

NORTHEAST UTILITIES  
Form DEF 14A  
March 26, 2007

**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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| <input type="checkbox"/> Definitive Additional Materials             | <input type="checkbox"/> Only (as permitted    |
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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)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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(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):

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(1) Amount Previously Paid:

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

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(4) Date Filed:

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## 2007 ANNUAL MEETING OF SHAREHOLDERS

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Dear Shareholder:

On behalf of the Board of Trustees and the management of the Company, it is my pleasure to invite you to attend the 2007 Annual Meeting of Shareholders of Northeast Utilities on Tuesday, May 8, 2007, at 10:30 a.m., at the offices of our affiliate, Northeast Utilities Service Company, at 1985 Blue Hills Avenue Ext., Windsor, Connecticut (directions are on the reverse side).

Information concerning the matters to be acted upon at the meeting is provided in the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement. In addition, our meeting agenda will include a discussion of the operations of the Northeast Utilities system companies and an opportunity for questions that are 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, dating, 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 2005 Annual Meeting, you may elect to receive future distributions of proxy documents and annual reports electronically. To take advantage of this cost-saving service, please see page 6 of the attached Proxy Statement for further information.

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

Very truly yours,

CHARLES W. SHIVERY

Chairman of the Board, President and

Chief Executive Officer

March 20, 2007

**Directions to**

**NORTHEAST UTILITIES SERVICE COMPANY**

**1985 Blue Hills Avenue Ext.**

**Windsor, Connecticut 06095**

**General Directions**

**From East**

Take Interstate I-84 West to I-91 North. Proceed North on I-91 to SR-75 (Poquonock Avenue), Exit #38. Turn Right on SR-75 and proceed for approximately .6 miles. Turn Right onto Ramp toward Day Hill Road. Road name changes to Day Hill Road; proceed for approximately 3.6 miles. Turn Right onto SR-187 (Blue Hills Avenue Extension). Proceed for .5 miles. Turn Left onto Waterside Crossing. Arrive at 1985 Blue Hills Avenue Extension, Windsor.

**From North**

Take Interstate 91 South to SR-75 (Poquonock Avenue), Exit #38. Turn Right on SR-75 and proceed for approximately .6 miles. Turn Right onto Ramp toward Day Hill Road. Road name changes to Day Hill Road; proceed for approximately 3.6 miles. Turn Right onto SR-187 (Blue Hills Avenue Extension). Proceed for .5 miles. Turn Left onto Waterside Crossing. Arrive at 1985 Blue Hills Avenue Extension, Windsor.

**From West**

Take Interstate 84 East to I-91 North. Proceed North on I-91 to SR-75 (Poquonock Avenue), Exit #38 Turn Right on SR-75 and proceed for approximately .6 miles. Turn Right onto Ramp toward Day Hill Road. Road name changes to Day Hill Road; proceed for approximately 3.6 miles. Turn Right onto SR-187 (Blue Hills Avenue Extension). Proceed for .5 miles. Turn Left onto Waterside Crossing. Arrive at 1985 Blue Hills Avenue Extension, Windsor.

**From South**

Take Interstate 91 North to SR-75 (Poquonock Avenue), Exit #38. Turn Right on SR-75 and proceed for approximately .6 miles. Turn Right onto Ramp toward Day Hill Road. Road name changes to Day Hill Road; proceed for approximately 3.6 miles. Turn Right onto SR-187 (Blue Hills Avenue Extension). Proceed for .5 miles. Turn Left onto Waterside Crossing. Arrive at 1985 Blue Hills Avenue Extension, Windsor.

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held on May 8, 2007

To the Shareholders of Northeast Utilities:

Notice is hereby given that the Annual Meeting of Shareholders of Northeast Utilities (NU or the Company) will be held on Tuesday, May 8, 2007, at 10:30 a.m., at the offices of Northeast Utilities Service Company, 1985 Blue Hills Avenue Ext., Windsor, Connecticut, for the following purposes:

1. To elect eleven 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 2007;
3. To approve the adoption of the Northeast Utilities Incentive Plan, as amended and restated (Amended Incentive Plan); and

4. 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 9, 2007 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, a proxy bearing a later date (including by means of telephone or Internet vote) or by voting in person at the meeting.

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 20, 2007

**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 8, 2007 at 10:30 a.m., and at any adjournment thereof, at the offices of Northeast Utilities Service Company, 1985 Blue Hills Avenue Ext., Windsor, Connecticut.

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. Your proxy may be revoked at any time before it is voted by filing a revocation with the Secretary of Northeast Utilities, and may be changed by a duly executed proxy card bearing a later date (including by means of telephone or Internet vote) or by voting in person at the meeting. Properly executed proxies not revoked or superseded by a subsequent proxy or ballot 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, FOR the ratification of the appointment of our independent auditors and FOR the adoption of the Amended Incentive Plan, as set forth in proposals 1, 2 and 3.

Only holders of common shares of record at the close of business on March 9, 2007 (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 175,600,808 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 March 26, 2007.

**NORTHEAST UTILITIES**

**PROXY STATEMENT**

**FOR 2007 ANNUAL MEETING OF SHAREHOLDERS**

**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 three proposals. The first proposal is the election of eleven members to our Board of Trustees, ten of whom were elected to our Board at our 2006 Annual Meeting of Shareholders held on May 9, 2006, and are currently serving on our Board. In addition, Mr. Kenneth R. Leibler, a nominee who has not been previously elected a Trustee by shareholders, was so elected by the Board of Trustees effective November 1, 2006 to fill a vacancy. For more information on each nominee, please turn to Election of Trustees beginning on page 7.

You also are being asked to ratify the selection of Deloitte & Touche LLP as Northeast Utilities independent auditors for 2007. For more information on this appointment, please turn to Ratification of the Selection of Auditors beginning on page 67.

Lastly, you are being asked to approve the adoption by the Board of Trustees of the Amended Incentive Plan with a common share reserve of 4,500,000. The material provisions of the Amended Incentive Plan are discussed beginning on page 70 and the Plan is attached to this proxy statement as Appendix A.

**Q: WHAT ARE THE MATERIAL AMENDMENTS TO THE EXISTING NORTHEAST UTILITIES INCENTIVE PLAN THAT ARE BEING PROPOSED?**

**A:** The material changes to the existing Northeast Utilities Incentive Plan include the following:

An extension of the Northeast Utilities Incentive Plan through May 7, 2017;

Elimination of evergreen feature: The prior plan allowed the number of shares available for equity grants each year to equal one percent of outstanding Northeast Utilities common shares as of the preceding December 31. As amended, the plan will limit total shares available over the ten-year plan term to 4,500,000 shares. No more than 400,000 additional shares will be granted from the prior plan share pool from January 1, 2007 through the 2007 Annual Meeting. Upon adoption of the Amended Incentive Plan, all remaining shares under the prior plan will be cancelled, and all future grants will come from the new 4,500,000 share pool;

No option repricing: The Amended Incentive Plan will not permit options to be repriced without shareholder approval;

Minimum vesting rules: The Amended Incentive Plan provides for minimum vesting of three years for restricted shares and restricted share units (RSUs) and one year for options, except as determined by the Compensation Committee of the Board of Trustees (Compensation Committee or Committee) for non-employee Trustees, new hires, death, disability, retirement or change of control.





**Q. IS THERE ANY ADDITIONAL NEW INFORMATION IN THIS PROXY STATEMENT?**

**A:** Yes. In August 2006, the Securities and Exchange Commission (SEC) adopted new rules requiring comprehensive changes to proxy disclosures relating to executive and director compensation, security ownership and corporate governance matters, among other matters. As a result, this proxy statement contains a more detailed discussion than in past years in a number of areas.

**Q: WHAT ARE SOME EXAMPLES OF THE CHANGES CALLED FOR BY THE NEW SEC RULES?**

**A:** The SEC adopted a new requirement for a Compensation Discussion and Analysis section, which addresses in detail the design of and principles for the compensation for each of our named executive officers. The new rules also require detailed tables covering Trustee compensation, pre- and post-termination compensation and share ownership. All of these changes are designed to provide you with a clearer and more complete view of our corporate governance and compensation practices.

**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 9, 2007, is entitled to one vote for each common share that they own. As of the record date, 175,600,808 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, **for** the ratification of the appointment of Deloitte & Touche LLP as our independent accountants for the year ending December 31, 2007 and **for** the adoption of the Amended Incentive Plan.

*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 individuals designated as 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, 2007?**

**A:** The affirmative vote of a majority of those votes cast at the Annual Meeting is required to ratify the appointment of Deloitte & Touche LLP as Northeast Utilities independent accountants for the year ending December 31, 2007.

**Q: HOW MANY VOTES ARE NEEDED TO ADOPT THE AMENDED INCENTIVE PLAN?**

**A:** The affirmative vote of a majority of those votes cast at the Annual Meeting is required to approve the adoption of the Amended Incentive Plan.

**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, FOR the ratification of the appointment of our independent registered public accountants and FOR the adoption of the Amended Incentive Plan.

**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 (NYSE). On non-routine matters, nominees cannot vote without instructions from the beneficial owner, resulting in a so-called broker non-vote. Approval of the Amended Incentive Plan is deemed non-routine by the NYSE, while the election of Trustees and ratification of auditors are considered routine.

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

**A:** You should have been provided a paper or electronic proxy card for each account in which you own 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:

delivering a revocation to the Secretary;

signing another proxy with a later date; or

voting again at the meeting.

**Q: WHEN ARE SHAREHOLDER PROPOSALS FOR THE 2008 ANNUAL MEETING OF SHAREHOLDERS DUE?**

**A:** You may submit proposals for consideration at the 2008 Annual Meeting, including Trustee nominations, in accordance with the following:

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To include a proposal in our proxy statement for the 2008 Annual Meeting of Shareholders, proposals by shareholders must be received no later than November 26, 2007, and must satisfy the conditions established by the Securities and Exchange Commission. Written notice of proposals of shareholders to be considered at the 2008 Annual Meeting without inclusion in next year's proxy materials must be received on or before February 11, 2008 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 11, 2008, 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:** 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 9, 2007.

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

**A:** This proxy statement and our 2006 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.proxyconsent.com/nu](http://www.proxyconsent.com/nu), and following the instructions. It will be helpful to have your NU shareholder account number on hand when you go on line. Beneficial or street name shareholders who wish to enroll in electronic access service should contact their stockbrokers. 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 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 9, 2007 you should have received a copy of our Annual Report for Shareholders for the year ended December 31, 2006 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, free of charge, 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

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



**PROPOSAL 1**

**ELECTION OF TRUSTEES**

Eleven 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 7-11 below as Trustees. With the exception of Mr. Kenneth R. Leibler, each nominee has been previously elected as a Trustee by shareholders and is currently serving as a Trustee. Mr. Leibler was elected as a Trustee by the Board of Trustees effective November 1, 2006, in accordance with its rights and responsibilities under the Declaration of Trust of Northeast Utilities, to fill a vacancy between Annual Meetings of Shareholders.

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 eleven 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 7-11**

**RICHARD H. BOOTH, 60**

**A Trustee since 2001.**

Mr. Booth has been Chairman, President and Chief Executive Officer and a Director of HSB Group, Inc. and Chairman and Chief Executive Officer and a Director of Hartford Steam Boiler Inspection & Insurance Company since January 2000. 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. 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. Mr. Booth received B.S. and M.S. degrees from the University of Hartford and is a Certified Public Accountant.

**COTTON MATHER CLEVELAND, 54**

**A 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 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. Ms. Cleveland 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. Ms. Cleveland received a B.S. magna cum laude from the University of New Hampshire, Whittemore School of Business and Economics.

**SANFORD CLOUD, JR., 62**

**A Trustee since 2000.**

Mr. Cloud has been Chairman and Chief Executive Officer of The Cloud Company, LLC, a real estate development and business investment firm, since 2005. Mr. Cloud is a past President and Chief Executive Officer of the National Conference for Community and Justice, 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 Ironwood Mezzanine Fund, L.P. He is also a Director of the MetroHartford Alliance, Inc. 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.

**JAMES F. CORDES, 66**

**A Trustee since 2001.**

Mr. Cordes has over 30 years experience in the natural gas business, having served as Executive Vice President of The Coastal Corporation and President of the Natural Gas Group of The Coastal Corporation (retired 1997) and President of American Natural Resources Company. He is 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. 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.

**E. GAIL DE PLANQUE, 62**

**A Trustee since 1995.**

Dr. de Planque has been President of Strategy Matters, Inc., a consulting firm, and Director, Energy Strategist's Consultancy, Ltd., since 1998. 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 BHP Billiton, Plc and BHP Billiton Ltd., Landauer, Inc., and the International Eye Foundation. 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.

**JOHN G. GRAHAM, 68**

**A Trustee since 2003.**

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

**ELIZABETH T. KENNAN, 69**

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

Dr. Kennan is the President Emeritus of Mount Holyoke College and a partner in Cambus-Kenneth Farm, a specialized horse and cattle breeder, since 2000. Dr. Kennan has served as President of Five Colleges, Incorporated, as a Trustee of Notre Dame University, and as a member of the Folger Shakespeare Library Committee and the National Committee on Library Resources, and holds honorary degrees from a number of institutions. Dr. Kennan is a Trustee of The Putnam Funds,

the National Trust for Historic Preservation, Centre College and Midway College. She acted as interim Chairman of the Board of Northeast Utilities from January 1, 2004 to March 29, 2004. 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.

**KENNETH R. LEIBLER, 58**

**A Trustee since 2006.**

Mr. Leibler is a founding partner and the former Chairman of the Boston Options Exchange (2004 February, 2007). Mr. Leibler is also a past Chairman and Chief Executive Officer of the Boston Stock Exchange (2001-2005), and a past President of Liberty Financial Companies (1990-2000), where he also served as Chief Executive Officer (1995-2000) and Chief Operating Officer (1990-1995). He also held various positions at the American Stock Exchange, including President and Chief Operating Officer as well as Chief Financial Officer (1975-1990). Mr. Leibler is a Trustee of The Putnam Funds, and a past Vice Chairman of the Board of Directors of ISO New England, the independent operator of New England's bulk electric transmission system. Mr. Leibler received a B.A. magna cum laude from Syracuse University.

**ROBERT E. PATRICELLI, 67**

**A Trustee since 1993.**

Mr. Patricelli has been Chairman and Chief Executive Officer of Women's Health USA, Inc., a provider of women's health care services, since 1997 and of Evolution Benefits, Inc., a provider of employee benefit services, since 2000. Mr. Patricelli was Chairman, President and Chief Executive Officer of Value Health, Inc. (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. 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.

**CHARLES W. SHIVERY, 61**

**A Trustee since 2004.**

Mr. Shivery has been Chairman of the Board, President and Chief Executive Officer of Northeast Utilities since March 29, 2004 and Chairman and a Director of The Connecticut Light and Power Company, Public Service Company of New Hampshire, Western Massachusetts Electric Company and Yankee Gas Services Company since January 19, 2007. Mr. Shivery assumed his current position at Northeast Utilities after serving as interim President beginning in January 2004. From June 2002 until December 2003, Mr. Shivery served as President-Competitive Group of Northeast Utilities, as President and Chief Executive Officer and a Director of NU Enterprises, Inc., and as Chairman and a Director of most of 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. 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. Mr. Shivery received B.A. and B.S. degrees from The Johns Hopkins University and an M.B.A. from the University of Baltimore.

**JOHN F. SWOPE, 68**

**A Trustee since 1992.**

During 1999 and 2000, Mr. Swope served as President and Chief Executive Officer of Public Broadcasting Service. Mr. Swope, an attorney, 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 New Hampshire Business Committee for the Arts and New Hampshire Public Radio and a Trustee of The Currier Museum of Art and Tabor Academy. Mr. Swope received a Bachelor's Degree from Amherst College and a J.D. from Yale Law School.

## **BOARD COMMITTEES AND RESPONSIBILITIES**

The Board of Trustees of Northeast Utilities has standing Audit, Compensation, Corporate Responsibility, Corporate Governance, Executive and Finance Committees. The Corporate Governance Committee performs the functions 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

Kenneth R. Leibler

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 eight times in 2006. 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, Graham and Leibler 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.

### **Compensation Committee**

The Compensation Committee's membership is determined by the Board of Trustees on the recommendation of the Corporate Governance Committee. It is the responsibility of the Compensation Committee to oversee the compensation and benefits applicable to all employees in the Northeast Utilities system, with overall authority to establish and interpret the executive compensation programs. The Compensation Committee is authorized to

establish and review the executive compensation strategy of the Company in order to align organization strategies, goals and performance with appropriate compensation rewards to executive officers and directors. It accomplishes this by evaluating components of total compensation and assessing performance against goals, market competitive data and other appropriate factors. The Compensation Committee also has authority to make grants of share awards to executive officers and senior management. It may recommend to the Board, and to shareholders, new equity incentive plans or amendments to existing plans. The Compensation Committee has sole authority to select and retain independent experts and consultants in the field of executive compensation to advise the Committee with respect to market data, competitive information, and executive compensation trends.

The Compensation Committee: (i) jointly with the Corporate Governance Committee, reviews and approves corporate goals and individual objectives relevant to the compensation of the Chief Executive Officer (CEO), and evaluates the CEO's performance in light of those goals and objectives; (ii) recommends to the independent Trustees the compensation level of the CEO based on such evaluation; (iii) oversees the evaluation of executive officers other than the CEO and reviews and approves their compensation levels in collaboration with the CEO; (iv) makes recommendations to the Board with respect to the adoption, amendment or termination of executive compensation and benefits plans, policies and practices; and (v) reviews and approves the compensation of the non-employee members of the Board of Trustees. The Compensation Committee met nine times during 2006, including from time to time in executive session. The Chair of the Compensation Committee reports to the full Board following each committee meeting.

Through March 2006, the Compensation Committee directly retained Steven Hall & Partners and, beginning in September 2006, Semler Brossy Consulting Group (Semler Brossy) to assist it in its duties. Neither consultant is otherwise engaged to perform work for Northeast Utilities. The consultants have been retained for a number of purposes, including: to perform an annual competitive assessment of compensation programs and practices, to build and maintain an internal work valuation tool for Compensation Committee decision-making, to construct an appropriate peer group, to provide market competitive compensation data, to recommend an appropriate mix of compensation elements, to assist the Committee in performing the CEO performance evaluation, and to update the Compensation Committee on emerging trends. Since September 2006, Semler Brossy's representative has attended all Compensation Committee meetings.

The Compensation Committee has not delegated any other of its responsibilities to any persons, other than to certain executive officers with respect to the negotiation of certain compensation arrangements and administration of the Committee's responsibilities. The executive officers work with the Committee and its independent compensation consultant, Semler Brossy, to propose compensation features that provide appropriate incentives to meet Company goals and reward performance. The primary role of executive officers in this regard is to identify and discuss components of the Company's business plan that are critical to execution. Further, executive officers provide context regarding the degree of difficulty in attaining certain goals.

A report from the Compensation Committee with respect to the Compensation Discussion and Analysis portion of this proxy statement is included in this proxy statement.

**Compensation Committee Interlocks and Insider Participation**

During 2006, the members of the Compensation Committee were:

E. Gail de Planque (Chair)

Robert E. Patricelli (Vice Chair)

Richard H. Booth

Sanford Cloud, Jr.

James F. Cordes

Elizabeth T. Kennan

Mr. Patricelli served as Chair of the Compensation Committee through July 11, 2006, becoming Vice Chair after Dr. de Planque assumed this position effective July 12, 2006. Dr. de Planque served as Vice Chair through July 11, 2006.

No member of the Compensation Committee is, or has been, 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).

**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 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



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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 2006. 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:

Sanford Cloud, Jr. (Chair)

Elizabeth T. Kennan (Vice Chair)

James F. Cordes

E. Gail de Planque

Robert E. Patricelli

John F. Swope

Dr. Kennan served as Chair of the Corporate Governance Committee through July 11, 2006, becoming Vice Chair after Mr. Cloud assumed this position effective July 12, 2006. Mr. Cloud served as Vice Chair through July 11, 2006. 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, reviews and approves corporate goals and objectives relevant to the compensation of the CEO and establishes and implements an evaluation process for the CEO. Following each meeting, the Corporate Governance Committee reports to the full Board. The Corporate Governance Committee met nine times in 2006. 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 did not meet in 2006. 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

Kenneth R. Leibler

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 eight times in 2006. No member of the Finance Committee is an employee of Northeast Utilities or its subsidiaries.

#### **The Lead Trustee**

Dr. Elizabeth T. Kennan was designated as the Lead Trustee for the Board of Trustees in 1996 and served throughout 2006 in that capacity. 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.

#### **Committee Charters**

The Board of Trustees has adopted a written charter for each of its 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/charters.asp](http://www.nu.com/investors/corporate_gov/charters.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 6 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.

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, communit