

NORTHEAST UTILITIES  
Form DEF 14A  
April 04, 2006

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)**  
**of the Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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| <input type="checkbox"/> Preliminary Proxy Statement                 | <input type="checkbox"/> Confidential, for Use |
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**NORTHEAST UTILITIES**

(Name of Registrant as Specified In Its Charter)

**NORTHEAST UTILITIES**

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

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No fee required.

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(1) Amount Previously Paid:

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## 2006 ANNUAL MEETING OF SHAREHOLDERS

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Dear Shareholder:

On behalf of the Board of Trustees and management, it is my pleasure to invite you to attend the 2006 Annual Meeting of Shareholders of Northeast Utilities on Tuesday, May 9, 2006, at 10:30 a.m., at the Sheraton Springfield Monarch Place Hotel in Springfield, Massachusetts (directions are on the reverse side).

Information concerning the matters to be acted upon at the meeting is provided in the accompanying Notice of Annual Meeting and Proxy Statement. In addition, our meeting agenda will include a discussion of the operations of Northeast Utilities system companies and an opportunity for questions of general interest to shareholders.

Whether or not you plan to attend the meeting, it is important that your shares be represented at the meeting in accordance with your wishes. To ensure that, please either vote your shares through the Internet, by telephone or by completing, signing and returning your proxy in the enclosed envelope as soon as possible.

In addition, in accordance with the resolutions adopted by our shareholders at our Annual Meeting, in 2005, you may elect to receive future distribution of proxy documents and annual reports by electronic access. To take advantage of this cost-saving service please see page 5 of the attached Proxy Statement for further information.

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

Very truly yours,

CHARLES W. SHIVERY  
Chairman of the Board, President and  
Chief Executive Officer

March 24, 2006

**Directions to**

**Sheraton Springfield Monarch Place Hotel**

**One Monarch Place**

**Springfield, Massachusetts 01144**

**General Directions**

**From East**

Take Massachusetts Turnpike I-90 West to Exit 4. Proceed onto I-91 South to Exit 7 (Springfield Center/Columbus Avenue). Take the first left onto Boland Way and the hotel entrance will be on the right.

**From North**

Take Interstate 91 South to Exit 7. After the exit, turn left at the traffic light. Go straight through the next light, and the hotel is on the right.

**From West**

Take Massachusetts Turnpike I-90 East to Exit 4 onto I-91 South. Go about 6 miles and take Exit 7. Turn left at the traffic light and travel straight through the next light. The hotel will be on the right.

**From South**

Take Route 91 North to Exit 6 (Springfield Center). Continue on Columbus Avenue to the 3rd set of lights. Turn right onto Boland Way and the hotel entrance will be on the right.

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held on May 9, 2006**

To the Shareholders of Northeast Utilities:

Notice is hereby given that the Annual Meeting of Shareholders of Northeast Utilities will be held on Tuesday, May 9, 2006, at 10:30 a.m., at the Sheraton Springfield Monarch Place Hotel, One Monarch Place, Springfield, Massachusetts, for the following purposes:

1. To elect ten Trustees, the names of whom are set forth in the accompanying Proxy Statement, for the ensuing year;
2. To ratify the selection of Deloitte & Touche LLP as independent auditors for 2006; and
3. To transact any other business that may properly come before the meeting or any adjournment thereof.

Only shareholders of record at the close of business on March 10, 2006 are entitled to receive notice of and to vote at the meeting or any adjournment thereof. You are cordially invited to be present at the meeting and to vote. Whether or not you plan to attend the meeting, please ensure your shares are represented by voting either through the Internet, by telephone or by signing, dating and returning the accompanying proxy in the enclosed addressed envelope, which requires no postage if mailed in the United States. Your proxy may be revoked at any time before the vote is taken by delivering to the Secretary a revocation or a proxy bearing a later date.

By order of the Board of Trustees,

KERRY J. KUHLMAN  
Vice President and Secretary

107 Selden Street

Berlin, Connecticut

06037

Mailing Address:

Post Office Box 270

Hartford, Connecticut 06141-0270

March 24, 2006

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**IMPORTANT**

Shareholders can help avoid the necessity and expense of follow-up letters to ensure that a quorum is present at the Annual Meeting by voting through the Internet or by telephone, or by promptly returning the enclosed proxy. The enclosed envelope requires no postage, if mailed in the United States.

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## PROXY STATEMENT

The accompanying proxy is solicited on behalf of the Board of Trustees of Northeast Utilities for use at the Annual Meeting of Shareholders to be held on May 9, 2006, and at any adjournment thereof, at the Sheraton Springfield Monarch Place Hotel in Springfield, Massachusetts.

Please read this proxy statement and vote your shares through the Internet, by telephone or by completing, dating, signing and returning the enclosed form of proxy. The proxy may be revoked at any time before it is voted by filing a letter with the Secretary of Northeast Utilities or by a duly executed proxy card bearing a later date. Properly executed proxies not revoked will be voted according to their terms. If a shareholder specifies how the proxy is to be voted with respect to any of the proposals for which a choice is provided, the proxy will be voted in accordance with such specifications. If a shareholder fails to so specify with respect to such proposal, the proxy will be voted FOR the election of each Trustee nominee and FOR the ratification of the appointment of our independent registered public accountants as set forth in proposals 1 and 2.

Only holders of common shares of record at the close of business on March 10, 2006 (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 155,397,264 common shares outstanding. Each such share is entitled to one vote on each matter to be voted on at the Annual Meeting of Shareholders.

The principal office of Northeast Utilities is located at One Federal Street, Building 111-4, Springfield, Massachusetts 01105. The general offices of Northeast Utilities and its subsidiaries are located at 107 Selden Street, Berlin, Connecticut (mailing address: Post Office Box 270, Hartford, Connecticut 06141-0270). This proxy statement and the accompanying proxy card and annual report are being mailed to shareholders commencing April 3, 2006.

**NORTHEAST UTILITIES**

**PROXY STATEMENT**

**FOR 2006 ANNUAL MEETING OF STOCKHOLDERS**

**Questions and Answers about the Annual Meeting and Voting**

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

**A:** You are being asked by the Board of Trustees of Northeast Utilities to vote on the election of ten members to our Board of Trustees, all of whom were elected to our Board at our 2005 Annual Meeting of Shareholders held on May 10, 2005, and are currently serving on our Board. For more information on each nominee, please turn to *Election of Trustees* beginning on page 6.

You also are being asked to ratify the selection of Deloitte & Touche LLP as Northeast Utilities independent auditors for 2006. For more information on this appointment, please turn to *Ratification of the Selection of Auditors* beginning on page 36.

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

**A:** Each of the holders of record of outstanding common shares of Northeast Utilities at the close of business on the record date, March 10, 2006, is entitled to one vote for each common share that they own. As of the record date, 155,397,264 common shares were issued and outstanding. Each common share is entitled to one vote on each matter to be voted on at the Annual Meeting.

**Q: HOW DO I VOTE?**

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

*You can vote through the Internet* by going to the website listed on your proxy card and following the simple instructions you see on your screen.

*You can vote by telephone* by calling the telephone number included on your proxy card on a touchtone telephone and following the simple recorded instructions.

*You can vote by mail* by signing and dating your proxy card, and mailing it in the enclosed prepaid envelope. If you mark your voting instructions on the proxy card, your shares will be voted as you instruct. If you return a signed card but do not provide voting instructions, your shares will be voted **for** the named nominees for election as Trustees and **for** the ratification of the appointment of Deloitte & Touche LLP as our independent accountants for the year ending December 31, 2006.



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*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. However, if you hold your shares in a bank or brokerage account rather than in your own name, you must obtain a proxy form from your stockbroker in order to vote at the meeting.

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

**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 listed on the proxy card is legally and properly brought before the Annual Meeting by a shareholder, the proxies will vote on the matter in accordance with their judgment of what is in the best interest of Northeast Utilities.

**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 RATIFICATION OF DELOITTE & TOUCHE LLP AS NORTHEAST UTILITIES INDEPENDENT ACCOUNTANTS FOR THE YEAR ENDING DECEMBER 31, 2006?**

**A:** The affirmative vote of a majority of those votes cast at the meeting is required to ratify the appointment of Deloitte & Touche LLP as Northeast Utilities independent accountants for the year ending December 31, 2006.

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

**A:** Representatives of The Bank of New York, our Registrar and Transfer Agent, will count the votes.

**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. However, abstentions and broker non-votes, as well as votes withheld, are not considered votes cast and will not be counted for or against a matter or nominee. If a shareholder specifies how the proxy is to be voted with respect to any of the proposals for which a choice is provided, the proxy will be voted in accordance with such specifications. If a shareholder fails to so specify with respect to such proposal, the proxy will be voted FOR the election of each Trustee nominee and FOR the ratification of the appointment of our independent registered public accountants.

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

**A:** Broker non-votes occur when nominees, such as banks and brokers holding shares on behalf of beneficial owners, do not receive voting instructions from the beneficial holders at least ten days before the Annual Meeting. If that happens, the nominees may vote those shares only on matters deemed routine by the New York Stock Exchange. On non-routine matters, nominees cannot vote without instructions from the beneficial owner, resulting in a so-called broker non-vote.

**Q: WHAT SHARES ARE COVERED BY MY PROXY CARD?**

**A:** You should have been provided a proxy card for each account in which you own shares of Northeast Utilities common shares either:

directly in your name as the shareholder of record; or

indirectly through a broker, bank or other holder of record.

**Q: WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE PROXY CARD?**

**A:** It means that you have multiple accounts in which you own common shares of Northeast Utilities. Please vote all proxy cards you receive to ensure that all your shares are voted. However, 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 The Bank of New York. All communications concerning shares you hold in your name, including address changes, name changes, requests to transfer shares and similar issues, can be handled by contacting them at their Investors Relations Department, P.O. Box 11258, Church Street Station, New York, NY 10286-1258, Tel. (800) 999-7269 or on the Internet at [www.stockbny.com](http://www.stockbny.com).

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

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

signing another proxy with a later date; or

voting again at the meeting.

**Q: WHEN ARE SHAREHOLDER PROPOSALS FOR THE 2007 ANNUAL MEETING OF SHAREHOLDERS DUE?**

**A:** You may submit proposals for consideration at the 2007 Annual Meeting, including Trustee nominations, in accordance with the following:

To include a proposal in our Proxy Statement for the 2007 Annual Meeting of Shareholders, proposals by shareholders must be received no later than November 24, 2006, and must satisfy the conditions established by the Securities and Exchange Commission. Written notice of proposals of shareholders to be considered at the 2007 Annual Meeting without inclusion in next year's proxy materials must be received on or before February 17, 2007 in order to be considered timely for purposes of Rule 14a-4 under the Securities Exchange Act of 1934. If a notice is received after February 17, 2007, then the notice will be considered untimely and the proxies held by management may provide the discretion to vote against such proposal, even though the proposal is not discussed in the proxy statement. Proposals should be addressed to O. Kay Comendul, Assistant Secretary, Northeast Utilities, Post Office Box 270, Hartford, Connecticut 06141-0270.

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

**A:**

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The cost of soliciting proxies on behalf of the Board of Trustees will be borne by Northeast Utilities. In addition to the use of the mails, proxies may be solicited by

personal interview, telephone, electronic mail, by Trustees, officers or employees of Northeast Utilities or Northeast Utilities Service Company for no additional compensation, by employees of The Bank of New York, our Transfer Agent and Registrar, or by an independent company, Morrow & Co., Inc., which has been retained to assist in the solicitation of proxies for a fee of \$12,000 plus reimbursement for expenses. Arrangements will be made to reimburse brokerage firms, nominees, custodians and fiduciaries for expenses incurred in forwarding solicitation materials to the beneficial owners of common shares held as of March 10, 2006.

**Q: HOW CAN I OBTAIN ELECTRONIC ACCESS TO THE PROXY MATERIALS, INSTEAD OF RECEIVING MAILED COPIES?**

**A:** This proxy statement and our 2005 Annual Report are available on our website at [www.nu.com](http://www.nu.com) at the Investors section under Financial/SEC Reports. You can also elect to receive future proxy statements and annual reports via electronic access instead of receiving paper copies in the mail. If you are a shareholder of record, you can choose this option and save us the cost of producing and mailing these documents by logging into the following web site, [www.giveconsent.com/nu](http://www.giveconsent.com/nu), and following the instructions. It will be helpful to have your NU shareholder account number on hand when you go on line.

If you choose to view future proxy statements and annual reports electronically, your choice will remain in effect until you contact our Investor Relations Department and instruct us otherwise. You do not have to elect Internet access each year.

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

**A:** If you were a shareholder of record on March 10, 2006 you should have received a copy of our Annual Report for Shareholders for the year ended December 31, 2005 either with this Proxy Statement or prior to its receipt. If you have not received the Annual Report for Shareholders or would like a copy of our Annual Report on Form 10-K filed with the Securities and Exchange Commission, please request one from the Corporate Secretary's office at the following address:

O. Kay Comendul

Assistant Secretary

Northeast Utilities

Post Office Box 270

Hartford, Connecticut 06141-0270

The Annual Report on Form 10-K is also available on our Internet Web Site at <http://www.nu.com/investors/reports/default.asp>

**PROPOSAL 1**

**ELECTION OF TRUSTEES**

Ten Trustees will be elected at the Annual Meeting to serve until the next Annual Meeting and until their successors have been elected and have qualified. Unless you specify otherwise, the enclosed proxy will be voted to elect the nominees named on pages 6-10 below as Trustees. Each nominee has been previously elected as a Trustee by shareholders and is currently serving as a Trustee.

If one or more of the nominees should become unavailable for election, which the Board of Trustees does not expect, the proxy may be voted for a substitute person or persons, but not more than the ten nominees proposed. In accordance with Northeast Utilities' Declaration of Trust, the number of Trustee positions will continue to be thirteen, as set by the shareholders in 2000, in order to afford the Board of Trustees flexibility to add Trustees with targeted expertise as appropriate between Annual Meetings of Shareholders.

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. 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 are counted in the determination of quorum but have no effect on the vote.

**The Board of Trustees recommends that shareholders vote FOR election of**

**the nominees listed on pages 6-10**

**RICHARD H. BOOTH, 59, President and Chief Executive Officer and a Director of HSB Group, Inc. and Chairman, President and Chief Executive Officer and a Director of Hartford Steam Boiler Inspection & Insurance Company since January 2000.**

**A Trustee since 2001.**

Mr. Booth received B.S. and M.S. degrees from the University of Hartford and is a Certified Public Accountant. He is a member of the Financial Accounting Standards Advisory Council and its Steering Committee, the American Institute of Certified Public Accountants, the Connecticut Society of CPAs, the Hartford Society of Financial Analysts, the Society of Financial Service Professionals and the Association for Investment Management & Research. From 1994 until 2000, Mr. Booth served as Executive Vice President and a Director of Phoenix Home Life Mutual Insurance Company. Mr. Booth is a member of the Boards of St. Francis Hospital, WorldBusiness Capital, LLC, the Griffith Foundation for Insurance Education, the American Insurance Association, the MetroHartford Alliance, Inc. and the Florence Griswold Museum, and a member of the Governor's Competitiveness Council and the Advisory Council of the Urban League of Greater Hartford.



**COTTON MATHER CLEVELAND, 53, President of Mather Associates, a firm specializing in leadership and organizational development for business, public and nonprofit organizations.**

**A Trustee since 1992.**

Ms. Cleveland received a B.S. magna cum laude from the University of New Hampshire, Whittemore School of Business and Economics. Ms. Cleveland is the Moderator of the Town of New London, New Hampshire and the New London/Springfield Water Precinct, and a Director of The National Grange Mutual Insurance Company and the Ledyard National Bank. She has served on the Board of the New Hampshire Center for Public Policy and as a Director of Bank of Ireland First Holdings. Ms. Cleveland has also served as Chair, Vice Chair and a 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 21<sup>st</sup> Century, and as an Incorporator for the New Hampshire Charitable Foundation.

**SANFORD CLOUD, JR., 61, Chairman and Chief Executive Officer of The Cloud Company, LLC, a real estate development and business investment firm.**

**A Trustee since 2000.**

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 is a past President and Chief Executive Officer of the National Conference for Community and Justice, a human relations organization dedicated to fighting bias, bigotry, and racism in America, a former partner at the law firm of Robinson and Cole and served for two terms as a state senator of Connecticut. A former Vice President of Corporate Public Involvement of Aetna Inc., Mr. Cloud is currently a Director of The Phoenix Companies, Inc. and Chairman of the Board of Ironwood Mezzanine Fund, L.P.

**JAMES F. CORDES, 65, Executive Vice President of The Coastal Corporation and President of the Natural Gas Group of The Coastal Corporation (retired 1997).**

**A Trustee since 2001.**

Mr. Cordes received a B.S. from St. Louis University, an M.B.A. from Creighton University, and an M.S. in Industrial and Management Systems Engineering from the University of Nebraska. Mr. Cordes has over 30 years' experience in the natural gas business, serving in various executive capacities including President of American Natural Resources Company. He is a past Director of The Coastal Corporation and a past chairman of the Interstate Natural Gas Association of America and has served as a Director and member of the Executive Committee of the American Gas Association. He has also served as a Director and member of the Executive Committees of both the Detroit Symphony and the Houston Symphony. Mr. Cordes is a Director of Comerica, Inc.



**E. GAIL DE PLANQUE, 61, President of Strategy Matters, Inc., a consulting firm, and Director, Energy Strategist s Consultancy, Ltd.**

**A Trustee since 1995.**

Dr. de Planque received an A.B. cum laude in Mathematics from Immaculata University, an M.S. in Physics from the New Jersey Institute of Technology, and a Ph.D. in Environmental Health Science from New York University. Dr. de Planque has over 35 years' experience in nuclear physics and industry regulation and is a Fellow of the American Association for the Advancement of Science, Fellow and past President of the American Nuclear Society, a member of the National Academy of Engineering, and has served as a Commissioner with the United States Nuclear Regulatory Commission and as Director of the United States Department of Energy's Environmental Measurements Laboratory. Dr. de Planque is a Director of TXU Corp., BHP Billiton, Plc and BHP Billiton Ltd., BNG America, Inc., Landauer, Inc., and the International Eye Foundation.

**JOHN G. GRAHAM, 67, President, Treasurer, Chief Executive Officer and a Director of UMI Insurance Company, a utility-owned insurance company that provides workers compensation insurance in the Mid-Atlantic region, and UMICO Holdings, Inc., its parent company.**

**A Trustee since 2003.**

Mr. Graham received an A.B. cum laude from Upsala College and a J.D. magna cum laude from Rutgers Law School, Newark, New Jersey. From 1999 to 2005, Mr. Graham served as Adjunct Professor of Law at Rutgers Law School. He taught in the fields of the law of economic regulation, energy law and insurance law. From 1999 to 2003, Mr. Graham served as a consultant to various firms concerning utility industry strategic and restructuring issues. Mr. Graham has served as Senior Vice President and Chief Financial Officer of GPU, Inc., and Chief Financial Officer of its utility subsidiaries (1987-1999), as a Director (1982-1999) and former Chairman (1995-1998) of Nuclear Electric Insurance Limited, as a Director and member of audit, directors and compensation committees of Viatel, Inc. (1998-2002), as a Director and audit committee chairman of Coho Energy, Inc. (2000-2001), and as a Director and audit committee chairman of Edisto Resources, Inc. (1993-1997). Mr. Graham also serves as a Trustee of the Devereux Foundation and The College of St. Elizabeth.

**ELIZABETH T. KENNAN, 68, President Emeritus of Mount Holyoke College and a partner in Cambus-Kenneth Farm, a specialized horse and cattle breeder.**

**Lead Trustee since 1996; A Trustee since 1980.**

Dr. Kennan received an A.B. summa cum laude from Mount Holyoke College, an M.A. from Oxford University (England), and a Ph.D. from the University of Washington. Dr. Kennan has served as Lead Trustee of Northeast Utilities since 1996 and acted as interim Chairman of the Board of Northeast Utilities from January 1, 2004 to March 29, 2004. Dr. Kennan has served as President of Five Colleges, Incorporated, as a Trustee of Notre Dame University, and as a member of the Folger Shakespeare Library Committee and the National Committee on Library Resources, and holds honorary degrees from a number of institutions. Dr. Kennan is a Director of The Talbots, Inc., a Trustee of The Putnam Funds, the National Trust for Historic Preservation, Centre College and Midway College, and a member of the Trustees of the Reservations.

**ROBERT E. PATRICELLI, 66, Chairman and Chief Executive Officer of Women's Health USA, Inc., a provider of women's health care services, and of Evolution Benefits, Inc., a provider of employee benefit services.**

**A Trustee since 1993.**

Mr. Patricelli received a B.A. from Wesleyan University and a J.D. from Harvard Law School, and was a University of Paris Fulbright Scholar. Mr. Patricelli was Chairman, President and Chief Executive Officer of Value Health, Inc. (1987-1997) and previously served as Executive Vice President of CIGNA Corporation and President of CIGNA's Affiliated Businesses Group. Mr. Patricelli has also held various positions in the federal government, including White House Fellow, counsel to a United States Senate Subcommittee, Deputy Undersecretary of the Department of Health, Education and Welfare and Administrator of the United States Urban Mass Transportation Administration. Mr. Patricelli is a Director of CuraGen Corporation and 454 Life Sciences Corp. He is also a Director of the MetroHartford Alliance, Inc., The Bushnell and The Connecticut Center for Science and Exploration.

**CHARLES W. SHIVERY, 60, Chairman of the Board, President and Chief Executive Officer of Northeast Utilities since March 29, 2004.**

**A Trustee since March 29, 2004.**

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 assumed his current position at Northeast Utilities after serving as interim President beginning in January 2004. From June 2002 until December 2003, Mr. Shivery served as President-Competitive Group of Northeast Utilities, as President and Chief Executive Officer and a Director of NU Enterprises, Inc., and as Chairman and a Director of most of NU's competitive subsidiaries. In 2002, Mr. Shivery retired from Constellation Energy Group, Inc. (Constellation), parent company of Baltimore Gas and Electric Company (BG&E) and other energy-related businesses, having held numerous senior management positions at Constellation, including Co-President of Constellation (2000-2002); President and Chief Executive Officer of Constellation Power Source Holdings, Inc. (1997-2001); Chief Executive Officer and President of Constellation Enterprises, Inc. (1998-2002); Chairman of the Board, President and Chief Executive Officer of Constellation Power Source, Inc. (1997-2001); Director of Orion Power Holdings, Inc. (1998-2000); and Vice President, Chief Financial Officer and Secretary of Constellation and BG&E. He joined BG&E in 1972 after four years in the U.S. Navy. Mr. Shivery is a Director of Energy Insurance Mutual, the Connecticut Business & Industry Association, The Connecticut Center for Science and Exploration, Connecticut Children's Medical Center, Edison Electric Institute, and the Electric Power Research Institute.

**JOHN F. SWOPE, 67, Attorney.**

**A Trustee since 1992.**

Mr. Swope received a Bachelor's Degree from Amherst College and a J.D. from Yale Law School. During 1999 and 2000, Mr. Swope served as President and Chief Executive Officer of Public Broadcasting Service. Mr. Swope served as of counsel to the law firm of Sheehan Phinney Bass + Green from 1995 to 1997, and as President of Chubb Life Insurance Company of America from 1980 to 1994, after serving in various executive capacities at Chubb Life and its predecessor companies since the early 1970's. Mr. Swope is a Director of the Public Broadcasting Service, PBS Enterprises and the New Hampshire Business Committee for the Arts, and a Trustee of The Currier Museum of Art and Tabor Academy.

## **BOARD COMMITTEES AND RESPONSIBILITIES**

The Board of Trustees of Northeast Utilities has standing Audit, Compensation, Corporate Responsibility, Corporate Governance, Executive, and Finance Committees. The Board of Trustees does not have a Nominating Committee, but its Corporate Governance Committee serves in the capacity of a Nominating Committee. Set forth below are the committees of the Board and the members of each committee:

### **Audit Committee**

The members of the Audit Committee, appointed by the Board of Trustees on the recommendation of the Corporate Governance Committee, are:

John G. Graham (Chair)

Richard H. Booth (Vice Chair)

James F. Cordes

E. Gail de Planque

Elizabeth T. Kennan

John F. Swope

The Audit Committee meets independently with the internal and independent auditors of Northeast Utilities and its subsidiaries and with management at least quarterly to review and evaluate the auditors' activities, procedures and recommendations to assist the Board of Trustees in monitoring the integrity of the Company's financial statements, the independent auditors' qualifications and independence, the performance of the Company's internal audit function and independent auditors, and the compliance by the Company with legal and regulatory requirements. Following each meeting, the Audit Committee reports to the full Board. The Audit Committee has the sole authority to appoint or replace the independent auditors and is directly responsible for their compensation and oversight of their work. The Audit Committee met 16 times in 2005. No member of the Audit Committee is an employee of Northeast Utilities or its subsidiaries. Each member of the Audit Committee meets the financial literacy requirements of the New York Stock Exchange and Securities and Exchange Commission rules. The Board of Trustees has affirmatively determined that Messrs. Booth and Graham are audit committee financial experts (as such term is described in rules of the Securities and Exchange Commission) and that each member of the Audit Committee is independent (as such term is defined in Section 303A of the Listed Company Manual of the New York Stock Exchange and under the rules of the Securities and Exchange Commission). A report from the Audit Committee is included in this proxy statement and its Charter is included as Appendix A to this Proxy Statement.

### **Compensation Committee**

The members of the Compensation Committee are:

Robert E. Patricelli (Chair)

E. Gail de Planque (Vice Chair)

Richard H. Booth

Sanford Cloud, Jr.

James F. Cordes

Elizabeth T. Kennan

The Compensation Committee reviews and adjusts, as appropriate, the compensation policies of Northeast Utilities and its subsidiaries and establishes and implements an evaluation process for the Chief Executive Officer in conjunction with the Corporate Governance Committee. Following each meeting, the Compensation Committee reports to the full Board. The Compensation Committee met seven times in 2005. No member of the Compensation Committee is an employee of Northeast Utilities or its subsidiaries. The Board of Trustees has affirmatively determined that each member of the Compensation Committee is independent (as such term is defined in Section 303A of the Listed Company Manual of the New York Stock Exchange). A report from the Compensation Committee with respect to executive compensation is included in this proxy statement.

### **Corporate Responsibility Committee**

The members of the Corporate Responsibility Committee are:

Cotton Mather Cleveland (Chair)

John F. Swope (Vice Chair)

Sanford Cloud, Jr.

E. Gail de Planque

John G. Graham

Elizabeth T. Kennan

The Corporate Responsibility Committee (formerly known as the Corporate Affairs Committee) reviews the policies and practices of Northeast Utilities and its subsidiaries on public issues having broad social or community significance, the implementation of those policies and the Company's and subsidiaries' conduct of business as responsible corporate citizens. The Committee's responsibilities include oversight of the Company's environmental, safety, diversity, and compliance and ethics activities, with the exception of those actions relating to financial, accounting or auditing matters, which are reviewed by the Audit Committee. Following each meeting, the Corporate Responsibility Committee reports to the full Board. The Corporate Responsibility Committee met three times in 2005. No member of the Corporate Responsibility Committee is an employee of Northeast Utilities or its subsidiaries.

**Corporate Governance Committee**

The members of the Corporate Governance Committee are:

Elizabeth T. Kennan (Chair)

Sanford Cloud, Jr. (Vice Chair)

James F. Cordes

E. Gail de Planque

Robert E. Patricelli

John F. Swope

The Corporate Governance Committee serves as a nominating committee, recommending criteria for new Trustees and identifying prospective Board candidates. The Corporate Governance Committee also evaluates the Board's performance and, in conjunction with the Compensation Committee, establishes and implements an evaluation process for the Chief Executive Officer. Following each meeting, the Corporate Governance Committee reports to the full Board. The Corporate Governance Committee met nine times in 2005. No member of the Corporate Governance Committee is an employee of Northeast Utilities or its subsidiaries. The Board of Trustees has affirmatively determined that each member of the Corporate Governance Committee is independent (as such term is defined in Section 303A of the Listed Company Manual of the New York Stock Exchange).

#### **Executive Committee**

The members of the Executive Committee are:

Charles W. Shivery (Chair)

Elizabeth T. Kennan (Vice Chair)

Richard H. Booth

Cotton Mather Cleveland

John G. Graham

Robert E. Patricelli

The Executive Committee is empowered to exercise all the authority of the Board, subject to certain limitations set forth in Northeast Utilities' Declaration of Trust, during the intervals between meetings of the Board. The Executive Committee met two times in 2005. Except for Mr. Shivery, no member of the Executive Committee is an employee of Northeast Utilities or its subsidiaries.

#### **The Finance Committee**



The members of the Finance Committee are:

Richard H. Booth (Chair)

James F. Cordes (Vice Chair)

Cotton Mather Cleveland

Sanford Cloud, Jr.

John G. Graham

Elizabeth T. Kennan

Robert E. Patricelli

The Finance Committee assists the Board in fulfilling its fiduciary responsibilities relating to financial plans, policies and programs for Northeast Utilities and its subsidiaries. Following each meeting, the Finance Committee reports to the full Board. The Finance Committee met nine times in 2005. No member of the Finance Committee is an employee of Northeast Utilities or its subsidiaries.

### **The Lead Trustee**

Dr. Elizabeth T. Kennan has been designated as the Lead Trustee for the Board of Trustees. As Lead Trustee, her duties include acting as a liaison between the Board and the Chief Executive Officer of the Company, organizing the Board's evaluation of the Chief Executive Officer, chairing non-management and (in the absence of the Chairman and the Vice Chairman, if any) executive sessions of the Board, and leading the Board in anticipating and responding to problems where management's performance may be in question.

The Board of Trustees has adopted a written charter for each of these Committees and for the Lead Trustee, and written Corporate Governance Guidelines. The charters of each of the Committees, the Lead Trustee Charter and the Corporate Governance Guidelines of Northeast Utilities are available on the Company's web site at [http://www.nu.com/investors/corporate\\_gov/default.asp](http://www.nu.com/investors/corporate_gov/default.asp). Printed copies of these materials are also available to any shareholder upon written request to the Secretary of the Company at the address set forth on page 5 of this proxy statement.

### **SELECTION OF TRUSTEES**

As set forth in its charter, it is the responsibility of the Corporate Governance Committee to identify individuals qualified to become members of the Board of Trustees and to recommend the election of the nominees at the annual meeting of shareholders. The Company 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 the Company's Corporate Governance Guidelines, the Corporate Governance Committee seeks nominees with these qualifications:

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

Shareholders wishing to provide information concerning potential candidates for membership on the Board of Trustees may address such information, in writing, to the Secretary of the Company at the mailing address set forth on page 5 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 nominee's qualifications.

## COMMUNICATIONS FROM SHAREHOLDERS

It is the policy of Northeast Utilities to provide a method for shareholders to communicate with the Board of Trustees, the non-management Trustees as a group, or individual Trustees, including the Lead Trustee, Dr. Elizabeth T. Kennan. In furtherance of this policy, the Board has designated the Secretary of Northeast Utilities as the contact person for such communications. Written communications from shareholders that are addressed to the Board, the non-management Trustees or individual Trustees, including the Lead Trustee, in care of the Secretary at the mailing address set forth on page 5 of this proxy statement, and which properly identify the sender, will be forwarded by the Secretary to the intended recipient or recipients.

## THE CODE OF ETHICS AND THE STANDARD OF BUSINESS CONDUCT

The Company has 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 Trustees, officers, employees, contractors and agents of the Company and its subsidiaries. The Code of Ethics and the Standards of Business Conduct are both posted on the Company's web site and are available at [http://www.nu.com/investors/corporate\\_gov/default.asp](http://www.nu.com/investors/corporate_gov/default.asp) on the Internet. Information pertaining to amendments and waivers from the Code of Ethics will be posted at this site. Printed copies of the Code of Ethics and the Standards of Business Conduct are also available to any shareholder upon written request to the Secretary of the Company at the address set forth on page 5 of this proxy statement.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The law firm of Sulloway & Hollis, P.L.L.C. provided legal services to various subsidiaries of Northeast Utilities during 2005, and received approximately \$114,000 for such services. Ms. Cleveland, who is standing for re-election as a Trustee of Northeast Utilities, is married to John B. Garvey, who was a partner in the firm through December 31, 2005, but is no longer affiliated with the firm. None of the services provided by Sulloway & Hollis, P.L.L.C. were provided by Mr. Garvey personally, and Mr. Garvey receives no special compensation as a result of the firm's relationship with the Company. The firm has provided legal services to Public Service Company of New Hampshire, a subsidiary of Northeast Utilities acquired by merger in 1992, since its formation over 75 years ago.

## TRUSTEE INDEPENDENCE

Northeast Utilities has adopted Corporate Governance Guidelines incorporating independence standards that meet those contained in the Listed Company Manual of the New York Stock Exchange. In addition, NU has 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, director or Trustee of a charitable organization, and the Company's discretionary charitable contributions to the organization, in the aggregate, do not exceed the greater of 1) \$200,000 or 2) two percent of the organization's total annual charitable receipts or latest publicly available operating budget.

The Corporate Governance Committee of the Board of Trustees conducts an annual review of the independence of the members of the Board and reports its findings to the full Board. Applying NU's Corporate Governance Guidelines, the Corporate Governance Committee, assisted by legal counsel, and based on responses to questionnaires completed by the Trustees, reviewed and considered relationships and transactions between NU, its affiliates and subsidiaries, on the one hand, and each Trustee, entities affiliated with him or her, and/or any member of his or her immediate family, on the other hand. The Corporate Governance Committee also reviewed the Company's charitable donations to organizations as to which Board members or their immediate family members serve as officers or directors. None of these relationships was deemed to be material to the Trustees or likely to impair the independence of any of the Trustees. Likewise, the Corporate Governance Committee also examined relationships and transactions between each Trustee and (a) senior management of the Company and (b) the Company's independent auditors, to ascertain whether a Trustee's independence is compromised.

As a result of this review, based on the recommendation of the Corporate Governance Committee, on February 14, 2006, the Board of Trustees affirmatively determined that each of its non-employee members satisfied the independence criteria (including the enhanced criteria with respect to members of the Audit Committee) set forth in the current listing standards and rules of the New York Stock Exchange and Securities and Exchange Commission and under Northeast Utilities' Corporate Governance Guidelines. In reaching this determination with respect to Ms. Cleveland, the Board considered the length of the relationship between Public Service Company of New Hampshire and the law firm of Sulloway & Hollis, P.L.L.C. described above, the lack of any direct benefit to Ms. Cleveland or her husband and the fact that her husband is no longer affiliated with Sulloway & Hollis, P.L.L.C., and concluded that this relationship was not material and thus does not affect Ms. Cleveland's independence as a Trustee.

#### **MEETINGS OF THE BOARD AND ITS COMMITTEES**

In 2005, the Trustees held 25 board meetings, the non-management Trustees held 5 meetings, and the Board, the non-management Trustees and the Committees of the Board held a total of 71 meetings, taking into account that certain meetings were jointly held by various committees. In 2005 each Trustee attended at least 97 percent of the aggregate of the total number of meetings of the full board and the total number of meetings of committees on which he or she serves. Dr. Kennan, as Lead Trustee, presides over meetings of the non-management Trustees. All ten members of the Board of Trustees attended the Annual Meeting of Shareholders held on May 10, 2005. Board members are expected to attend annual meetings, but the Company has no written policy addressing this subject.

**COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following table provides, as of February 28, 2006, information as to persons who are known to Northeast Utilities to beneficially own more than five percent of the common shares of Northeast Utilities. Northeast Utilities has no other class of voting securities.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Lord, Abbett & Co.  90 Hudson Street  Jersey City, NJ 07302	14,938,549	9.8%*

\* Based on an Amendment to Schedule 13G filed by Lord Abbett & Co. on February 1, 2006.

**COMMON STOCK OWNERSHIP OF MANAGEMENT**

The following table provides information as of February 28, 2006, as to the beneficial ownership of the common shares of Northeast Utilities by each Trustee and nominee for Trustee, the Chief Executive Officer of NU, each of the executive officers of Northeast Utilities listed on the Summary Compensation Table on page 19 of this Proxy Statement, and all Trustees, nominees for Trustee and executive officers of NU as a group. Unless otherwise noted, each Trustee, nominee and executive officer has sole voting and investment power with respect to the listed shares. It is a policy of the Company that each member of the Board of Trustees be a shareholder of the Company. In addition, in 2005 the Company awarded executive officers restricted share units that vest over three years for the equity-based portion of the long-term incentive program. Except for Mr. Shivery, payment of half of the vested units is deferred an additional four years beyond vesting in order to further increase share ownership by executive officers. Payment of the restricted share units granted to Mr. Shivery is deferred until after retirement.

Name	Amount and Nature of Beneficial Ownership	Percent of Class	Deferred Shares Units(1)	Restricted Share Units(2)
Richard H. Booth(4)	6,000	(3)	14,320	0
Gregory B. Butler(5)	46,716	(3)	163	31,407
Cotton Mather Cleveland(6)	20,232	(3)	12,446	0
Sanford Cloud, Jr.(7)	24,918	(3)	1,026	6,155
James F. Cordes(8)	14,600	(3)	3,295	6,155
Lawrence E. De Simone	2,078	(3)	0	31,720
E. Gail de Planque(6)	22,191	(3)	3,206	4,551
John G. Graham	1,000	(3)	14,871	0
Cheryl W. Gris�(9)	219,714	(3)	2,606	56,397
Elizabeth T. Kennan(6)	18,755	(3)	13,241	1,500
Leon J. Olivier(10)	27,878	(3)	1,583	25,670
Robert E. Patricelli(6)	31,095	(3)	0	6,155
Charles W. Shivery(11)	75,319	(3)	3,143	142,184
John F. Swope(6)	22,361	(3)	11,498	0
All Trustees and Executive Officers as a Group (16 persons)	582,561	(3)	81,398	341,319

**Notes:**

- (1) Deferred shares and units includes common shares and restricted share units receipt of which has been voluntarily deferred, and which are recorded in the executive officer s or Trustee s

account under the Northeast Utilities Deferred Compensation Plan for Trustees or the Northeast Utilities Deferred Compensation Plan for Executives. In each case the named individual has neither voting nor dispositive power with respect to these deferred shares or deferred restricted share units nor the ability to obtain beneficial ownership of the shares represented thereby within 60 days.

- (2) Restricted share units includes restricted share units issued under the Northeast Utilities Incentive Plan, receipt of which has not been voluntarily deferred and recorded in the executive officer's or Trustee's account under the Northeast Utilities Deferred Compensation Plan for Trustees or the Northeast Utilities Deferred Compensation Plan for Executives. In each case the named individual has neither voting nor dispositive power nor the ability to obtain beneficial ownership of the shares represented thereby within 60 days.
- (3) As of February 28, 2006, no Trustee or executive officer of Northeast Utilities beneficially owned more than one percent of the Northeast Utilities common shares outstanding.
- (4) Includes 5,000 shares that could be acquired by Mr. Booth pursuant to currently exercisable options.
- (5) Includes 29,800 shares that could be acquired by Mr. Butler pursuant to currently exercisable options, 12,680 shares held by Mr. Butler jointly with his wife with whom he shares voting and dispositive power, and 1,945 shares as to which Mr. Butler has sole voting and no dispositive power.
- (6) Includes 12,500 shares that could be acquired by the beneficial owner pursuant to currently exercisable options.
- (7) Includes 7,500 shares that could be acquired by Mr. Cloud pursuant to currently exercisable options.
- (8) Includes 5,000 shares that could be acquired by Mr. Cordes pursuant to currently exercisable options.
- (9) Includes 171,228 shares that could be acquired by Mrs. Grisé pursuant to currently exercisable options, 5,746 shares as to which Mrs. Grisé has sole voting and no dispositive power, and 265 shares held by Mrs. Grisé's husband as custodian for her children, with whom she shares voting and dispositive power.
- (10) Includes 19,900 shares that could be acquired by Mr. Olivier pursuant to currently exercisable options and 1,388 shares as to which Mr. Olivier has sole voting and no dispositive power.
- (11) Includes 29,024 shares that could be acquired by Mr. Shivery pursuant to currently exercisable options, 1,500 shares held jointly with Mr. Shivery's wife with whom he shares voting and dispositive power, and 16,390 shares as to which Mr. Shivery has sole voting and no dispositive power.

## EXECUTIVE COMPENSATION

The following tables present the cash and non-cash compensation received in the last three years by the Chief Executive Officer and the four highest paid executive officers of Northeast Utilities in 2005 (as described by the rules of the Securities and Exchange Commission):

### Summary Compensation Table

Name and Principal Position	Year	Annual Compensation		Long Term Compensation			All Other Compensation(\$) (Note 3)
		Salary (\$)	Bonus (\$)	Awards		Payouts	
				Other Annual Compensation(\$) (Note 1)	Restricted Share Award(s) (\$) (Note 2)	Securities Underlying Options/Share Appreciation Rights (#)	
Charles W. Shivery Chairman of the Board, President and Chief Executive Officer of NU (Note 4)	2005	840,000	635,166	7,565	787,493		43,108
	2004	799,380	200,000	3,754	866,244		43,150
	2003	554,616	674,000	8,946	220,004		16,639
Cheryl W. Gris� Executive Vice President of NU and Chief Executive Officer of CL&P, PSNH and WMECO (Note 5)	2005	518,000	403,239	2,316	321,165		23,297
	2004	505,539	234,949	5,000	387,494		229,321
	2003	451,538	581,513	13,216	324,994		184,587
Leon J. Olivier Executive Vice President of NU (Note 6)	2005	397,654	356,747	108,211	212,496		13,803
	2004	330,693	143,521	107,993	81,696		12,523
	2003	317,100	275,000	3,192	78,505		18,343
Lawrence E. De Simone President Competitive Group of NU (Note 7)	2005	475,000	74,619	44,324	302,815		6,300
	2004	73,077	47,500				
	2003						
Gregory B. Butler Senior Vice President and General Counsel of NU, CL&P, PSNH and WMECO (Note 8)	2005	348,654	264,925	4,234	170,634		8,926
	2004	304,615	75,316	760	250,003		12,785
	2003	244,615	232,200	4,473	109,995		6,000

#### Notes:

(1) Other Annual Compensation for Mr. Olivier in 2005 includes \$105,966 of supplemental pension payments payable under his previous employment agreement with Northeast Nuclear Energy Company, a subsidiary of NU. Other Annual Compensation for all named executive officers includes miscellaneous items such as reimbursement for financial planning expenses.

(2)



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Restricted shares listed in the table are valued as of the date of grant. The aggregate number of restricted share holdings by the individuals named in the table was 218,328 shares, at December 31, 2005, with a value of \$4,298,878. The restricted share holdings by each of the individuals named in the table and the value thereof, at December 31, 2005, were 95,776 common shares (\$1,885,823) for Mr. Shivery; 16,625 common shares (\$327,337) for Mr. De Simone; 62,073 common shares (\$1,222,216) for Mrs. Grisé; 18,421 common shares (\$362,708) for Mr. Olivier; and 25,434 common shares (\$500,793) for Mr. Butler. Each of the

individuals was awarded restricted share units as long term incentive compensation during 2005, which vest over three years, with 50 percent payable at vesting and 50 percent payable four years after vesting; with the exception of restricted share units awarded to Mr. Shivery, which vest over three years and are payable after retirement. Dividends on restricted share units are reinvested and additional shares added as a result of reinvestment are vested and paid on the same schedule. In addition, Mr. Shivery was awarded 25,000 restricted shares in 2004, upon his appointment as Chairman, President and CEO; these shares vest over four years and dividends are paid out during the vesting period. In 2003, Messrs. Shivery, Olivier and Butler and Mrs. Grisé were awarded restricted shares as long term compensation which vest over four years; dividends on these restricted shares are paid out during the vesting period. Payment of 50 percent of the 2003 annual incentive payout for Mr. Shivery and Mrs. Grisé was made in restricted share units which vest over three years and on which dividends are reinvested and are vested and paid out on the same schedule. Payment of 50 percent of the 2001 and 2002 annual bonuses of Mrs. Grisé was made on February 25, 2002 and February 25, 2003, respectively, in the form of restricted shares vesting one-third on each of the next three anniversaries of these payments; dividends on these restricted shares granted in 2003 are paid out during the vesting period.

- (3) All Other Compensation for 2005 consists of employer matching contributions under the Northeast Utilities Service Company 401k Plan, generally available to all eligible employees (\$6,300 for each named officer) and matching contributions under the Deferred Compensation Plan for Executives (Mr. Shivery \$18,900, Mrs. Grisé \$9,240, and Mr. Olivier \$5,630) and dividends on restricted stock (Mr. Shivery \$17,908, Mrs. Grisé \$7,757, Mr. Olivier \$1,874 and Mr. Butler \$2,626).
- (4) Served as interim President effective January 1, 2004 and elected Chairman of the Board, President and Chief Executive Officer on March 29, 2004.
- (5) Served as President Utility Group of NU until December 1, 2005 when she was elected Executive Vice President of NU.
- (6) Served as President of CL&P through January 17, 2005 when he was elected President Transmission Group of NU until December 1, 2005 when he was elected Executive Vice President of NU.
- (7) Elected President Competitive Group on October 25, 2004.
- (8) Elected Senior Vice President and General Counsel of CL&P, WMECO and PSNH, effective March 9, 2006.

#### Aggregated Option/SAR Exercises in Last Fiscal Year

#### and FY-End Option/ SAR Values

Name	Shares With Respect to Which Options Were Exercised (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options/SARs at Fiscal Year End (#)		Value of Unexercised In-the-Money Options/ SARs at Fiscal Year End (\$)(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Charles W. Shivery			29,024		22,929	
Lawrence E. De Simone						
Cheryl W. Grisé			171,228		210,069	
Leon J. Olivier			19,900		10,989	
Gregory B. Butler			29,800		25,925	

- 
- (1) The value of the unexercised options at fiscal year-end is based on a value of \$19.69 per common share, the closing price of our common shares on the NYSE on December 30, 2005, less the per share exercise price.

### Long-Term Incentive Programs Awards in Last Fiscal Year

Grants of three-year cash performance units were made during 2005 under the Northeast Utilities Incentive Plan to the Company's officers. Payments will be made in cash following the close of the performance period. Payments at the threshold, target, and maximum levels will be determined based on cumulative net income, average return on equity, average credit rating, and total shareholder return relative to thirteen utility companies, over the performance period. In the event of retirement before age 65, grants are prorated based on time in the performance period, their value is determined based on performance through the end of the performance period and the amounts are paid out at the end of the performance period. In the event of retirement after age 65, grants made prior to the calendar year of retirement are fully vested and grants made during the calendar year of retirement are prorated based on time in the performance period. The value of the grants is determined based on performance through the end of the performance period and the amounts are paid at the end of the performance period. In the event of death, disability, or a Change of Control, as defined, grants are prorated based on time in the performance period, their value is set at target and the amounts are immediately paid out. In the event of a Termination Upon a Change of Control, as defined, grants are fully vested, their value is set at target and the amounts are immediately paid out.

Grants in 2005 to the named executive officers were as follows:

Name	Number of Shares, Units or Other Rights (#)	Performance or Other Period Until Maturation Or Payout	Estimated Future Payouts Under Non-Share Price-Based Plans		
			50% Threshold	100% Target	150% Maximum
			(\$)	(\$)	(\$)
Charles W. Shivery	10,500	1/1/2005-12/31/2007	525,000	1,050,000	1,575,000
Lawrence E. De Simone	3,563	1/1/2005-12/31/2007	178,150	356,300	534,450
Cheryl W. Gris�	4,015	1/1/2005-12/31/2007	200,750	401,500	602,250
Leon J. Olivier	2,500	1/1/2005-12/31/2007	125,000	250,000	375,000
Gregory B. Butler	2,625	1/1/2005-12/31/2007	131,250	262,500	393,750

### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires Trustees and certain officers of Northeast Utilities and persons who beneficially own more than ten percent of the outstanding common shares of Northeast Utilities to file reports of ownership and changes in ownership with the Securities and Exchange Commission and the New York Stock Exchange. Based on such reports, or written representations that no Form 5 was required, Northeast Utilities believes that for the year ended December 31, 2005, all such reporting requirements were complied with in a timely manner.

### EMPLOYMENT AGREEMENTS, TERMINATION OF EMPLOYMENT AND CHANGE IN CONTROL ARRANGEMENTS

NUSCO has entered into employment agreements with Messrs. Shivery, De Simone, Olivier and Butler and Mrs. Gris . In addition, Mr. Olivier participates in the Special Severance Program for Officers of Northeast Utilities System Companies (the Special

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Severance Program) providing for benefits upon termination connected with a Change of Control, while other named executive officers have Change of Control benefits pursuant to the terms of the

employment agreements. The agreements and the Special Severance Program are also binding on Northeast Utilities and, except for Mr. Shivery's agreement, on certain majority-owned subsidiaries of Northeast Utilities.

The agreement with Mrs. Grisé was supplemented during 2001 to provide for special deferred compensation of \$500,000, which payment was vested and paid in even installments (adjusted to reflect investment performance) on June 28, 2002, 2003 and 2004.

Mr. Olivier's employment agreement provides for specified initial salary, restricted shares, and stock options, and retirement and other benefits.

The employment agreements, other than that with Mr. Olivier, obligate the officer to perform such duties as may be directed by the NUSCO Board of Directors or the Northeast Utilities Board of Trustees, protect the Company's confidential information, refrain, while employed by the Company and for a period of time thereafter, from competing with the Company in a specified geographic area, and provide that the officer's base salary will not be reduced below certain levels without the consent of the officer. These agreements provide that the officer will participate in specified benefits under the Supplemental Executive Retirement Plan (the Supplemental Plan) or other supplemental retirement programs (see Pension Benefits, below) and in certain executive incentive programs at specified incentive opportunity levels. These agreements also provide for a specified employment term and for automatic one-year extensions of the employment term unless at least six months' notice of non-renewal (60 days' notice in the case of Mr. Shivery) is given by either party. The employment term may also be ended by the Company for cause, as defined, at any time or by the officer on thirty days' prior written notice for any reason. Where termination of employment occurs for cause, the agreements for Mr. Shivery, Mr. De Simone and Mr. Butler and for Mrs. Grisé provide that the supplemental retirement benefit will not be due except for the make-whole benefit. Absent cause, the Company may remove the officer from his or her position on sixty days' prior written notice (except in the case of Mr. Shivery, where no notice period is required), but in the event the officer is so removed and signs a release of all claims against the Company, the officer will receive two years' base salary plus annual incentive payments at target level, specified employee welfare and pension benefits, and vesting of specified long-term incentive compensation. In addition, under Mr. De Simone's agreement, he would be entitled to these same separation benefits if his responsibilities were significantly reduced as the result of the sale or other disposition of NU Enterprises, Inc. unrelated to a Change of Control of NU, and he elected to terminate his employment.

These employment agreements (other than that for Mr. Olivier) contain Change of Control provisions providing benefits upon any termination of employment (for reasons other than disability, death, retirement at or after age 65 or cause) following a Change of Control, as defined, between (a) the earlier of (i) the date shareholders approve a Change of Control transaction or (ii) a Change of Control transaction occurs and (b) the earlier of (i) the date, if any, on which the Board of Trustees abandons the transaction or (ii) the date two years following the Change of Control. Under these provisions, if the officer signs a release of all claims against the Company, the officer will be entitled to a lump sum payment consisting of two years base salary plus annual incentive payments at target level for each year, plus an additional year's base salary plus annual incentive payment at target level for compliance with a covenant not to compete, along with specified employee welfare and pension benefits, and

vesting of stock appreciation rights, options and restricted stock. Mr. Olivier is eligible for benefits on termination following Change of Control in accordance with the Special Severance Program, providing payment equal to two years' annual base salary plus annual incentive payment at target level and vesting of performance share units, options and restricted stock. Each named executive officer, other than Mr. Olivier, would also receive additional benefits under the Supplemental Plan including eligibility for the make-whole benefit and the target benefit, regardless of the executive's eligibility for early retirement under the Northeast Utilities Service Company Retirement Plan (the Retirement Plan). The named executive officers would also be eligible for more favorable actuarial reductions for early commencement of retirement benefits than otherwise provided under the terms of the Retirement Plan. A termination of employment preceding the actual date of the Change of Control may be subject to the same treatment provided above only with specific approval by the Board of Trustees.

To the extent that the sum of benefits payable upon termination following Change of Control comprises an excess parachute payment under the Internal Revenue Code for any of the named executive officers, each of the named executive officers will also receive a gross-up payment offsetting the additional excise tax imposed as a result of the excess parachute payment, and Federal, state and local taxes on such excise tax. Certain of the Change of Control provisions may be modified by the Board of Trustees prior to a Change of Control, on at least two years' notice to the affected officer(s).

The descriptions of the various agreements set forth above are for purpose of disclosure in accordance with the proxy and other disclosure rules of the SEC and shall not be controlling on any party; the actual terms of the agreements themselves determine the rights and obligations of the parties.

#### **PENSION BENEFITS**

The tables on the following pages show the estimated annual retirement benefits that would be payable to a named executive officer upon retirement, assuming that retirement occurs at age 65 and that the officer is at that time not only eligible for a pension benefit under the Retirement Plan but also eligible for either the make-whole benefit or the make-whole benefit plus the target benefit under the Supplemental Plan. The Supplemental Plan is a non-qualified pension plan providing supplemental retirement income to system officers. The make-whole benefit under the Supplemental Plan, available to each named executive officer, makes up for benefits lost through application of certain tax code limitations on the benefits that may be provided under the Retirement Plan, and includes awards under the executive annual and long-term incentive plans and deferred compensation (as earned) as compensation under the plan (see Table I below). The target benefit under the Supplemental Plan further supplements these benefits and is available to officers at the Senior Vice President level and higher who are selected by the Board of Trustees to participate in the target benefit and who remain in the employ of Northeast Utilities companies until at least age 60 (unless the Board of Trustees sets an earlier age) (See Table II below). The formula for calculating the target benefit under the Supplemental Plan for officers who become eligible for the target benefit before February 1, 2005 uses an amount equal to 60 percent of the participant's Final Average Compensation, as defined, and the formula for officers who become eligible on or after February 1, 2005 uses an amount equal to 50 percent.

of the participant's Final Average Compensation. Each of the named executive officers is eligible for the target benefit at the 60 percent level, with the exception of Mr. Olivier, who is eligible solely for the make-whole benefit and is not eligible for the target benefit. Mr. Olivier also has a special retirement benefit pursuant to his employment arrangement (see below).

In addition, 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 additional years to his actual service and using an early retirement commencement reduction factor of two percent per year for each year Mr. Shivery's age at retirement commencement is under age 65, if better than the factors then in use under the Retirement Plan, and (ii) benefits otherwise payable from the Retirement Plan and the Supplemental Plan.

The terms of Mr. Olivier's employment provide for certain supplemental pension benefits in lieu of a make-whole benefit if certain eligibility requirements are met, in order to provide a benefit similar to that provided by his previous employer. Under this arrangement, if Mr. Olivier remains in continuous employment with the Company until September 10, 2011 (or earlier with the Company's permission), he will be eligible for a special benefit, subject to reduction for termination prior to age 65, 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 he does not voluntarily terminate his employment with the Company prior to his 60th birthday, or upon earlier termination upon a Change of Control, as defined in the Special Severance Program, he may receive upon retirement a lump sum payment of \$2,050,000 in lieu of the make-whole benefit 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. If the conditions described above are not met, then Mr. Olivier would be eligible for the make-whole benefit under the Supplemental Plan.



TABLE I

## ANNUAL BENEFIT FOR OFFICERS ELIGIBLE FOR MAKE-WHOLE BENEFIT

Final Average Compensation	Years of Credited Service				
	15	20	25	30	35
\$ 200,000	\$ 43,078	\$ 57,437	\$ 71,797	\$ 86,412	\$ 101,028
250,000	54,328	72,437	90,547	108,912	127,278
300,000	65,578	87,437	109,297	131,412	153,528
350,000	76,828	102,437	128,047	153,912	179,778
400,000	88,078	117,437	146,797	176,412	206,028
450,000	99,328	132,437	165,547	198,912	232,278
500,000	110,578	147,437	184,297	221,412	258,528
600,000	133,078	177,437	221,797	266,412	311,028
700,000	155,578	207,437	259,297	311,412	363,528
800,000	178,078	237,437	296,797	356,412	416,028
900,000	200,578	267,437	334,297	401,412	468,528
1,000,000	223,078	297,437	371,797	446,412	521,028
1,100,000	245,578	327,437	409,297	491,412	573,528
1,200,000	268,078	357,437	446,797	536,412	626,028
1,300,000	290,578	387,437	484,297	581,412	678,528
1,400,000	313,078	417,437	521,797	626,412	731,028
1,500,000	335,578	447,437	559,297	671,412	783,528
1,600,000	358,078	477,437	596,797	716,412	836,028
1,700,000	380,578	507,437	634,297	761,412	888,528
1,800,000	403,078	537,437	671,797	806,412	941,028

TABLE II

ANNUAL BENEFIT FOR OFFICERS ELIGIBLE FOR  
MAKE WHOLE PLUS 60% TARGET BENEFIT

Final Average Compensation	Years of Credited Service				
	15	20	25	30	35
\$ 200,000	\$ 72,000	\$ 96,000	\$ 120,000	\$ 120,000	\$ 120,000
250,000	90,000	120,000	150,000	150,000	150,000
300,000	108,000	144,000	180,000	180,000	180,000
350,000	126,000	168,000	210,000	210,000	210,000
400,000	144,000	192,000	240,000	240,000	240,000
450,000	162,000	216,000	270,000	270,000	270,000
500,000	180,000	240,000	300,000	300,000	300,000
600,000	216,000	288,000	360,000	360,000	360,000
700,000	252,000	336,000	420,000	420,000	420,000
800,000	288,000	384,000	480,000	480,000	480,000
900,000	324,000	432,000	540,000	540,000	540,000
1,000,000	360,000	480,000	600,000	600,000	600,000
1,100,000	396,000	528,000	660,000	660,000	660,000

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1,200,000	432,000	576,000	720,000	720,000	720,000
1,300,000	468,000	624,000	780,000	780,000	780,000
1,400,000	504,000	672,000	840,000	840,000	840,000
1,500,000	540,000	720,000	900,000	900,000	900,000
1,600,000	576,000	768,000	960,000		