporting requirements.

Payments Upon Termination

Regardless of the manner in which the employment of a Named Executive Officer terminates, he is entitled to receive certain amounts earned during his term of employment. Such amounts include:

- Vested RSUs;
- Amounts contributed by the executive under the Deferral Plan;
- Vested matching contributions under the Deferral Plan;
- Pay for unused vacation; and
- Amounts accrued and vested through the Retirement Plan and the 401k Plan.

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I. Post-Employment Compensation: Termination for Cause

Type of Payment	Shivery ($)	McHale ($)	Olivier ($)	Butler ($)	Robb ($)
Incentive Programs					
Annual Incentives					
Performance Cash					
Performance Shares					
RSUs (1)	13,662,054	243,545	294,403	338,192	146,012
Pension and Deferred Compensation					
Supplemental Plan (2)	4,323,395				
Special Retirement Benefit (3)			1,553,877		
Deferral Plan (4)	553,112	16,467	1,426,222	26,546	141,732
Other Benefits					
Health and Welfare Cash Value					
Perquisites					
Separation Payments					
Excise Tax & Gross-Up					
Separation Payment for Non-Compete Agreement					
Separation Payment for Liquidated Damages					
Total	18,538,561	260,012	3,274,502	364,738	287,744

(1) Represents values of all RSUs granted to the Named Executive Officers under our long-term incentive programs that, as of the end of 2011, had been deferred upon vesting and remained deferred. Excludes retention pool RSU grants.

(2) Represents the actuarial present value at the end of 2011 of the benefit payable from the Supplemental Plan to Mr. Shivery upon termination. The benefit is payable as an annuity, and the present value was calculated as described in notes 1 and 2 to the Pension Benefits Table appearing above.

(3) Represents the actuarial present values at the end of 2011 of the amounts payable to the Named Executive Officers solely as the result of provisions in employment agreements, which are in addition to amounts payable by the Retirement Plan or the Supplemental Plan. Pursuant to the employment agreement with Mr. Olivier, a lump sum payment of $2,050,000, offset by the value of benefits from the Retirement Plan, would be payable to Mr. Olivier upon termination. Pension amounts reflected in the table are present values at the end of 2011 of benefits payable to each Named Executive Officer upon termination.

(4) Represents the vested Deferral Plan account balance of each Named Executive Officer accrued as of the end of 2011.

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II. Post-Employment Compensation: Voluntary Termination

Type of Payment	Shivery ($)	McHale ($)	Olivier ($)	Butler ($)	Robb ($)
Incentive Programs					
Annual Incentives (1)					
Performance Cash (2)	4,269,384	393,750	790,625	305,241	200,000
Performance Shares (3)	3,902,291		478,238		
RSUs (4)	15,788,560	243,545	519,812	338,192	146,012
Pension and Deferred Compensation					
Supplemental Plan (5)	7,566,228				
Special Retirement Benefit (6)	2,490,831		1,533,877		
Deferral Plan (7)	553,112	16,467	1,426,222	26,546	141,732
Other Benefits					
Health and Welfare Benefits (8)	104,687				
Perquisites					
Separation Payments					
Excise Tax & Gross-Up					
Separation Payment for Non-Compete Agreement					
Separation Payment for Liquidated Damages					
Total	34,675,093	653,762	4,748,774	669,979	487,744

(1) Represents the actual 2011 annual incentive award for each Named Executive Officer, determined as described in the Compensation Discussion and Analysis.

(2) Represents the actual performance cash award under the 2009 2011 Long-Term Incentive Program for each Named Executive Officer. Also includes, for Messrs. Shivery and Olivier, performance cash awards under the 2010 2012 Long-Term Incentive Program, because each of them would be considered to be a retiree under those programs. Full grant amounts are awarded to Mr. Shivery because he has attained age 65, while amounts for Mr. Olivier are prorated for time worked in each three-year performance period, determined as described in the Compensation Discussion and Analysis.

(3) Includes, for Messrs. Shivery and Olivier, performance share awards under the 2010 2012 and 2011 2013 Long-Term Incentive Programs, because each of them would be considered to be a retiree under those programs. Full grant amounts are awarded to Mr. Shivery because he has attained age 65, while amounts for Mr. Olivier are prorated for time worked in the three-year performance period, determined as described in the Compensation Discussion and Analysis.

(4) Represents values of all RSUs granted to the Named Executive Officers under our long-term incentive programs that, as of the end of 2011, had been deferred upon vesting and remained deferred, or that had not yet vested according to their program grant vesting schedules. Under the terms of each RSU grant, RSUs vest on a prorated basis based on the Named Executive Officers years of credited service and age as of termination, and time worked during the vesting period. Full grant amounts are distributed without proration to Mr. Shivery because he has attained age 65. The values were calculated by multiplying the number of RSUs by $36.07, the closing price of our common shares on December 30, 2011, the last trading day of the year. Excludes retention pool RSU grants, which would not vest upon voluntary termination.

(5) Represents the actuarial present value at the end of 2011 of the benefit payable from the Supplemental Plan to Mr. Shivery upon termination. The benefit is payable as an annuity, and the present value was calculated as described in notes 1 and 2 to the Pension Benefits Table appearing above.

(6) Represents the actuarial present values at the end of 2011 of the amounts payable to the Named Executive Officers solely as the result of provisions in employment agreements, which are in addition to amounts payable by the Retirement Plan or the Supplemental Plan. Pursuant to the employment agreement with Mr. Shivery, pension benefits available upon voluntary termination were calculated with the addition of three years of service. Pursuant to the employment agreement with Mr. Olivier, a lump sum payment of $2,050,000 offset by the value of benefits from the Retirement Plan, would be payable to Mr. Olivier upon

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voluntary termination. Pension amounts reflected in the table are present values at the end of 2011 of benefits payable to each Named Executive Officer upon termination. Mr. Shivery s benefit would be paid as an annuity calculated as described in notes 1 and 2 to the Pension Benefits Table appearing above.

(7) Represents the vested Deferral Plan account balance of each Named Executive Officer accrued as of the end of 2011.

(8) Represents the costs to the Company estimated by our benefits consultants as of the end of 2011 of providing post-employment welfare benefits to Mr. Shivery beyond those benefits that would be provided to a nonexecutive employee upon involuntary termination. Mr. Shivery is entitled to receive retiree health benefits under his employment agreement. To the extent these benefits are provided in excess of those provided to employees in general, Mr. Shivery would receive payments to offset the taxes incurred on such benefits.

III. Post-Employment Compensation: Involuntary Termination, Not for Cause

Type of Payment	Shivery ($)	McHale ($)	Olivier ($)	Butler ($)	Robb ($)
Incentive Programs					
Annual Incentives (1)					
Performance Cash (2)	4,269,384	754,683	790,625	585,048	200,000
Performance Shares (3)	3,902,291	455,521	478,238	353,434	
RSUs (4)	15,788,560	782,611	859,656	755,919	531,939
Pension and Deferred Compensation					
Supplemental Plan (5)	7,566,228	3,527,585		1,298,588	
Special Retirement Benefit (6)	2,490,831	2,902,412	3,101,153	2,287,874	
Deferral Plan (7)	553,112	16,467	1,426,222	26,546	141,732
Other Benefits					
Health and Welfare Benefits (8)	104,687	69,125		67,851	
Perquisites (9)		7,000		7,000	
Separation Payments					
Excise Tax & Gross-Up					
Separation Payment for Non-Compete Agreement (10)		900,487		693,019	318,000
Separation Payment for Liquidated Damages (11)		900,487		693,019	318,000
Total	34,675,093	10,316,378	6,655,894	6,768,298	1,509,671

(1) Represents the actual 2011 annual incentive award for each Named Executive Officer, determined as described in the Compensation Discussion and Analysis.

(2) Represents the actual performance cash award under the 2009 2011 Long-Term Incentive Program for each Named Executive Officer. Also includes, for Messrs. Shivery, McHale, Olivier, and Butler, performance cash awards under the 2010 2012 Long-Term Incentive Program. Full grant amounts are awarded to Mr. Shivery because he has attained age 65, while amounts for Messrs. McHale, Olivier and Butler are prorated for time worked in each three-year performance period, because each of them would be considered to be a retiree under those programs, determined as described in the Compensation Discussion and Analysis.

(3) Includes, for Messrs. Shivery, McHale, Olivier and Butler, performance share awards under the 2010 2012 and 2011 2013 Long-Term Incentive Programs. Full grant amounts are awarded to Mr. Shivery because he has attained age 65, while amounts for Messrs. McHale, Olivier and Butler are prorated for time worked in the three-year performance period, because each of them would be considered to be a retiree under those programs, determined as described in the Compensation Discussion and Analysis.