

NORTHEAST UTILITIES  
Form S-4  
November 22, 2010  
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As filed with the Securities and Exchange Commission on November 22, 2010

Registration No. 333-

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

Washington, D.C. 20549

**FORM S-4**  
**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

**NORTHEAST UTILITIES**

(Exact name of Registrant as specified in its charter)

Massachusetts  
(State or other jurisdiction of

4911  
(Primary Standard Industrial

04-2147929  
(I.R.S. Employer

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incorporation or organization)

Classification Code Number)  
One Federal Street, Building 111-4

Identification Number)

Springfield, Massachusetts 01105

(860) 665-5000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Gregory B. Butler**

**Senior Vice President and General Counsel**

**Northeast Utilities**

**56 Prospect Street**

**Hartford, Connecticut 06103-2818**

**(860) 665-5000**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Copies to:*

**Sheldon S. Adler, Esq.**

**Douglas S. Horan**

**David A. Fine, Esq.**

**Michael P. Rogan, Esq.**

**Senior Vice President and General Counsel**

**Ropes & Gray LLP**

**Skadden, Arps, Slate,**

**NSTAR**

**800 Boylston Street**

**Meagher & Flom LLP**

**800 Boylston Street**

**Boston, Massachusetts 02199**

**1440 New York Avenue, N.W.**

**Boston, Massachusetts 02199**

**(617) 951-7000**

**Washington, DC 20005**

**(617) 424-2000**

**(202) 371-7000**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions to the closing of the merger described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

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If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
 (Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

Title of each class of securities to be registered	Amount to be registered	Proposed		
		maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee (3)
Common Shares, par value \$5.00 per share	145,917,951(1)	N/A	\$4,617,769,284(2)	\$329,246.95

- (1) Represents the maximum number of common shares of the registrant that the registrant currently estimates may be issued to former shareholders of NSTAR, upon the closing of the merger described herein.
- (2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act and computed pursuant to Rule 457(f)(1) and 457(c) of the Securities Act. The proposed maximum aggregate offering price of the registrant's common shares was calculated based upon the market value of NSTAR common shares (the securities to be canceled in the merger) in accordance with Rule 457(c) under the Securities Act as follows: the product of (A) \$41.52, the average of the high and low prices per share of NSTAR's common shares as quoted on the New York Stock Exchange on November 17, 2010 and (B) 111,217,950, the maximum possible number of shares of NSTAR common shares which may be canceled in the merger.
- (3) Determined in accordance with Section 6(b) of the Securities Act at a rate equal to \$71.30 per \$1,000,000 of the proposed maximum aggregate offering price.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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**The information in this joint proxy statement/prospectus is not complete and may be changed. We may not sell the securities offered by this joint proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer, solicitation or sale is not permitted.**

**PRELIMINARY SUBJECT TO COMPLETION DATED NOVEMBER 22, 2010**

**PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT**

Each of the boards of trustees of Northeast Utilities and NSTAR has unanimously approved a strategic business combination in what we intend to be a merger of equals. Northeast Utilities and NSTAR believe that the proposed merger brings together two companies with complementary distribution and transmission assets, reputations for operating excellence and talented employees. The merger will create a larger company with total assets of approximately \$25 billion calculated on a pro forma historical basis as of September 30, 2010. The combined company will have 3,000,000 electric distribution customers and 500,000 gas distribution customers and will include 4,500 miles of electric transmission, 72,000 miles of electric distribution and 6,300 miles of gas distribution. Upon completion of the merger, the combined company will continue under the name Northeast Utilities.

On October 16, 2010, Northeast Utilities and NSTAR entered into an Agreement and Plan of Merger, as amended on November 1, 2010, pursuant to which, Northeast Utilities and NSTAR will combine their businesses. The merger is subject to shareholder approvals and other customary closing conditions, including regulatory approvals.

Upon completion of the merger, NSTAR shareholders will receive 1.312 Northeast Utilities common shares for each NSTAR common share that they own. This exchange ratio is fixed and will not be adjusted to reflect share price changes prior to the closing of the merger. Based on the closing price of Northeast Utilities common shares on the New York Stock Exchange on October 15, 2010, the last trading day before public announcement of the merger, the exchange ratio represented approximately \$40.28 in value for each NSTAR common share. Based on the closing price of Northeast Utilities common shares on the New York Stock Exchange on [ ], the latest practicable trading day before the date of this joint proxy statement/prospectus, the exchange ratio represented approximately \$[ ] in value for each NSTAR common share. Northeast Utilities shareholders will continue to own their existing Northeast Utilities common shares. Northeast Utilities common shares are currently traded on the New York Stock Exchange under the symbol NU, and NSTAR common shares are currently traded on the New York Stock Exchange under the symbol NST. **We urge you to obtain current market quotations of Northeast Utilities and NSTAR common shares.**

Based on the estimated number of Northeast Utilities common shares and NSTAR common shares that will be outstanding immediately prior to the closing of the merger, we estimate that, upon such closing, former Northeast Utilities shareholders will own approximately 56.3% of the combined company and former NSTAR shareholders will own approximately 43.7% of the combined company.

Northeast Utilities and NSTAR will each hold special meetings of their respective shareholders in connection with the proposed merger.

We cannot complete the merger unless the holders of two-thirds of the shares of each company outstanding and entitled to vote approve the proposals made by such company. **Your vote is very important, regardless of the number of shares you own. Whether or not you expect to attend either special meeting in person, please submit a proxy to vote your shares as promptly as possible so that your shares may be represented and voted at the Northeast Utilities or NSTAR special meeting, as applicable.**

The Northeast Utilities board of trustees unanimously recommends that the Northeast Utilities shareholders vote **FOR** the adoption of the merger agreement and the approval of the merger, including the issuance of Northeast Utilities common shares to NSTAR shareholders pursuant to the merger, **FOR** the proposal to increase the number of Northeast Utilities common shares authorized for issuance and **FOR** the proposal to fix the number of trustees of the Northeast Utilities board of trustees at fourteen.

The NSTAR board of trustees unanimously recommends that the NSTAR shareholders vote **FOR** the proposal to adopt the merger agreement and approve the merger.

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The obligations of Northeast Utilities and NSTAR to complete the merger are subject to the satisfaction or waiver of several conditions. The accompanying joint proxy statement/prospectus contains detailed information about Northeast Utilities, NSTAR, the special meetings, the merger agreement and the merger. **You should read this joint proxy statement/prospectus carefully and in its entirety before voting, including the section entitled Risk Factors beginning on page 28.**

We look forward to the successful combination of Northeast Utilities and NSTAR.

Sincerely,

Charles W. Shivery

Thomas J. May

Chairman, President and Chief Executive Officer

Chairman, President and Chief Executive Officer

Northeast Utilities

NSTAR

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/prospectus or determined if this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

This joint proxy statement/prospectus is dated [ ] and is first being mailed to Northeast Utilities and NSTAR shareholders on or about [ ].

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**ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates by reference important business and financial information about Northeast Utilities and NSTAR from other documents that are not included in or delivered with this joint proxy statement/prospectus. For a listing of the documents incorporated by reference into this joint proxy statement/prospectus, see the section entitled *Where You Can Find More Information; Incorporation By Reference* beginning on page 154. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference into this document through the Securities and Exchange Commission website at [www.sec.gov](http://www.sec.gov) or by requesting them in writing or by telephone at the appropriate address below:

By Mail: Northeast Utilities  
 Investor Relations  
 56 Prospect Street  
 Hartford, CT 06103-2818

By Mail:  
 NSTAR  
 Investor Relations  
 One NSTAR Way  
 Westwood, MA 02090

By Telephone: (860) 728-4652

By Telephone: (781) 441-8338

You may also obtain documents incorporated by reference into this joint proxy statement/prospectus by requesting them in writing or by telephone from Morrow & Co., LLC, Northeast Utilities proxy solicitor, or in writing from Phoenix Advisory Partners or MacKenzie Partners, Inc., NSTAR's proxy solicitors, at the following addresses and telephone numbers:

For Northeast Utilities Shareholders

Morrow & Co., LLC  
 470 West Ave.  
 Stamford, CT 06902

Banks and brokers please call: (203) 658-9400

Shareholders please call: (800) 573-4397

For NSTAR Shareholders

Shareholders please contact:  
 Phoenix Advisory Partners  
 100 Wall Street, 27<sup>th</sup> Floor  
 New York, NY 10005

(800) 576-4314 (toll-free)

(212) 493-3910 (international)

Institutions please contact:

MacKenzie Partners, Inc.  
 105 Madison Avenue  
 New York, NY 10016

(800) 322-2885 (toll-free)

To receive timely delivery of the documents in advance of the meetings, you should make your request no later than [ ].

**VOTING ELECTRONICALLY OR BY TELEPHONE**

Northeast Utilities shareholders of record on the close of business on [ ], the record date for the Northeast Utilities special meeting, may submit their proxies by telephone or Internet by following the instructions on their proxy card or voting form. If you have any questions regarding whether you are eligible to submit your proxy by Internet or by telephone, please contact Morrow & Co., LLC by telephone at (800) 573-4397 or by email at [NU.info@morrowco.com](mailto:NU.info@morrowco.com).

NSTAR shareholders of record on the close of business on [ ], the record date for the NSTAR special meeting, may submit their proxies by telephone or Internet by following the instructions on their proxy card or voting form. If you have any questions regarding whether you are eligible to submit your proxy by telephone or by Internet, please contact Phoenix Advisory Partners by telephone at (800) 576-4314 (toll-free) or by email at [info@phoenixadvisorypartners.com](mailto:info@phoenixadvisorypartners.com). Institutional holders please contact MacKenzie Partners, Inc. by telephone at (800) 322-2885 (toll-free) or by email at [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com).

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON [ ], 2011**

To the Shareholders of Northeast Utilities:

Notice is hereby given that a special meeting of shareholders of Northeast Utilities will be held on [ ], 2011, at [ ], at [ ], for the following purposes:

1. To adopt the Agreement and Plan of Merger, dated as of October 16, 2010, as amended on November 1, 2010, by and among Northeast Utilities, NU Holding Energy 1 LLC, NU Holding Energy 2 LLC and NSTAR, as it may be further amended from time to time, a conformed copy of which is attached as Annex A to the joint proxy statement/prospectus accompanying this notice, and approve the merger, including the issuance of Northeast Utilities common shares to NSTAR shareholders pursuant to the merger;
2. To increase the number of Northeast Utilities common shares authorized for issuance by the board of trustees in accordance with Section 19 of the Northeast Utilities declaration of trust by 155,000,000 common shares, from 225,000,000 authorized common shares to 380,000,000 authorized common shares;
3. To fix the number of trustees of the Northeast Utilities board of trustees at fourteen; and
4. To vote upon the proposal to adjourn the Northeast Utilities special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposals.

The Northeast Utilities merger proposal and the share authorization proposal are contingent upon one another.

Northeast Utilities will transact no other business at the special meeting except such business as may properly be brought before the special meeting or any adjournment or postponements thereof. Please refer to the joint proxy statement/prospectus of which this notice forms a part for further information with respect to the business to be transacted at the Northeast Utilities special meeting.

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

We cannot complete the merger unless (i) the merger proposal is approved by the affirmative vote of the holders of two-thirds of the outstanding Northeast Utilities common shares entitled to vote, (ii) the share authorization proposal is approved by the affirmative vote of the holders of a majority of the outstanding Northeast Utilities common shares entitled to vote and (iii) the proposal to fix the number of trustees of the Northeast Utilities board of trustees at fourteen is approved by the affirmative vote of the holders of a majority of the Northeast Utilities common shares outstanding and entitled to vote on the record date for the Northeast Utilities special meeting.



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**The Northeast Utilities Board of Trustees has unanimously approved the merger agreement and the transactions contemplated thereby and recommends that you vote FOR the proposal to adopt the merger agreement and approve the merger, including the issuance of Northeast Utilities common shares to NSTAR shareholders pursuant to the merger, FOR the proposal to increase the number of common shares authorized for issuance, FOR the proposal to fix the number of trustees of the Northeast Utilities board of trustees at fourteen and FOR the proposal to adjourn the Northeast Utilities special meeting, if necessary or appropriate, to solicit additional proxies in favor of such proposals.**

The enclosed joint proxy statement/prospectus provides a detailed description of the merger and the merger agreement. We urge you to read this joint proxy statement/prospectus, including any documents incorporated by reference, and the Annexes carefully and in their entirety. If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies or need help voting your Northeast Utilities common shares, please contact Northeast Utilities proxy solicitor:

Morrow & Co., LLC

470 West Ave.

Stamford, Connecticut 06902

Banks and brokers please call: (203) 658-9400

Shareholders please call: (800) 573-4397

By Order of the Board of Trustees,

Samuel K. Lee

*Secretary and Deputy General Counsel*

56 Prospect Street

Hartford, Connecticut 06103-2818

Mailing Address:

P.O. Box 270

Hartford, Connecticut 06141-0270

[ ]

**IMPORTANT**

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



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**NSTAR**

**800 Boylston Street**

**Boston, MA 02199**

**(617) 424-2000**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**To Be Held On [ ], 2011**

To the Shareholders of NSTAR:

We are pleased to invite you to attend the special meeting of shareholders of NSTAR which will be held at [ ] on [ ], 2011 at [ ], local time, for the following purposes:

1. To consider and vote on the proposal to approve the merger contemplated by the Agreement and Plan of Merger, dated as of October 16, 2010, as amended on November 1, 2010, by and among Northeast Utilities, NU Holding Energy 1 LLC, NU Holding Energy 2 LLC and NSTAR, as it may be further amended from time to time, a conformed copy of which is attached as Annex A to the joint proxy statement/prospectus accompanying this notice, and adopt the Agreement and Plan of Merger; and
2. To vote upon the proposal to adjourn the NSTAR special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal.

NSTAR will transact no other business at the special meeting except such business as may properly be brought before the special meeting or any adjournment or postponements thereof. Please refer to the joint proxy statement/prospectus of which this notice forms a part for further information with respect to the business to be transacted at the NSTAR special meeting.

**The NSTAR board of trustees has unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of NSTAR and its shareholders. The NSTAR board of trustees unanimously recommends that NSTAR shareholders vote FOR the proposal to adopt the merger agreement and approve the merger and FOR the proposal to adjourn the NSTAR special meeting, if necessary or appropriate, to solicit additional proxies in favor of such approval.**

The NSTAR board of trustees has fixed the close of business on [ ] as the record date for determination of NSTAR shareholders entitled to receive notice of, and to vote at, the NSTAR special meeting or any adjournments or postponements thereof. Only holders of record of NSTAR common shares at the close of business on the record date are entitled to receive notice of, and to vote at, the NSTAR special meeting. Adoption of the merger agreement requires the affirmative vote of holders of two-thirds of the outstanding NSTAR common shares entitled to vote on the proposal.

**Your vote is very important. Whether or not you expect to attend the NSTAR special meeting in person, we urge you to submit a proxy to vote your shares as promptly as possible by: (1) visiting [www.envisionreports.com/nst](http://www.envisionreports.com/nst) and following the instructions on your proxy card; (2) dialing 1-800-652-8683 and listening for further directions; or (3) signing and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the NSTAR special meeting. If your shares are held in a NSTAR plan or in the name of a broker, bank or other nominee, please follow the instructions on the voting instruction card furnished by the plan trustee or administrator, or record holder, as appropriate.**

The enclosed joint proxy statement/prospectus provides a detailed description of the merger and the merger agreement. We urge you to read this joint proxy statement/prospectus, including any documents incorporated by

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reference, and the Annexes carefully and in their entirety. If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies or need help voting your NSTAR common shares, please contact NSTAR's proxy solicitors using the contact information below.

If you are a shareholder please contact:

Phoenix Advisory Partners

100 Wall Street, 27<sup>th</sup> Floor

New York, NY 10005

800-576-4314 (toll-free)

212-493-3910 (international)

212-493-3910 (banks and brokers)

Institutions please contact:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, NY 10016

800-322-2885 (toll-free)

212-929-5500

By Order of the Board of Trustees of NSTAR,

Douglas S. Horan

Senior Vice President, Secretary and General Counsel

Boston, Massachusetts

[ ], 2011

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Annex C	Opinion of Lazard Frères & Co. LLC
Annex D	Opinion of Goldman, Sachs & Co.
Annex E	Opinion of Lexicon Partners (US) LLC

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND SPECIAL MEETINGS**

*Following are brief answers to certain questions that you may have regarding the proposals being considered at the special meeting of Northeast Utilities shareholders, which we refer to as the Northeast Utilities special meeting and the special meeting of NSTAR shareholders, which we refer to as the NSTAR special meeting. Northeast Utilities and NSTAR urge you to read carefully this entire joint proxy statement/prospectus, including the annexes, and the other documents to which this joint proxy statement/prospectus refers or incorporates by reference, because this section does not provide all the information that might be important to you. Unless stated otherwise, all references in this joint proxy statement/prospectus to Northeast Utilities are to Northeast Utilities, a voluntary association and Massachusetts Business Trust; all references to NSTAR are to NSTAR, a voluntary association and Massachusetts Business Trust; all references to the combined company are to Northeast Utilities after the completion of the merger; all references to Merger Sub are to NU Holding Energy 1 LLC, a Massachusetts limited liability company and a wholly owned subsidiary of Northeast Utilities; and all references to Acquisition Sub are to NU Holding Energy 2 LLC, a Massachusetts limited liability company and a wholly owned subsidiary of Northeast Utilities. All references to the merger agreement are to the Agreement and Plan of Merger, dated as of October 16, 2010, as amended on November 1, 2010, and as may be amended further from time to time, by and among Northeast Utilities, NU Holding Energy 1 LLC, NU Holding Energy 2 LLC and NSTAR, a copy of which is attached as Annex A to this joint proxy statement/prospectus.*

**Q: Why am I receiving this document?**

A: Northeast Utilities and NSTAR have entered into an agreement and plan of merger providing for a merger of equals as described in this joint proxy statement/prospectus.

In order to complete the merger, among other conditions, Northeast Utilities shareholders must vote to adopt the merger agreement and approve the merger, including the issuance of Northeast Utilities common shares to NSTAR shareholders pursuant to the merger, approve an increase in the number of Northeast Utilities common shares authorized for issuance, and fix the number of trustees of the Northeast Utilities board of trustees at fourteen.

NSTAR shareholders must vote to adopt the merger agreement and approve the merger. Northeast Utilities and NSTAR will hold separate special meetings to obtain these approvals.

This joint proxy statement/prospectus, which you should read carefully, contains important information about the merger, the merger agreement and the special meetings of shareholders of Northeast Utilities and NSTAR.

**Q: How important is my vote?**

A: Your vote FOR the proposals related to the merger is very important. You are encouraged to submit a proxy as soon as possible. Adoption of the merger agreement and approval of the merger requires the affirmative vote of the holders of two-thirds of the common shares outstanding and entitled to vote of each of Northeast Utilities and NSTAR as of the respective record dates. Therefore, if you abstain or fail to vote your Northeast Utilities common shares or NSTAR common shares this will have the same effect as voting your Northeast Utilities common shares or NSTAR common shares AGAINST the adoption of the merger agreement and the approval of the merger.

**Q: Why have Northeast Utilities and NSTAR decided to merge?**

A: Northeast Utilities and NSTAR believe that the merger will provide substantial strategic and financial benefits including:

higher earnings and dividend growth potential than either company can achieve on its own;



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larger, more diverse and better positioned regulated utility business;

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significant transmission investment opportunities combined with balance sheet strength provides for substantial growth potential, including capital intensive transmission projects;

increased financial flexibility and liquidity;

enhanced service quality capabilities to the largest customer base in New England based on complementary areas of expertise and deeper and more diverse workforce;

a highly experienced and complementary leadership team with a proven track record; and

an increased voice in the development of national energy policy and added strength and influence in New England on behalf of shareholders and customers.

To review the reasons for the merger in greater detail, see the sections entitled *The Merger Northeast Utilities Reasons for the Merger; Recommendation of Northeast Utilities Board of Trustees* beginning on page 45 and *The Merger NSTAR s Reasons for the Merger; Recommendation of NSTAR s Board of Trustees* beginning on page 65.

### **Q: What will NSTAR shareholders receive for their shares?**

A: As a result of the merger, each NSTAR shareholder will be entitled to receive 1.312 Northeast Utilities common shares for each NSTAR common share held, which we refer to in this joint proxy statement/prospectus as the exchange ratio.

Based on the number of NSTAR common shares and Northeast Utilities common shares outstanding as of October 15, 2010, the last trading day prior to the public announcement of the merger, Northeast Utilities shareholders will own approximately 56.3% of the common shares of the combined company and former NSTAR shareholders will own approximately 43.7% of the common shares of the combined company at the time the merger is completed.

For additional information regarding the consideration to be received in the merger see the section entitled *The Merger Agreement Consideration to be Received in the Merger* on page 102.

### **Q: What will happen to my future dividends?**

A: As permitted under the merger agreement, each of Northeast Utilities and NSTAR may continue to pay quarterly dividends prior to the completion of the merger. Under the terms of the merger agreement, each company is permitted to increase its respective quarterly dividend up to a specified amount depending on the time period the dividend is made. See the section entitled *The Merger Agreement Conduct of Business Pending the Merger* beginning on page 105. Each of these quarterly dividends are subject to approval by the applicable board of trustees and depends on, among other things, applicable legal considerations and the financial condition of the company paying the dividend.

NSTAR anticipates that it will continue to pay its regular quarterly cash dividend in amounts consistent with past practice and does not anticipate making any changes to its dividend policy prior to the consummation of the merger.

Northeast Utilities anticipates that it will continue to pay its regular quarterly cash dividend in amounts consistent with past practice and does not anticipate making any changes to its dividend policy prior to the consummation of the merger.

In addition, upon the terms and subject to the conditions in the merger agreement, Northeast Utilities first quarterly dividend per common share declared after the completion of the merger will be increased to an amount that is equivalent, after adjusting for the exchange ratio, to the last

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quarterly dividend per NSTAR common share paid by NSTAR prior to the closing.

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As a result of such increase in the first quarterly Northeast Utilities dividend after the merger, the aggregate amount of quarterly dividends payable to an NSTAR shareholder as of the time immediately after the merger will be identical to the aggregate amount of quarterly dividends payable to such shareholder as of the time immediately before the merger. For information on the effect of such an increase on the dividend per Northeast Utilities common share on a pro forma historical basis, see the section entitled Comparative Per Share Data (Unaudited) on page 23.

The payment of dividends by either company is subject to applicable law and the discretion of each company's respective board of trustees. For more information, see the section entitled The Merger Agreement Other Covenants and Agreements Dividends on page 111.

**Q: What will happen in the proposed merger?**

A: Northeast Utilities, NSTAR, Merger Sub and Acquisition Sub have entered into an Agreement and Plan of Merger, dated October 16, 2010, amended on November 1, 2010, and as it may be further amended from time to time, which we refer to as the merger agreement in this joint proxy statement/prospectus. A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus. First, Merger Sub will be merged with and into NSTAR, with NSTAR surviving. Immediately thereafter, NSTAR will be merged with and into Acquisition Sub, with Acquisition Sub surviving. When these mergers are consummated, Acquisition Sub will be renamed NSTAR LLC and survive as a wholly owned subsidiary of Northeast Utilities. These mergers are referred to in this joint proxy statement/prospectus as the merger.

After the merger, the current shareholders of Northeast Utilities and NSTAR will be the shareholders of the combined company. Additional information on the merger is located in the section entitled The Merger beginning on page 35.

**Q: Will the Northeast Utilities common shares received at the time of closing of the merger by NSTAR shareholders be traded on an exchange?**

A: Yes. It is a condition to the completion of the merger that the Northeast Utilities common shares issuable pursuant to the merger be approved for listing on the New York Stock Exchange, which we refer to as the NYSE in this joint proxy statement/prospectus. Northeast Utilities intends to file a subsequent listing application with the NYSE prior to the consummation of the merger to list the Northeast Utilities common shares that NSTAR shareholders will receive at closing. We intend that all Northeast Utilities common shares, including those received in exchange for NSTAR shares at the time of closing, will continue to trade under the symbol NU.

**Q: How was the exchange ratio of Northeast Utilities common shares for NSTAR shares determined?**

A: Northeast Utilities and NSTAR both agreed that the combination would be intended to be a merger of equals, and that no premium would be paid in the share exchange. However, both companies recognized that a ratio based on a single day's closing share price, such as the day prior to the execution of the merger agreement, would not be indicative of Northeast Utilities' and NSTAR's relative values. Accordingly, the exchange ratio was determined in negotiations between the two companies and reflects the relative market prices of each company's common shares, without a premium to either party, averaged during the twenty-trading day period preceding the companies' execution of the merger agreement. For additional information regarding the exchange ratio see the sections entitled The Merger Northeast Utilities Reasons for the Merger; Recommendation of Northeast Utilities Board of Trustees beginning on page 45 and The Merger NSTAR's Reasons for the Merger; Recommendation of NSTAR's Board of Trustees beginning on page 65.

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**Q: How will Northeast Utilities shareholders be affected by the merger?**

A: Upon completion of the merger, each Northeast Utilities shareholder will hold the same number of common shares of Northeast Utilities that such shareholder held immediately prior to the merger. As a result of the merger, Northeast Utilities shareholders will own shares in a larger company with more assets. However, because in connection with the merger, Northeast Utilities will be issuing additional common shares of Northeast Utilities to NSTAR shareholders in exchange for their NSTAR common shares, each outstanding common share of Northeast Utilities immediately prior to the merger will represent a smaller percentage of the aggregate number of common shares of Northeast Utilities outstanding after the merger. As a result of the merger, we estimate that current Northeast Utilities shareholders will own approximately 56.3% of the Northeast Utilities common shares outstanding following the completion of the merger.

**Q: What are the material United States federal income tax consequences of the merger?**

A: It is a condition to the merger that both Northeast Utilities and NSTAR receive legal opinions from their respective legal counsel to the effect that for United States federal income tax purposes the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which is referred to as the Code in this joint proxy statement/prospectus. Provided that the merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, an NSTAR shareholder will not recognize gain or loss for United States federal income tax purposes as a result of such shareholder's NSTAR common shares being exchanged in the merger for shares of Northeast Utilities, except with respect to the receipt of cash in lieu of a fractional share of Northeast Utilities. For a more complete description of the material United States federal income tax consequences of the merger, see the section entitled "Material United States Federal Income Tax Consequences" beginning on page 94.

**Q: When do Northeast Utilities and NSTAR expect to complete the merger?**

A: Northeast Utilities and NSTAR are working to complete the merger as quickly as practicable. If the shareholders of both Northeast Utilities and NSTAR approve their respective proposals related to the merger, we currently expect the merger to be completed during the second half of 2011. However, neither Northeast Utilities nor NSTAR can predict the actual date on which the merger will be completed because it is subject to conditions beyond each company's control, including a number of federal and state regulatory approvals. See the section entitled "The Merger Agreement - Conditions to Completion of the Merger" beginning on page 102.

**Q: When and where is the special meeting of the Northeast Utilities shareholders?**

A: The special meeting of Northeast Utilities shareholders will be held on [ ], 2011, [ ], local time, at [ ]. For additional information relating to the Northeast Utilities special meeting, please see the section entitled "Northeast Utilities Special Meeting" beginning on page 118.

**Q: When and where is the special meeting of the NSTAR shareholders?**

A: The special meeting of NSTAR shareholders will be held on [ ], 2011, at [ ], local time, at [ ]. For additional information relating to the NSTAR special meeting, please see the section entitled "NSTAR Special Meeting" beginning on page 126.

**Q: Who can vote at the special meetings?**

A: All Northeast Utilities shareholders of record as of the close of business on [ ], the record date for the Northeast Utilities special meeting, are entitled to receive notice of and to vote at the Northeast Utilities special meeting.  
All NSTAR shareholders of record as of the close of business on [ ], the record date for the NSTAR special meeting, are entitled to receive notice of and to vote at the NSTAR special meeting.

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**Q: What votes are required to approve the merger?**

A: *The following shareholder votes are required at the Northeast Utilities special meeting to consummate the merger:*

1. The affirmative vote of the holders of two-thirds of the Northeast Utilities common shares outstanding and entitled to vote on the record date for the Northeast Utilities special meeting is the only vote necessary to adopt the merger agreement and approve the merger, including the issuance of Northeast Utilities common shares to NSTAR shareholders pursuant to the merger.
2. The affirmative vote of the holders of a majority of the Northeast Utilities common shares outstanding and entitled to vote on the record date for the Northeast Utilities special meeting is the only vote necessary to increase the number of Northeast Utilities common shares authorized for issuance by the board of trustees from 225,000,000 to 380,000,000.
3. The affirmative vote of the holders of a majority of the Northeast Utilities common shares outstanding and entitled to vote on the record date for the Northeast Utilities special meeting is the only vote necessary to fix the number of trustees of the Northeast Utilities board of trustees at fourteen.

At the close of business on [ ], the record date for the Northeast Utilities special meeting, trustees and executive officers of Northeast Utilities had the right to vote less than [ ]% of the then-outstanding Northeast Utilities common shares. Each Northeast Utilities trustee and executive officer has indicated his or her present intention to vote, or cause to be voted, the Northeast Utilities common shares owned by him or her for the approval of the above proposals.

*The following shareholder votes are required at the NSTAR special meeting to consummate the merger:*

The affirmative vote of the holders of two-thirds of the NSTAR common shares outstanding and entitled to vote as of the record date for the NSTAR special meeting is the only vote necessary to adopt the merger agreement and approve the merger.

At the close of business on [ ], the record date for the NSTAR special meeting, trustees and executive officers of NSTAR had the right to vote less than [ ]% of the then-outstanding NSTAR shares. Each NSTAR trustee and executive officer has indicated his or her present intention to vote, or cause to be voted, the NSTAR shares owned by him or her for the adoption of the merger agreement and approval of the merger.

Additional information on the vote required to approve the transactions is located under the sections entitled Northeast Utilities Special Meeting Votes Required for Approval on page 119 for Northeast Utilities and under the section entitled NSTAR Special Meeting Votes Required for Approval beginning on page 126 for NSTAR.

**Q: What do I need to do now?**

A: After you have carefully read and considered the information contained or incorporated by reference in this joint proxy statement/prospectus, please submit your proxy via the Internet or by telephone in accordance with the instructions set forth on the enclosed proxy card, or complete, sign, date and return the proxy card in the postage-prepaid envelope provided as soon as possible so that your shares will be represented and voted at the Northeast Utilities special meeting or the NSTAR special meeting, as applicable.

Additional information on voting procedures is located under the section entitled Northeast Utilities Special Meeting beginning on page 118 for Northeast Utilities and under the section entitled NSTAR Special Meeting beginning on page 126 for NSTAR.

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### **Q: How will my proxy be voted?**

A: If you vote by Internet, by telephone or by completing, signing, dating and returning your signed proxy card, your proxy will be voted in accordance with your instructions.

Any Northeast Utilities shareholder proxies that are signed, dated, and properly submitted and do not indicate how to vote, will be voted **FOR** the adoption of the merger agreement and approval of the merger, including the issuance of Northeast Utilities common shares to NSTAR shareholders pursuant to the merger, **FOR** the proposal to increase the number of Northeast Utilities common shares authorized for issuance and **FOR** the proposal to fix the number of trustees of the Northeast Utilities board of trustees at fourteen.

Any NSTAR shareholder proxies that are signed, dated, and properly submitted and do not indicate how to vote, will be voted **FOR** the adoption of the merger agreement and approval of the merger.

Additional information on voting procedures is located under the section entitled "Northeast Utilities Special Meeting" beginning on page 118 for Northeast Utilities and under the section entitled "NSTAR Special Meeting" beginning on page 126 for NSTAR.

### **Q: May I vote in person?**

A: Yes. If you are a shareholder of record of Northeast Utilities common shares at the close of business on [ ] or of NSTAR shares at the close of business on [ ], you may attend your special meeting and vote your shares in person, in lieu of submitting your proxy by Internet, telephone or returning your signed proxy card.

### **Q: What must I bring to attend my special meeting?**

A: Admittance to the special meetings is limited to shareholders of Northeast Utilities or NSTAR, as the case may be, or their authorized representatives. If you wish to attend your special meeting, bring your proxy or your voting instruction card. You must also bring photo identification.

### **Q: What should I do if I receive more than one set of voting materials for the Northeast Utilities special meeting or the NSTAR special meeting?**

A: You may receive more than one set of voting materials for the Northeast Utilities special meeting or the NSTAR special meeting, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your Northeast Utilities common shares or NSTAR shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your Northeast Utilities common shares or NSTAR common shares are registered in more than one name, you will receive more than one proxy card. Please submit each separate proxy or voting instruction card that you receive by following the instructions set forth in each separate proxy or voting instruction card.

### **Q: If my shares are held in street name by my broker or other nominee, will my broker or other nominee automatically vote my shares for me?**

A: No. If your shares are held in the name of a bank or broker or other nominee, you will receive separate instructions from your bank, broker or other nominee describing how to vote your shares. The availability of Internet or telephonic voting will depend on the bank's or broker's voting process. Please check with your bank or broker and follow the voting procedures your bank or broker provides.



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You should instruct your bank, broker or other nominee how to vote your shares. Under the rules applicable to broker-dealers, your broker does not have discretionary authority to vote your shares on any of the proposals scheduled to be voted on at the Northeast Utilities or NSTAR special meetings. If your broker does not receive voting instructions from you regarding these proposals, your shares will **NOT** be voted on those proposals which will have the same effect as voting **AGAINST** those proposals.

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Additional information on changing how to vote if your shares are held in street name is located under section Northeast Utilities Special Meeting Voting of Shares Held in Street Name on page 120 for Northeast Utilities and under section NSTAR Special Meeting Treatment of Abstentions, Failure to Vote and Broker Non-Votes on page 127 for NSTAR.

**Q: As a participant in the NSTAR Savings Plan, how do I vote my shares held in my plan account?**

A: If you are a participant in the NSTAR Savings Plan, you can cause shares held in your plan account to be voted by completing, signing and dating your voting instruction form and returning it in the enclosed postage-paid envelope or through the Internet as instructed on your voting instruction form. The plan trustee will vote the shares held in your plan account in accordance with your instructions. If you do not provide the plan trustee with instructions by [ ] on [ ], the unvoted shares will be voted by the plan trustee in the same proportion as the voted shares.

**Q: As a participant in the Northeast Utilities Service Company 401K Plan, how do I vote my shares held in my plan account?**

A: If you are a participant in the Northeast Utilities Service Company 401K Plan, you can vote the Northeast Utilities common shares held in your plan account by completing, signing and dating your voting instruction form and returning it in the enclosed postage-paid envelope or through the Internet or by telephone as instructed on your voting instruction form. The plan trustee will vote the shares held in your plan account in accordance with your instructions. If you do not provide the plan trustee with instructions by [ ] on [ ], your Northeast Utilities Service Company 401K Plan shares will not be voted.

**Q: What do I do if I am an NSTAR shareholder and I want to change my vote?**

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

re-voting on the Internet or by telephone until [ ] on [ ];

attending the meeting and voting in person; or

delivering either a written notice of revocation of the proxy or a duly executed proxy bearing a later date to:

Douglas S. Horan, Secretary

NSTAR

800 Boylston Street, 17<sup>th</sup> Floor

Boston, Massachusetts 02199

Additional information on changing your vote is located under the section entitled NSTAR Special Meeting Revocation of Proxies on page 129.

**Q: What do I do if I am a Northeast Utilities shareholder and I want to change my vote?**

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

re-voting on the Internet or by telephone until [ ] on [ ];

attending the meeting and voting in person; or

delivering either a written notice of revocation of the proxy or a duly executed proxy bearing a later date to:  
Samuel K. Lee, Secretary

Northeast Utilities

P.O. Box 270

Hartford, Connecticut 06141-0270

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Additional information on changing your vote is located under the section entitled Northeast Utilities Special Meeting Revocability of Proxies and Changes to a Northeast Utilities Shareholder's Vote on page 121.

**Q: Should I send in my NSTAR share certificates now?**

A: **NO.** Please **DO NOT** send your NSTAR share certificates with your proxy card. If the merger is completed, you will be sent written instructions for exchanging your share certificates for Northeast Utilities common shares and cash in lieu of fractional shares, as applicable, shortly after the time the merger is completed.

**Q: Do Northeast Utilities shareholders or NSTAR shareholders have appraisal or dissenters' rights?**

A: No. Massachusetts law does not provide appraisal or dissenters' rights to Northeast Utilities shareholders. Neither NSTAR's declaration of trust nor Chapter 182 of the M.G.L., which governs voluntary associations such as NSTAR, authorizes appraisal or dissenters' rights for shareholders. NSTAR believes that NSTAR shareholders are not entitled to appraisal rights in connection with the merger. However, the question of whether Massachusetts law would apply corporate appraisal rights to voluntary associations has not been the subject of specific judicial interpretation. If you believe you are entitled to appraisal rights, you should consult your legal advisor.

**Q: How can I find more information about Northeast Utilities and NSTAR?**

A: You can find more information about Northeast Utilities and NSTAR from various sources described in the section entitled Where You Can Find More Information; Incorporation By Reference beginning on page 154.

**Q: Who can answer any questions I may have about the special meeting or the merger?**

A: If you have any questions about the merger or how to submit your proxy, or if you need additional copies of this joint proxy statement/prospectus, the enclosed proxy card or voting instructions, you should contact:

Northeast Utilities Proxy Solicitor

Morrow & Co., LLC

470 West Ave.

Stamford, CT 06902

Banks and brokers please call:

(203) 658-9400

NSTAR's Proxy Solicitors

Shareholders please contact:

Phoenix Advisory Partners

100 Wall Street, 27<sup>th</sup> Floor

New York, NY 10005

(800) 576-4314 (toll-free)

(212) 493-3910 (international)

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Shareholders please call:  
(800) 573-4397

Institutions please contact:  
MacKenzie Partners, Inc.

105 Madison Avenue

New York, NY 10016

(800) 322-2885 (toll-free)

(212) 929-5500

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**SUMMARY**

*This summary highlights selected information contained in this joint proxy statement/prospectus, referred to as the joint proxy statement/prospectus, and does not contain all the information that may be important to you. Northeast Utilities and NSTAR urge you to read carefully this joint proxy statement/prospectus in its entirety, as well as the annexes. Additional, important information is also contained in the documents incorporated by reference into this joint proxy statement/prospectus; see the section entitled *Where You Can Find More Information; Incorporation By Reference* beginning on page 154.*

**The Companies**

***Northeast Utilities***

Northeast Utilities, a voluntary association and Massachusetts business trust, is headquartered in Hartford, Connecticut and is a public utility holding company subject to the jurisdiction of the Federal Energy Regulatory Commission. Northeast Utilities is engaged primarily in the energy delivery business, providing franchised retail electric service to approximately 1.9 million customers in 419 cities and towns in Connecticut, New Hampshire and western Massachusetts through three of its wholly owned subsidiaries, The Connecticut Light and Power Company, Public Service Company of New Hampshire and Western Massachusetts Electric Company, and franchised retail natural gas service to approximately 200,000 residential, commercial and industrial customers in 71 cities and towns in Connecticut, through its wholly owned indirect subsidiary, Yankee Gas Services Company.

Northeast Utilities' executive offices are located at 56 Prospect Street, Hartford, Connecticut 06103 and its telephone number is (860) 665-5000. Northeast Utilities common shares are listed on the NYSE and trade under the symbol NU.

This joint proxy statement/prospectus incorporates important business and financial information about Northeast Utilities from other documents that are incorporated by reference; see the section entitled *Where You Can Find More Information; Incorporation by Reference* beginning on page 154.

***NSTAR***

NSTAR, a voluntary association and Massachusetts business trust, is headquartered in Boston, Massachusetts. NSTAR is an energy delivery holding company serving approximately 1.4 million customers in Massachusetts. NSTAR conducts its business through operating subsidiaries. Its principal subsidiaries are NSTAR Electric Company, incorporated in 1886 under Massachusetts law, which serves approximately 1.1 million electric customers in 81 communities and NSTAR Gas Company, incorporated in 1851 under Massachusetts law, which serves approximately 300,000 natural gas distribution customers in 51 communities.

NSTAR also engages in unregulated businesses including telecommunications and liquefied natural gas service. Telecommunications services are provided through NSTAR Communications, Inc., which installs, owns, operates, and maintains a wholesale transport network for other telecommunications service providers in the metropolitan Boston area to deliver voice, video, data, and internet services to customers.

NSTAR's executive offices are located at 800 Boylston Street, Boston, Massachusetts 02199 and its telephone number is (617) 424-2000. NSTAR common shares are listed on the NYSE and trade under the symbol NST.

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This joint proxy statement/prospectus incorporates important business and financial information about NSTAR from other documents that are incorporated by reference; see the section entitled *Where You Can Find More Information; Incorporation by Reference* beginning on page 154.

### ***NU Holding Energy 1 LLC***

NU Holding Energy 1 LLC, or Merger Sub, a direct wholly owned subsidiary of Northeast Utilities, is a Massachusetts limited liability corporation formed on October 14, 2010 for the purpose of effecting transactions related to the merger. NU Holding Energy 1 LLC has not conducted any activities other than those incidental to its formation and the matters contemplated by the merger agreement, including the preparation of applicable regulatory filings in connection with the merger.

### ***NU Holding Energy 2 LLC***

NU Holding Energy 2 LLC, or Acquisition Sub, a direct wholly owned subsidiary of Northeast Utilities, is a Massachusetts limited liability corporation formed on October 14, 2010 for the purpose of effecting transactions related to the merger. NU Holding Energy 2 LLC has not conducted any activities other than those incidental to its formation and the matters contemplated by the merger agreement, including the preparation of applicable regulatory filings in connection with the merger.

## **The Merger**

On October 16, 2010, the boards of trustees of Northeast Utilities and NSTAR each unanimously approved the merger agreement and the merger. Under the terms and conditions of the merger agreement, and in accordance with Massachusetts law, Merger Sub will be merged with and into NSTAR, with NSTAR surviving. Immediately thereafter, NSTAR will be merged with and into Acquisition Sub, with Acquisition Sub surviving. When these mergers are consummated, Acquisition Sub will be renamed NSTAR LLC and survive as a wholly owned subsidiary of Northeast Utilities. For more information on the merger, see the section entitled *The Merger* beginning on page 35.

## **Consideration to be Received in the Merger by NSTAR Shareholders**

As a result of the merger, each NSTAR shareholder will receive 1.312 common shares of Northeast Utilities for each NSTAR common share held. Shareholders of NSTAR will receive cash in lieu of fractional shares, as applicable. Northeast Utilities shareholders will continue to own their existing common shares, which will not be exchanged in the merger.

## **Treatment of Stock Options and Other Stock-based Awards**

### ***Northeast Utilities***

Subject to adoption of the merger agreement and approval of the merger by the Northeast Utilities shareholders (i) restricted share units held by employees will be immediately vested in full (or on a pro-rated basis, if at least age 65 upon employment termination, for awards granted during the year of termination), and distributed in Northeast Utilities common shares six months following a qualifying termination of employment (a termination of employment for *good reason* or without *cause* ), (ii) restricted share units held by non-employee members of the Northeast Utilities board of trustees will vest upon any termination of service other than for *cause* and (subject to any applicable deferral election) will be distributed in full to any trustee whose service terminates after attaining age 65 and on a pro-rated basis to any trustee who has not yet reached

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age 65, and (iii) upon completion of the merger, the extent of satisfaction of the performance goals applicable to performance units (performance shares and performance cash) held by employees for any performance periods not yet completed generally will be measured based on performance through completion of the merger and payment generally will be made on a pro-rata basis (based on the portion of the applicable performance period that had been completed upon completion of the merger) following the end of the original performance period conditioned upon continued employment through such date (provided that, if an executive officer experiences a qualifying termination of employment before completion of the original performance period, the awards will be vested at target performance levels and paid out without pro-ration upon such termination). All outstanding Northeast Utilities share options are vested and will remain outstanding in accordance with their terms.

***NSTAR***

Under the NSTAR equity incentive compensation plans, (i) upon completion of the merger, each stock option will convert into a fully vested option to acquire, on the same terms and conditions as otherwise were applicable to the NSTAR option prior to the merger (including accelerated vesting that occurs as a result of the merger), a number of Northeast Utilities common shares equal to the product of the number of NSTAR common shares subject to the NSTAR option and the exchange ratio, rounded down to the nearest whole share of Northeast Utilities common share, at an exercise price per Northeast Utilities common share equal to the quotient obtained by dividing the per share exercise price of the NSTAR option by the exchange ratio, rounded up to the nearest whole cent, (ii) outstanding performance share awards will be deemed earned at the target performance level and will be settled immediately prior to the completion of the merger, and (iii) the restrictions and conditions on all other outstanding awards will automatically lapse or be deemed waived. However, stock-based awards granted after the execution of the merger agreement will not vest upon the completion of the merger and will instead be substituted upon completion of the merger for equivalent equity awards denominated in Northeast Utilities shares. For additional information regarding the treatment of NSTAR equity incentive compensation awards, see the section entitled *The Merger Treatment of NSTAR Options and Equity-based Awards* beginning on page 91.

**Northeast Utilities Board of Trustees and Executive Officers After the Merger**

*Board of Trustees.* The merger agreement provides that, following the merger, the board of trustees of the combined company will consist of fourteen members including: (a) seven designees of Northeast Utilities (which will include Charles W. Shivery, chairman, president and chief executive officer of Northeast Utilities); and (b) seven designees of NSTAR (which will include Thomas J. May, chairman, president and chief executive officer of NSTAR).

*Chairman.* Upon completion of the merger, Mr. Shivery will serve as non-executive chairman of the combined company for a period of 18 months at which time Mr. May will become chairman of the combined company.

*Executive Officers.* Upon completion of the merger, the corporate leadership team of the combined company will consist of Mr. May as president and chief executive officer; Gregory B. Butler as senior vice president and general counsel; Christine M. Carmody as senior vice president of human resources; James J. Judge as executive vice president and chief financial officer; David R. McHale as executive vice president and chief administrative officer; Joseph R. Nolan, Jr. as senior vice president of corporate relations; and Leon J. Olivier as executive vice president and chief operating officer.

For a more complete discussion of the trustees and executive officers of the combined company, see the section entitled *The Merger Corporate Governance Following the Merger* on page 81.



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### **Recommendation of Northeast Utilities Board of Trustees**

After careful consideration, the Northeast Utilities board of trustees recommends that Northeast Utilities shareholders vote **FOR** the adoption of the merger agreement and approval of the merger, including the issuance of Northeast Utilities common shares to NSTAR shareholders pursuant to the merger, **FOR** the proposal to increase the number of Northeast Utilities common shares authorized for issuance, **FOR** the proposal to fix the number of trustees of the Northeast Utilities board of trustees at fourteen and **FOR** the proposal to adjourn the Northeast Utilities special meeting, if necessary or appropriate, to solicit additional proxies in favor of such proposals.

For a more complete description of Northeast Utilities reasons for the merger and the recommendations of the Northeast Utilities board of trustees, see the section entitled The Merger Northeast Utilities Reasons for the Merger; Recommendation of Northeast Utilities Board of Trustees beginning on page 45.

### **Recommendation of NSTAR s Board of Trustees**

After careful consideration, the NSTAR board of trustees recommends that NSTAR shareholders vote **FOR** the adoption of the merger agreement and approval of the merger and **FOR** the proposal to adjourn the NSTAR special meeting, if necessary or appropriate, to solicit additional proxies in favor of such proposal.

For a more complete description of NSTAR s reasons for the merger and the recommendations of the NSTAR s board of trustees, see the section entitled The Merger NSTAR s Reasons for the Merger; Recommendation of NSTAR s Board of Trustees beginning on page 65.

### **Opinions of the Financial Advisors**

#### ***Northeast Utilities Financial Advisors***

##### ***Barclays Capital Inc.***

On October 16, 2010, at a meeting of the Northeast Utilities board of trustees held to evaluate the proposed merger, Barclays Capital Inc., which is referred to as Barclays Capital, delivered its opinion to the Northeast Utilities board of trustees that, as of October 16, 2010 and based upon and subject to the qualifications, limitations and assumptions stated in its opinion, the exchange ratio was fair, from a financial point of view, to Northeast Utilities.

The full text of Barclays Capital s written opinion, dated as of October 16, 2010, is attached as Annex B to this joint proxy statement/prospectus. Barclays Capital s written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Barclays Capital in rendering its opinion. This summary of Barclays Capital s written opinion is qualified in its entirety by reference to the full text of the opinion. Barclays Capital s opinion is addressed to the Northeast Utilities board of trustees for its use in connection with its evaluation of the proposed merger. Barclays Capital s opinion relates only to the fairness, from a financial point of view, to Northeast Utilities of the exchange ratio and does not constitute a recommendation to any shareholder of Northeast Utilities or NSTAR as to how such shareholder should vote or act with respect to the proposed merger or any other matter.

##### ***Lazard Frères & Co. LLC.***

Lazard Frères & Co. LLC, which is referred to as Lazard, delivered its opinion to the Northeast Utilities board of trustees that, as of October 16, 2010, and based upon and subject to the assumptions, procedures, factors, qualifications and limitations set forth therein, the exchange ratio of 1.312 was fair, from a financial point of view, to Northeast Utilities.

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The full text of Lazard's written opinion, dated October 16, 2010, which set forth the assumptions made, procedures followed, factors considered, and qualifications and limitations on the review undertaken by Lazard in connection with its opinion, is attached hereto as Annex C to this joint proxy statement/prospectus and is incorporated herein by reference. Lazard's opinion was directed to the Northeast Utilities board of trustees for the information and assistance of the Northeast Utilities board of trustees in connection with its evaluation of the merger and addressed only the fairness as of the date of the opinion, from a financial point of view, of the exchange ratio to Northeast Utilities. Lazard's opinion was not intended to, and does not constitute, a recommendation to any holder of Northeast Utilities common shares or NSTAR common shares as to how such holder should vote or act with respect to the merger or any matter relating thereto.

### ***NSTAR Financial Advisors***

#### *Goldman, Sachs & Co.*

At the meeting of the NSTAR board of trustees held on October 16, 2010, Goldman, Sachs & Co., which is referred to as Goldman Sachs, delivered its oral opinion to the NSTAR board of trustees, which it subsequently confirmed by delivery of its written opinion dated October 16, 2010, that, as of October 16, 2010 and based upon and subject to the factors and assumptions set forth therein, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to the holders (other than Northeast Utilities and its affiliates) of NSTAR common shares.

The full text of the written opinion of Goldman Sachs, dated October 16, 2010, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex D. Goldman Sachs provided its opinion for the information and assistance of NSTAR's board of trustees in connection with its consideration of the merger. The Goldman Sachs opinion is not a recommendation as to how any holder of NSTAR common shares should vote with respect to the merger or any other matter.

#### *Lexicon Partners (US) LLC*

In connection with the merger, Lexicon Partners (US) LLC, which is referred to as Lexicon Partners, delivered a written opinion, dated October 16, 2010, to the NSTAR board of trustees as to the fairness, from a financial point of view and as of such date, to holders of NSTAR common shares of the exchange ratio provided for in the merger.

The full text of Lexicon Partners' written opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered, and qualifications and limitations on the opinion and the review undertaken in connection with rendering its opinion, is included as Annex E to this joint proxy statement/prospectus. Lexicon Partners' opinion was provided to the NSTAR board of trustees (in its capacity as such) in connection with and for the purposes of its evaluation of the merger and addressed only the fairness, from a financial point of view, of the exchange ratio and no other matters. The opinion does not constitute a recommendation to any shareholder as to how any shareholder should vote or act with respect to the merger or any related matter.

### **Additional Interests of Trustees and Executive Officers in the Merger**

Northeast Utilities' and NSTAR's executive officers and trustees have interests in the merger that may be different from, or in addition to, the interests of Northeast Utilities and NSTAR shareholders generally. Northeast Utilities' executive officers negotiated the terms of the merger agreement with NSTAR's executive officers. The executive officers have arrangements with Northeast Utilities or NSTAR, as applicable, that provide for severance benefits if their employment is terminated under certain circumstances following the completion of the

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merger. In addition, certain of Northeast Utilities' and NSTAR's compensation and benefit plans and arrangements provide for payment or accelerated vesting or distribution of certain rights or benefits upon completion of the merger (and, in some cases, upon shareholder approval of the merger agreement). Executive officers and trustees of Northeast Utilities and NSTAR also have rights to indemnification and directors' and officers' liability insurance that will survive the completion of the merger.

Moreover, Charles W. Shivery, currently chairman, president and chief executive officer of Northeast Utilities, will serve as non-executive chairman of the board of the combined company for eighteen months after completion of the merger. Thomas J. May, currently chairman, president and chief executive officer of NSTAR, will serve as the chief executive officer of the combined company, and will succeed Mr. Shivery as chairman of the board eighteen months after completion of the merger. Immediately following the effective time of the merger, the board of trustees of the combined company will consist of fourteen members, including seven designees of Northeast Utilities, including Mr. Shivery, and seven designees of NSTAR, including Mr. May.

The Northeast Utilities and NSTAR boards of trustees were aware of these interests at the time each approved the merger and the transactions contemplated by the merger agreement. These interests may cause Northeast Utilities' and NSTAR's trustees and executive officers to view the NSTAR merger proposal differently than you may view it as a shareholder. See the sections entitled "The Merger - Additional Interests of Northeast Utilities Trustees and Executive Officers in the Merger" and "The Merger - Additional Interests of NSTAR Trustees and Executive Officers in the Merger," beginning on pages 82 and 86, respectively, for more information.

**Material United States Federal Income Tax Consequences of the Merger**

It is a condition to the merger that both Northeast Utilities and NSTAR receive legal opinions from their respective legal counsel to the effect that for United States federal income tax purposes the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. In addition, in connection with the registration statement of which this joint proxy statement/prospectus is a part being declared effective, each of Skadden, Arps, Slate, Meagher & Flom LLP, counsel to Northeast Utilities and which is referred to as Skadden, Arps in this joint proxy statement/prospectus, and Ropes & Gray LLP, counsel to NSTAR and which is referred to as Ropes & Gray in this joint proxy statement/prospectus, will deliver an opinion to Northeast Utilities and NSTAR, respectively, to the same effect as the opinions described above. Provided that the merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, an NSTAR shareholder will not recognize gain or loss for United States federal income tax purposes as a result of such shareholder's NSTAR common shares being exchanged in the merger for shares of Northeast Utilities, except with respect to the receipt of cash in lieu of a fractional share of Northeast Utilities.

The discussion of material United States federal income tax consequences of the merger contained in this joint proxy statement/prospectus is intended to provide only a general summary and is not a complete analysis or description of all potential United States federal income tax consequences of the merger. The discussion does not address tax consequences that may vary with, or are contingent on, individual circumstances. In addition, it does not address the effects of any state, local, non-United States or non-income tax laws.

**NSTAR shareholders are strongly urged to consult with their tax advisors regarding the tax consequences of the merger to them, including the effects of United States federal, state, local, non-United States and other tax laws.**

For a more complete description of the material United States federal income tax consequences of the merger, see the section entitled "Material United States Federal Income Tax Consequences" beginning on page 94.

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### **Accounting Treatment of the Merger**

Accounting standards require that one party to the merger be identified as the acquirer. Therefore, the merger of Northeast Utilities and NSTAR will be accounted for as an acquisition of NSTAR common shares by Northeast Utilities in accordance with generally accepted accounting principles of the United States, which we refer to as GAAP. This means that the assets and liabilities of NSTAR will be recorded, as of the completion of the merger, at their fair values and added to those of Northeast Utilities, including an amount for goodwill representing the amount that the purchase price exceeds the fair value of the identifiable net assets. Financial statements of Northeast Utilities issued after the merger will reflect only the operations of NSTAR's businesses after the merger and will not be restated retroactively to reflect the historical financial position or results of NSTAR.

For more information regarding the accounting treatment of the transaction see the section entitled "The Merger - Accounting Treatment" beginning on page 90.

### **Appraisal Rights**

Northeast Utilities shareholders will not have any appraisal or dissenters' rights as a result of the merger.

Neither NSTAR's declaration of trust nor Chapter 182 of the M.G.L., which governs voluntary associations such as NSTAR, authorizes appraisal or dissenters' rights for shareholders. NSTAR believes that NSTAR shareholders are not entitled to appraisal rights in connection with the merger. However, the question of whether Massachusetts law would apply corporate appraisal rights to voluntary associations has not been the subject of specific judicial interpretation. If you believe you are entitled to appraisal rights, you should consult your legal advisor.

### **Regulatory Matters**

To complete the merger, Northeast Utilities and NSTAR must make filings with and obtain authorizations, approvals or consents from federal and state public utility, antitrust and other regulatory authorities. For a more complete discussion of regulatory matters relating to the merger, see the section entitled "Regulatory Matters Relating to the Merger" on beginning on page 97.

### **Litigation Relating to the Merger**

In connection with the merger, NSTAR, Northeast Utilities, the members of the NSTAR board of trustees, and two wholly owned subsidiaries of Northeast Utilities, NU Holding Energy 1 LLC and NU Holding Energy 2 LLC, were named defendants in eight lawsuits filed in the Superior Court for Suffolk County, Massachusetts, and one lawsuit filed in federal court in the district of Massachusetts. The lawsuits purport to be brought on behalf of classes of NSTAR shareholders opposed to the terms of the merger agreement. The complaints allege, among other things, that NSTAR's trustees breached their fiduciary duties by failing to maximize the value to be received by NSTAR's shareholders, and that the other defendants aided and abetted the NSTAR trustees' breaches of fiduciary duties. The complaints seek, among other things, to enjoin defendants from consummating the merger and either rescission of the merger, to the extent it is completed, or monetary damages. NSTAR and Northeast Utilities believe that all nine lawsuits are without merit and intend to defend the lawsuits vigorously.

For more information regarding the litigation related to the merger see the sections entitled "Risk Factors" beginning on page 28 and "Litigation Relating to the Merger" on page 93.

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### **Overview of the Merger Agreement**

A copy of the merger agreement, as amended, is attached as Annex A to this joint proxy statement/prospectus. We encourage you to read the entire merger agreement carefully because it is the principal document governing the merger. For more information on the merger agreement, see the section entitled "The Merger Agreement" beginning on page 100.

### *Conditions to Completion of the Merger*

A number of conditions must be satisfied or waived, before the merger can be completed. These include, among others:

approval by Northeast Utilities shareholders of the Northeast Utilities merger proposal, including the issuance of Northeast Utilities common shares to NSTAR shareholders pursuant to the merger, and the share authorization proposal;

approval by NSTAR shareholders of the NSTAR merger proposal;

absence of any law or injunction prohibiting the consummation of the merger;

effectiveness of the registration statement of which this joint proxy statement/prospectus is a part and the absence of a stop order or proceedings threatened or initiated by the SEC for that purpose;

authorization of the listing on the NYSE of the Northeast Utilities common shares to be issued in connection with the merger or reserved for issuance in connection with the merger, subject to official notice of issuance;

receipt of all required regulatory approvals from the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission and the Massachusetts Department of Public Utilities, and any pre-approvals required by any other applicable state regulatory agencies or commissions provided that such approvals do not impose any terms or conditions that individually or in the aggregate would be reasonably expected to have a material adverse effect on either company (provided that either company shall be deemed to be a consolidated group of entities of the size and scale of NSTAR and Northeast Utilities and their subsidiaries, taken as a whole);

expiration of any waiting period (and any extension thereof) applicable to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976;

the prior performance by the other party, in all material respects, of all of its obligations under the merger agreement;

except as would not individually or in the aggregate have a material adverse effect on either party, the representations and warranties of each party contained in the merger agreement with respect to capitalization must be true and correct in all respects except for those required to be true and correct in all material respects;

the accuracy, both when made and as of the closing, of the representations and warranties (other than those relating to capitalization), except where the failure of such representations and warranties to be so true and correct would not reasonably be expected to have, individually or in the aggregate, a material adverse effect;

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the absence of any change or event that, individually or in the aggregate, has had, or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on the other party;

the receipt by each party of a tax opinion of its legal counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code; and

the receipt by each party of a copy of the tax opinion of the other party's legal counsel.

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For more information regarding conditions to the completion of the merger and a complete list of such conditions, see the section entitled *The Merger Agreement – Conditions to Completion of the Merger* beginning on page 102.

### *No Solicitation*

Neither Northeast Utilities nor NSTAR, nor any of their respective subsidiaries, officers, trustees, directors, employees, counsel, financial advisors or other representatives will, and each will use its reasonable efforts not to, directly or indirectly, take any of the following actions:

initiate, seek, or solicit, or knowingly encourage or facilitate any inquiries or the making or submission of any proposal that constitutes, or could reasonably be expected to lead to, an acquisition proposal;

participate or engage in discussions or negotiations with, or disclose any non-public information or data relating to itself or any of its subsidiaries or afford access to its properties, books or records or of its subsidiaries to any person or entity that has made an acquisition proposal with respect to such party or to any person or entity in contemplation of an acquisition proposal with respect to such party; or

approve, enter into, accept, recommend or endorse, an acquisition proposal with respect to such party or enter into any agreement, including any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement or any other agreement providing for an acquisition proposal or which could reasonably be expected to cause a party to abandon, terminate or fail to consummate the merger or any other transaction contemplated by the merger agreement.

However, Northeast Utilities or NSTAR may, as applicable, prior to receiving their respective shareholder approvals required to consummate the merger, and subject to certain notice and other requirements, participate or engage in discussions or negotiations with, or disclose nonpublic information with respect to itself and its subsidiaries, to a third party that makes an unsolicited, bona fide acquisition proposal that the board of trustees of Northeast Utilities or NSTAR, as applicable, determines in good faith after consultation with its legal and financial advisors is, or would be reasonably likely to lead to, a superior proposal, under certain circumstances.

In addition, Northeast Utilities or NSTAR may, as applicable, prior to receiving their respective shareholder approvals required to consummate the merger, and subject to certain notice and other requirements, make an adverse recommendation and terminate the merger agreement in response to a material development or change in circumstances occurring or arising after the date of the merger agreement that was neither known to the applicable party's board of trustees nor reasonably foreseeable on the date of the merger agreement, independent of any acquisition proposal, if the applicable board of trustees determines in good faith after consultation with its legal counsel that the failure to make an adverse recommendation change would be inconsistent with its fiduciary obligations.

For more information regarding the limitations on the ability of Northeast Utilities and NSTAR and their respective boards to consider other proposals, see the section entitled *The Merger Agreement – No Solicitation* on page 108.

### *Termination of the Merger Agreement*

The merger agreement may be terminated at any time by mutual written agreement of Northeast Utilities and NSTAR. It can also be terminated by either Northeast Utilities or NSTAR under several specific circumstances, including:

if the merger is not completed on or prior to October 16, 2011 (subject to extension);

if a final and nonappealable order or governmental action preventing the merger is in effect;





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if the non-terminating party had materially breached the agreement, such breach is incapable of being cured and gives rise to a failure to satisfy a condition of the merger agreement;

if the NSTAR shareholders do not approve the NSTAR merger proposal or the Northeast Utilities shareholders do not approve the Northeast Utilities merger proposal and related proposals, provided that such right to terminate the merger agreement is not available to any party whose actions or failure to act was the cause of such lack of approval, or whose actions or failure to act were in breach of the merger agreement;

if the other party's board of trustees (A) makes an adverse recommendation with regard to the contemplated transactions, (B) approves or adopts or recommends the approval or adoption of any acquisition proposal with respect to the other party, (C) does not include the affirmative board recommendation for the merger agreement in the joint proxy statement, or (D) resolves, agrees to, publicly proposes to or allows the other party to publicly propose to take any of the foregoing actions;

if the other party breaches the non-solicitation covenant of the merger agreement; or

if at any time prior to obtaining the required shareholder approval, in order to enter into a definitive agreement with respect to a superior proposal in each case, if the party has complied with its obligations under the non-solicitation provisions of the merger agreement and, in connection with the termination of the merger agreement, such party pays the other party the termination fee of \$135 million in immediately available funds.

For more information regarding termination of the merger agreement, see the section entitled "The Merger Agreement - Termination" beginning on page 112.

*Termination Fee and Expense Reimbursement*

The merger agreement provides that, upon a termination of the merger agreement under specified circumstances, Northeast Utilities or NSTAR, as the case may be, may be required to pay a termination fee of approximately \$135 million, plus up to \$35 million for out of pocket fees and expenses incurred or paid by the party receiving payment of the termination fee.

For more information regarding termination fees and expense reimbursement obligations, see the section entitled "The Merger Agreement - Effect of Termination; Termination Fee" beginning on page 113.

**The Shareholders' Meetings**

*Northeast Utilities*

The Northeast Utilities special meeting will be held on [ ], at [ ], local time at the [ ]. For more information about the Northeast Utilities special meeting, see the section entitled "Northeast Utilities Special Meeting" beginning on page 118.

At the Northeast Utilities special meeting, the Northeast Utilities shareholders will be asked to consider and vote upon the following proposals:

to adopt the merger agreement and approve the merger, including the issuance of Northeast Utilities common shares to NSTAR shareholders pursuant to the merger;

to approve the increase of the number of Northeast Utilities common shares authorized for issuance by the trustees from 225,000,000 to 380,000,000;

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to fix the number of trustees of the Northeast Utilities board of trustees at fourteen; and

any adjournment proposal.

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Only holders of record of Northeast Utilities common shares at the close of business on [ ], the Northeast Utilities special meeting record date, are entitled to notice of, and to vote at, the Northeast Utilities special meeting and at any adjournments or postponements of the Northeast Utilities special meeting. At the close of business on the record date, there were [ ] common shares of Northeast Utilities outstanding and entitled to vote at the Northeast Utilities special meeting.

The affirmative vote of the holders of two-thirds of the Northeast Utilities common shares outstanding and entitled to vote is required to approve the merger proposal.

The affirmative vote of the holders of a majority of the Northeast Utilities common shares outstanding and entitled to vote is required to approve the share authorization proposal.

The affirmative vote of the holders of a majority of the Northeast Utilities common shares outstanding and entitled to vote is required to fix the number of trustees of the Northeast Utilities board of trustees at fourteen.

## ***NSTAR***

The NSTAR special meeting will be held on [ ], at [ ], local time, at the [ ]. For more information about the NSTAR special meeting, see the section entitled "NSTAR Special Meeting" beginning on page 126.

At the NSTAR special meeting, the NSTAR shareholders will be asked to consider and vote upon:

adopt the merger agreement and approve the merger;

any adjournment proposal.

Only holders of record of NSTAR common shares at the close of business on [ ], the NSTAR special meeting record date, are entitled to notice of, and to vote at, the NSTAR special meeting and at any adjournments or postponements of the NSTAR special meeting. At the close of business on the record date, there were [ ] common shares of NSTAR outstanding and entitled to vote at the NSTAR special meeting.

The affirmative vote of the holders of two-thirds of the NSTAR common shares outstanding and entitled to vote is required to approve the merger proposal.

## **Voting by Northeast Utilities and NSTAR Trustees and Executive Officers**

At the close of business on [ ], the record date for the Northeast Utilities special meeting, trustees and executive officers of Northeast Utilities had the right to vote less than [ ]% of the then outstanding Northeast Utilities common shares. Each Northeast Utilities trustee and executive officer has indicated his or her present intention to vote, or cause to be voted, the Northeast Utilities common shares owned by him or her for the approval of the above proposals.

At the close of business on [ ], the record date for the NSTAR special meeting, trustees and executive officers of NSTAR had the right to vote less than [ ]% of the then outstanding NSTAR shares. Each NSTAR trustee and executive officer has indicated his or her present intention to vote, or cause to be voted, the NSTAR shares owned by him or her for the adoption of the merger agreement and approval of the merger.

**Table of Contents****SELECTED HISTORICAL FINANCIAL DATA OF NORTHEAST UTILITIES**

The selected historical consolidated financial data of Northeast Utilities for each of the years ended December 31, 2009, 2008 and 2007 and as of December 31, 2009 and 2008 have been derived from Northeast Utilities' audited consolidated financial statements contained in its Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference in this joint proxy statement/prospectus. The selected historical consolidated financial data as of September 30, 2010 and for the nine months ended September 30, 2010 and 2009 have been derived from Northeast Utilities' unaudited condensed consolidated financial statements as of such dates and for those periods, which have been incorporated by reference in this joint proxy statement/prospectus. The selected historical consolidated financial data for the years ended December 31, 2006 and 2005 and as of September 30, 2009 and December 31, 2007, 2006 and 2005 have been derived from Northeast Utilities' consolidated financial statements as of such dates and for those years, which have not been incorporated by reference in this joint proxy statement/prospectus. The information set forth below is only a summary and is not necessarily indicative of the results of future operations of Northeast Utilities or the combined company, and you should read the following information together with Northeast Utilities' audited consolidated financial statements, the related notes and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Northeast Utilities' Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference in this joint proxy statement/prospectus. For more information, see the section entitled "Where You Can Find More Information; Incorporation By Reference" beginning on page 154.

(in millions, except common share information)	Unaudited As of and for the Nine Months Ended September 30,			Audited As of and for the Years Ended December 31,			
	2010	2009	2009	2008	2007	2006	2005
<b>Balance Sheet Data:</b>							
Property, Plant and Equipment, Net	\$ 9,318.0	\$ 8,623.1	\$ 8,840.0	\$ 8,207.9	\$ 7,229.9	\$ 6,242.2	\$ 6,417.2
Total Assets	14,297.6	14,006.3	14,057.7	13,988.5	11,581.8	11,303.2	12,567.9
Total Capitalization (1)	8,542.6	8,060.9	8,253.3	7,294.0	6,667.9	5,879.7	5,595.4
Obligations Under Capital Leases	12.4	13.0	12.9	13.4	14.7	14.4	14.0
<b>Income Statement Data:</b>							
Operating Revenues	\$ 3,694.2	\$ 4,124.1	\$ 5,439.4	\$ 5,800.1	\$ 5,822.2	\$ 6,877.7	\$ 7,346.2
Net Income/(Loss) from Continuing Operations	262.9	249.5	335.6	266.4	251.5	138.5	(251.3)
Net Income from Discontinued Operations					0.6	337.6	4.4
Net Income/(Loss) Attributable to Controlling Interests	258.7	245.3	330.0	260.8	246.5	470.6	(253.5)
<b>Common Share Data:</b>							
Basic Earnings/(Loss) Per Common Share:							
Net Income/(Loss) from Continuing Operations	\$ 1.47	\$ 1.43	\$ 1.91	\$ 1.68	\$ 1.59	\$ 0.86	\$ (1.95)
Net Income from Discontinued Operations						2.20	0.03
Net Income/(Loss) Attributable to Controlling Interests	1.47	1.43	1.91	1.68	1.59	3.06	(1.93)
Diluted Earnings/(Loss) Per Common Share:							
Income/(Loss) from Continuing Operations	\$ 1.46	\$ 1.43	\$ 1.91	\$ 1.67	\$ 1.59	\$ 0.86	\$ (1.95)
Income from Discontinued Operations						2.19	0.03
Net Income/(Loss) Attributable to Controlling Interests	1.46	1.43	1.91	1.67	1.59	3.05	(1.93)
Dividends Declared Per Share	\$ 0.77	\$ 0.71	\$ 0.95	\$ 0.83	\$ 0.78	\$ 0.73	\$ 0.68

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Weighted Average Common Shares Outstanding:							
Basic	176,557,889	170,958,396	172,567,928	155,531,846	154,759,727	153,767,527	131,638,953
Diluted	176,762,088	171,532,913	172,717,246	155,999,240	155,304,361	154,146,669	131,638,953

(1) Includes long-term debt portions due within one year, but excludes Rate Reduction Bonds.

**Table of Contents****SELECTED HISTORICAL FINANCIAL DATA OF NSTAR**

The selected historical consolidated financial data of NSTAR for each of the years ended December 31, 2009, 2008 and 2007 and as of December 31, 2009 and 2008 have been derived from NSTAR's audited consolidated financial statements contained in its Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference in this joint proxy statement/prospectus. The selected historical consolidated financial data as of September 30, 2010 and for the nine months ended September 30, 2010 and 2009 have been derived from NSTAR's unaudited condensed consolidated financial statements as of such dates and for those periods, which have been incorporated by reference in this joint proxy statement/prospectus. The selected historical consolidated financial data for the years ended December 31, 2006 and 2005 and as of September 30, 2009 and December 31, 2007, 2006 and 2005 have been derived from NSTAR's consolidated financial statements as of such dates and for those years, which have not been incorporated by reference in this joint proxy statement/prospectus. The information set forth below is only a summary and is not necessarily indicative of the results of future operations of NSTAR or the combined company, and you should read the following information together with NSTAR's audited consolidated financial statements, the related notes and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in NSTAR's Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference in this joint proxy statement/prospectus. For more information, see the section entitled "Where You Can Find More Information; Incorporation By Reference" beginning on page 154.

(in millions, except per share information)	Unaudited As of and for the Nine Months Ended September 30,		Audited As of and for the Years Ended December 31,				
	2010	2009	2009	2008	2007	2006	2005
<b>Balance Sheet Data:</b>							
Assets from Continuing Operations (1)	\$ 7,854.3	\$ 7,843.3	\$ 7,976.9	\$ 8,094.0	\$ 7,588.6	\$ 7,602.7	\$ 7,480.3
Assets Held for Sale (1)	\$	\$ 170.7	\$ 167.9	\$ 175.5	\$ 171.0	\$ 166.7	\$ 158.0
Total Capitalization (2)	\$ 4,144.5	\$ 3,946.9	\$ 4,295.5	\$ 3,760.6	\$ 3,671.7	\$ 3,336.9	\$ 3,121.3
<b>Income Statement Data:</b>							
Operating Revenues (3)	\$ 2,219.9	\$ 2,338.5	\$ 3,050.0	\$ 3,208.3	\$ 3,136.1	\$ 3,441.5	\$ 3,135.2
Net Income from Continuing Operations Attributable to Common Shareholders (4)	\$ 190.6	\$ 198.0	\$ 244.0	\$ 226.0	\$ 213.1	\$ 191.9	\$ 192.2
Net Income from Discontinued Operations	\$ 115.6	\$ 7.6	\$ 9.2	\$ 11.5	\$ 8.4	\$ 14.9	\$ 3.9
Net Income Attributable to Common Shareholders	\$ 306.3	\$ 205.6	\$ 253.2	\$ 237.5	\$ 221.5	\$ 206.8	\$ 196.1
<b>Common Share Data:</b>							
Basic Earnings Per Common Share:							
Income from Continuing Operations	\$ 1.81	\$ 1.86	\$ 2.28	\$ 2.11	\$ 1.99	\$ 1.80	\$ 1.80
Income from Discontinued Operations	\$ 1.09	\$ 0.07	\$ 0.09	\$ 0.11	\$ 0.08	\$ 0.14	\$ 0.04
Net Income Attributable to Common Shareholders	\$ 2.90	\$ 1.93	\$ 2.37	\$ 2.22	\$ 2.07	\$ 1.94	\$ 1.84
Diluted Earnings Per Common Share:							
Income from Continuing Operations	\$ 1.81	\$ 1.85	\$ 2.28	\$ 2.11	\$ 1.99	\$ 1.79	\$ 1.79
Income from Discontinued Operations	1.09	\$ 0.07	\$ 0.09	\$ 0.11	\$ 0.08	\$ 0.14	\$ 0.04
Net Income Attributable to Common Shareholders	\$ 2.90	\$ 1.92	\$ 2.37	\$ 2.22	\$ 2.07	\$ 1.93	\$ 1.83
Dividends Declared Per Share	\$ 1.18	\$ 1.12	\$ 1.52	\$ 1.42	\$ 1.32	\$ 1.53	\$ 0.87
Weighted Average Common Shares Outstanding:							
Basic	105.5	106.8	106.8	106.8	106.8	106.8	106.8
Diluted	105.7	107.0	107.0	107.0	107.1	107.1	107.1

- (1) In June 2010, NSTAR completed the sale of its wholly owned subsidiary MATEP. The assets of MATEP were considered to be held for sale as of December 31, 2009, and the subsidiary operations were classified as discontinued operations.
- (2) Includes current portion of long-term debt, but excludes transition property securitization and MATEP long-term debt.
- (3) Operating revenues of MATEP have been excluded from the selected financial data presented.

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(4) Includes impact of preferred share dividends of NSTAR Electric Company, a wholly owned subsidiary of NSTAR.

**Table of Contents****SUMMARY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA**

The following selected unaudited pro forma condensed combined consolidated statement of income data of Northeast Utilities for the nine months ended September 30, 2010 and for the year ended December 31, 2009 have been prepared to give effect to the merger as if the merger had been completed on January 1, 2009. The unaudited pro forma condensed combined consolidated balance sheet data of Northeast Utilities as of September 30, 2010 has been prepared to give effect to the merger as if the merger had been completed on September 30, 2010.

The following selected unaudited pro forma condensed combined consolidated financial information is not necessarily indicative of the results that might have occurred had the merger taken place on January 1, 2009 for income statement purposes, or on September 30, 2010 for balance sheet purposes, and is not intended to be a projection of future results. Future results may vary significantly from the results reflected because of various factors, including those discussed in the section entitled *Risk Factors* beginning on page 28. The following selected unaudited pro forma condensed combined consolidated financial information should be read in conjunction with the section entitled *Unaudited Pro Forma Condensed Combined Consolidated Financial Statements* and related notes included in this joint proxy statement/prospectus beginning on page 132.

	<b>Nine Months Ended September 30, 2010</b>	<b>Year Ended December 31, 2009</b>
	<b>(in millions, except per share data)</b>	
<b>Pro Forma Condensed Combined Consolidated Statement of Income Data:</b>		
Operating Revenues	\$ 5,950.3	\$ 8,538.3
Net Income from Continuing Operations	462.1	591.0
Net Income from Continuing Operations Attributable to Controlling Interests	456.3	583.2
Basic Earnings Per Common Share from Continuing Operations	1.45	1.88
Diluted Earnings Per Common Share from Continuing Operations	1.45	1.88
	<b>As of September 30, 2010</b>	
<b>Pro Forma Condensed Combined Consolidated Balance Sheet Data:</b>		
Cash and Cash Equivalents	\$ 60.8	
Total Assets	25,314.3	
Long-Term Debt (1)	7,358.6	
Total Liabilities	9,869.3	
Common Shareholders' Equity	7,992.7	
Total Capitalization (1)	15,512.4	
Total Liabilities and Capitalization	25,314.3	

(1) Includes long-term debt portions due within one year.



**Table of Contents****COMPARATIVE PER SHARE DATA (UNAUDITED)**

The following table summarizes unaudited per share data for (a) Northeast Utilities and NSTAR on a historical basis, (b) Northeast Utilities on a pro forma combined basis giving effect to the merger and (c) NSTAR on a pro forma equivalent basis based on the exchange ratio of 1.312 common shares of Northeast Utilities per common share of NSTAR. It has been assumed for purposes of the pro forma combined financial information provided below that the merger was completed on January 1, 2009 for earnings per share purposes, and on September 30, 2010 for book value per share purposes. The following information should be read in conjunction with the section entitled Unaudited Pro Forma Condensed Combined Consolidated Financial Statements and related notes included in this joint proxy statement/prospectus beginning on page 132.

	Northeast Utilities		NSTAR	
	Historical	Pro Forma Combined	Historical	Pro Forma Equivalent (1)
<b>Nine Months Ended September 30, 2010</b>				
Basic Earnings Per Common Share from Continuing Operations (2)	\$ 1.47	\$ 1.45	\$ 1.81	\$ 1.91
Diluted Earnings Per Common Share from Continuing Operations (2)	\$ 1.46	\$ 1.45	\$ 1.81	\$ 1.91
Cash Dividends Declared Per Share (4)	\$ 0.77	\$ 0.91	\$ 1.20	\$ 1.20
Book Value Per Common Share (3)	\$ 21.12	\$ 25.50	\$ 18.60	\$ 33.46
<b>Year Ended December 31, 2009</b>				
Basic Earnings Per Common Share from Continuing Operations (2)	\$ 1.91	\$ 1.88	\$ 2.28	\$ 2.47
Diluted Earnings Per Common Share from Continuing Operations (2)	\$ 1.91	\$ 1.88	\$ 2.28	\$ 2.47
Cash Dividends Declared Per Share (4)	\$ 0.95	\$ 1.16	\$ 1.525	\$ 1.525

- (1) The pro forma equivalent per share amounts were calculated by multiplying the pro forma combined per share amounts by the exchange ratio of 1.312 common shares of Northeast Utilities per common share of NSTAR.
- (2) The pro forma combined consolidated statements of income for the nine months ended September 30, 2010 and the year ended December 31, 2009 were prepared by combining Northeast Utilities historical consolidated statements of income and NSTAR's historical consolidated statements of income adjusted to give effect to pro forma events that are directly attributable to the merger, factually supportable and expected to have a continuing impact on combined results.
- (3) Historical book value per share is computed by dividing common shareholders' equity by the number of shares of Northeast Utilities or NSTAR common shares outstanding, as applicable. Pro forma combined book value per share is computed by dividing pro forma common shareholders' equity by the pro forma number of common shares of Northeast Utilities that would have been outstanding as of September 30, 2010.
- (4) The pro forma combined dividends declared per share for Northeast Utilities was calculated by dividing the NSTAR historical cash dividends declared per share by the exchange ratio of 1.312. There is no change between NSTAR's historical and pro forma equivalent cash dividends declared per share.

**Table of Contents****MARKET PRICES AND DIVIDENDS AND OTHER DISTRIBUTIONS**

Northeast Utilities common shares are listed on the NYSE under the symbol NU. NSTAR common shares are listed on the NYSE under the symbol NST.

The following table presents closing prices for shares of Northeast Utilities and shares of NSTAR on October 15, 2010, the last trading day before the public announcement of the execution of the merger agreement and [ ], the latest practicable trading day before the date of this joint proxy statement/prospectus. This table also presents the equivalent market value per share of NSTAR common shares on October 15, 2010 and [ ], as determined by multiplying the closing price per share of Northeast Utilities common shares on those dates by the exchange ratio of 1.312.

Although the exchange ratio is fixed, the market prices of Northeast Utilities common shares and NSTAR common shares will fluctuate before the Northeast Utilities and NSTAR special meetings and before the merger is completed. The market value of the merger consideration ultimately received by NSTAR shareholders will depend on the closing price of Northeast Utilities common shares on the day such shareholders receive their shares of the combined company.

	Northeast Utilities Common Shares	NSTAR Common Shares	Equivalent Per Share of NSTAR Common Shares
October 15, 2010	\$ 30.70	\$ 39.53	\$ 40.28
[ ]	\$ [ ]	\$ [ ]	\$ [ ]

The tables below set forth, for the calendar quarters indicated, the high and low sale prices per Northeast Utilities common share and NSTAR common share on the NYSE. The tables also show the amount of cash dividends declared on Northeast Utilities common shares and NSTAR common shares for the calendar quarters indicated.

	Northeast Utilities Common Shares		Cash Dividends Declared
	High	Low	
<b>Fiscal Year Ending December 31, 2010</b>			
Fourth Quarter (through November 18, 2010)	\$ 32.21	\$ 29.51	\$ 0.25625
Third Quarter	\$ 30.25	\$ 25.24	\$ 0.25625
Second Quarter	\$ 28.21	\$ 24.83	\$ 0.25625
First Quarter	\$ 28.00	\$ 24.68	\$ 0.25625
<b>Fiscal Year Ended December 31, 2009</b>			
Fourth Quarter	\$ 26.48	\$ 22.20	\$ 0.2375
Third Quarter	\$ 24.78	\$ 21.11	\$ 0.2375
Second Quarter	\$ 22.58	\$ 19.78	\$ 0.2375
First Quarter	\$ 25.31	\$ 19.01	\$ 0.2375
<b>Fiscal Year Ended December 31, 2008</b>			
Fourth Quarter	\$ 26.11	\$ 17.16	\$ 0.2125
Third Quarter	\$ 28.20	\$ 24.20	\$ 0.2125
Second Quarter	\$ 28.33	\$ 25.45	\$ 0.20
First Quarter	\$ 31.62	\$ 23.96	\$ 0.20

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	NSTAR Common Shares		Cash Dividends Declared
	High	Low	
<b>Fiscal Year Ending December 31, 2010</b>			
Fourth Quarter (through November 18, 2010)	\$ 42.94	\$ 38.90	\$ 0.425
Third Quarter	\$ 39.84	\$ 34.46	\$ 0.40
Second Quarter	\$ 37.68	\$ 33.60	\$ 0.40
First Quarter	\$ 37.04	\$ 32.53	\$ 0.40
<b>Fiscal Year Ended December 31, 2009</b>			
Fourth Quarter	\$ 37.75	\$ 30.76	\$ 0.40
Third Quarter	\$ 32.91	\$ 30.10	\$ 0.375
Second Quarter	\$ 34.68	\$ 28.54	\$ 0.375
First Quarter	\$ 36.80	\$ 27.49	\$ 0.375
<b>Fiscal Year Ended December 31, 2008</b>			
Fourth Quarter	\$ 36.94	\$ 25.67	\$ 0.375
Third Quarter	\$ 40.00	\$ 31.17	\$ 0.35
Second Quarter	\$ 35.36	\$ 30.41	\$ 0.35
First Quarter	\$ 36.70	\$ 29.36	\$ 0.35

The information in the preceding tables is historical only. Northeast Utilities and NSTAR urge you to obtain current market quotations of Northeast Utilities and NSTAR common shares before voting at your special meeting.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus, including information included or incorporated by reference in this joint proxy statement/prospectus, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You can typically identify forward-looking statements by the use of forward-looking words such as expect, anticipate, target, goal, project, intend, plan, believe, should, continue, could, forecast, may, might, potential, strategy, will, would, seek, estimate, variations of such words and phrases, although the absence of any such words or expressions does not mean that a particular statement is not a forward-looking statement. Any statements regarding the benefits of the merger, or Northeast Utilities' or NSTAR's future financial condition, results of operations and business are also forward-looking statements.

These forward-looking statements represent Northeast Utilities' and NSTAR's intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors. Many of these factors are outside the control of Northeast Utilities and NSTAR and could cause actual results to differ materially from the results expressed or implied by these forward-looking statements. In addition to the risk factors described in the section entitled "Risk Factors" beginning on page 28 of this joint proxy statement/prospectus, these factors include:

those identified and disclosed in public filings with the SEC made by Northeast Utilities and NSTAR;

the failure to obtain Northeast Utilities and NSTAR shareholder approval of the merger-related proposals;

the risk that required governmental and regulatory approvals for the merger may not be obtained, or, if obtained, may impose unfavorable terms, conditions or restrictions;

litigation relating to the merger;

satisfying the conditions to the closing of the merger;

the length of the time necessary to complete the merger;

successfully integrating the Northeast Utilities and NSTAR businesses, and avoiding problems which may result in the combined company not operating as effectively and efficiently as expected;

the possibility that the expected benefits of the merger will not be realized within the expected timeframe or at all;

industrial, commercial and residential growth in the service territory of Northeast Utilities and NSTAR;

prevailing economic, market and business conditions;

the cost and availability of capital and any restrictions imposed by lenders or creditors;

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changes in the industry in which Northeast Utilities and NSTAR operate;

the weather and other natural phenomena, including the economic, operational and other effects of severe weather or climate, such as tornadoes, hurricanes, ice, sleet, snow storms or droughts as well as solar flares;

conditions beyond Northeast Utilities or NSTAR's control, such as disaster, acts of war or terrorism;

the failure to renew, or the revocation of, any license or other required permits;

unexpected charges or unexpected liabilities arising from a change in accounting policies, or the effects of acquisition accounting varying from the companies' expectations;

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the risk that the credit ratings of the combined company or its subsidiaries may differ from the ratings that the companies expect, which may increase borrowing costs and/or make it more difficult for the combined company to pay or refinance the combined company's debts and require it to borrow funds or divert cash flow from operations in order to service debt payments;

the effects on the businesses of the companies resulting from uncertainty surrounding the merger, including with respect to customers, employees or suppliers or the diversion of management's time and attention;

adverse outcomes of pending or threatened litigation or governmental investigations unrelated to the merger;

the effects on the companies of future regulatory or legislative actions, including changes in environmental and other laws and regulations to which Northeast Utilities, NSTAR or their respective subsidiaries and facilities are subject;

conduct of and changing circumstances related to third-party relationships on which Northeast Utilities and NSTAR rely, including the level of creditworthiness of counterparties;

the volatility and unpredictability of stock market and credit market conditions;

fluctuations in interest rates;

variations between the stated assumptions on which forward-looking statements are based and Northeast Utilities' and NSTAR's actual experience; and

other economic, business, and/or competitive factors.

You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this joint proxy statement/prospectus and should be read in conjunction with the risk factors and other disclosures contained or incorporated by reference into this joint proxy statement/prospectus. The areas of risk and uncertainty described above are not exclusive and should be considered in connection with any written or oral forward-looking statements that may be made in this joint proxy statement/prospectus or on, before or after the date of this joint proxy statement/prospectus by Northeast Utilities or NSTAR or anyone acting for any or both of them. Except as required by applicable law or regulation, neither Northeast Utilities nor NSTAR undertake any obligation to release publicly or otherwise make any revisions to any forward-looking statements, to report events or circumstances after the date of this joint proxy statement/prospectus or to report the occurrence of unanticipated events.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in reports filed with the SEC by Northeast Utilities and NSTAR. See the section entitled "Where You Can Find More Information; Incorporation By Reference" beginning on page 154 for a list of the documents incorporated by reference.

**Table of Contents****RISK FACTORS**

*In addition to the other information included or incorporated by reference in this joint proxy statement/prospectus, including the matters addressed in the section entitled **Cautionary Statement Regarding Forward-Looking Statements** beginning on page 26, you should carefully consider the following risks before deciding how to vote. In addition, you should read and consider the risks associated with each of the businesses of NSTAR and Northeast Utilities because the risks will also affect the combined company. These risks can be found in the Annual Reports on Form 10-K for the fiscal year ended December 31, 2009 and any amendments thereto, for each of Northeast Utilities and NSTAR, as such risks may be updated or supplemented in each company's subsequently filed Quarterly Reports on Form 10-Q or Current Reports on Form 8-K, which are incorporated by reference into this joint proxy statement/prospectus. You should also read and consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference in this joint proxy statement/prospectus. See the section entitled **Where You Can Find More Information; Incorporation By Reference** beginning on page 154.*

**Because the exchange ratio is fixed and the market price of common shares of Northeast Utilities will fluctuate, NSTAR shareholders cannot be sure of the value of the merger consideration they will receive.**

Upon completion of the merger, each NSTAR shareholder will receive 1.312 Northeast Utilities common shares for each NSTAR common share held. The number of Northeast Utilities common shares to be issued pursuant to the merger agreement for each NSTAR common share is fixed and will not change to reflect changes in the market price of Northeast Utilities or NSTAR common shares. The market price of Northeast Utilities common shares at the time of completion of the merger may vary significantly from the market prices of Northeast Utilities common shares on the date the merger agreement was executed, the date of this joint proxy statement/prospectus and the date of the special meetings. Accordingly, at the time of the special meetings, you will not know or be able to calculate the market value of the merger consideration you will receive upon the completion of the merger.

In addition, the merger might not be completed until a significant period of time has passed after the special meetings. Because the exchange ratio will not be adjusted to reflect any changes in the market value of Northeast Utilities common shares or NSTAR common shares, the market value of Northeast Utilities common shares issued in the merger and the NSTAR common shares surrendered in the merger may be higher or lower than the values of those shares on earlier dates.

Share price changes may result from a variety of factors, many of which are beyond the control of Northeast Utilities and NSTAR, including:

market reaction to the announcement of the merger and market assessment of the likelihood that the merger will be completed;

changes in the respective businesses, operations or prospects of Northeast Utilities or NSTAR, including Northeast Utilities' and NSTAR's respective abilities to meet earnings guidance;

litigation or regulatory developments affecting Northeast Utilities or NSTAR or the utility industry;

general business, market, industry or economic conditions; and

other factors beyond the control of Northeast Utilities and NSTAR, including those described elsewhere in this **Risk Factors** section and in documents incorporated by reference in this joint proxy statement/prospectus.

Neither Northeast Utilities nor NSTAR is permitted to terminate the merger agreement solely because of changes in market price of either company's common shares.

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**Northeast Utilities and NSTAR may be unable to obtain in the anticipated timeframe, or at all, the regulatory approvals required to complete the merger or, in order to do so, Northeast Utilities and NSTAR may be required to comply with material restrictions or conditions that may negatively affect the combined company after the merger is completed or cause them to abandon the merger.**

The merger is subject to review by the United States Department of Justice Antitrust Division, which is referred to as the DOJ, and the Federal Trade Commission, which is referred to as the FTC, under the Hart Scott Rodino Antitrust Improvement Act of 1976, referred to as the HSR Act, and the expiration or earlier termination of the waiting period (and any extension of the waiting period) applicable to the merger is a condition to closing the merger. The merger is also expected to be subject to the regulatory requirements of other federal and state agencies and authorities, including the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Federal Communications Commission, the Massachusetts Department of Public Utilities and the Maine Public Utilities Commission. Northeast Utilities and NSTAR can provide no assurance that all required regulatory authorizations, approvals or consents will be obtained or that these authorizations, approvals or consents will not contain terms, conditions or restrictions that would be detrimental to Northeast Utilities after the completion of the merger. A substantial delay in obtaining the required authorizations, approvals or consents or the imposition of unfavorable terms, conditions or restrictions contained in such authorizations, approvals, or consents could have a material adverse effect on the anticipated benefits of the merger, thereby impacting the business, financial condition or results of operations of the combined company. In addition, delays or unfavorable terms could lead Northeast Utilities or NSTAR to become involved in litigation with one or more governmental entities or third parties, or may cause Northeast Utilities or NSTAR to significantly delay or abandon the merger.

Even after the statutory waiting period under the HSR Act has expired, governmental authorities could seek to block or challenge the merger as they deem necessary or desirable in the public interest.

**Northeast Utilities and NSTAR will be subject to various uncertainties and contractual restrictions while the merger is pending that may cause disruption and may make it more difficult to maintain relationships with employees, suppliers, or customers.**

Uncertainty about the effect of the merger on employees, suppliers and customers may have an adverse effect on Northeast Utilities and NSTAR. Although Northeast Utilities and NSTAR intend to take steps designed to reduce any adverse effects, these uncertainties may impair Northeast Utilities' or NSTAR's abilities to attract, retain and motivate key personnel until the merger is completed and for a period of time thereafter, and could cause customers, suppliers and others that deal with Northeast Utilities or NSTAR to seek to change existing business relationships with Northeast Utilities or NSTAR.

Employee retention and recruitment may be particularly challenging prior to the completion of the merger, as employees and prospective employees may experience uncertainty about their future roles with the combined company. If, despite Northeast Utilities' and NSTAR's retention and recruiting efforts, key employees depart or fail to accept employment with either company because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the combined company, Northeast Utilities' and NSTAR's financial results could be adversely affected. Furthermore, Northeast Utilities' operational and financial performance following the merger could be adversely affected if it is unable to retain key employees and skilled workers of Northeast Utilities or NSTAR. The loss of the services of key employees and skilled workers and their experience and knowledge regarding Northeast Utilities' or NSTAR's businesses could adversely affect Northeast Utilities' future operating results and its successful ongoing operation of the business.

The pursuit of the merger and the preparation for the integration may place a significant burden on management and internal resources. The diversion of management attention away from day-to-day business concerns and any difficulties encountered in the transition and integration process could adversely affect Northeast Utilities' and NSTAR's financial results.



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In addition, the merger agreement restricts each company, without the other's consent, from making certain acquisitions and taking other specified actions until the merger occurs or the merger agreement terminates. These restrictions may prevent Northeast Utilities or NSTAR from pursuing otherwise attractive business opportunities and making other changes to their respective businesses prior to completion of the merger or termination of the merger agreement. See the section entitled "The Merger Agreement - Conduct of Business Pending the Merger" beginning on page 105.

### **Current Northeast Utilities and NSTAR shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.**

Northeast Utilities will issue or will reserve for issuance up to 145,917,951 Northeast Utilities common shares (including shares to be issued in respect of NSTAR equity awards). As a result, current Northeast Utilities shareholders and current NSTAR shareholders are expected to hold approximately 56.3% and 43.7%, respectively, of Northeast Utilities' common shares outstanding immediately following the completion of the merger.

Northeast Utilities shareholders and NSTAR shareholders currently have the right to vote for their respective trustees and on other matters affecting the applicable company. When the merger occurs, each NSTAR shareholder that receives Northeast Utilities common shares will become a shareholder of Northeast Utilities with a percentage ownership of the combined company that is much smaller than the shareholder's percentage ownership in NSTAR. Correspondingly, each Northeast Utilities shareholder will remain a shareholder of Northeast Utilities with a percentage ownership of the combined company that is much smaller than the shareholder's percentage ownership of Northeast Utilities prior to the merger. As a result of these reduced ownership percentages, Northeast Utilities shareholders will have less influence on the management and policies of the combined company than they now have with respect to Northeast Utilities, and former NSTAR shareholders will have less influence on the management and policies of the combined company than they now have with respect to NSTAR.

### **The merger may not be accretive to earnings and may cause dilution to Northeast Utilities' earnings per share, which may negatively affect the market price of Northeast Utilities common shares.**

Northeast Utilities currently anticipates that the merger will be accretive to earnings per share in the first full year following the completion of the merger. This expectation is based on preliminary estimates which may materially change. Northeast Utilities could also encounter additional transaction and integration-related costs, may fail to realize all of the benefits anticipated in the merger or be subject to other factors that affect preliminary estimates. Any of these factors could cause a decrease in Northeast Utilities' earnings per share or decrease or delay the expected accretive effect of the merger and contribute to a decrease in the price of Northeast Utilities' common shares.

### **The merger will combine two companies that are currently affected by developments in the electric utility industry, including changes in regulation. A failure to adapt to the changing regulatory environment after the merger could adversely affect the stability of earnings and could result in erosion of the combined company's revenues and profits.**

Northeast Utilities, NSTAR and their respective subsidiaries are regulated in the United States at the federal level. In addition, NSTAR is regulated in Massachusetts and Northeast Utilities and certain of its operating subsidiaries are regulated in Massachusetts, Connecticut, New Hampshire, Vermont and Maine. As a result, the two companies have been and will continue to be impacted by legislative and regulatory developments in those jurisdictions, as will the combined company following the merger. After the merger, Northeast Utilities or its subsidiaries will be subject to extensive federal regulation, including environmental regulation, as well as to state and local regulation in Massachusetts, Connecticut, New Hampshire, Vermont and Maine.

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### **The combined company may be unable to integrate successfully and many of the anticipated benefits of combining Northeast Utilities and NSTAR may not be realized.**

Northeast Utilities and NSTAR entered into the merger agreement with the expectation that the merger will result in various benefits, including, among other things, operating efficiencies. Achieving the anticipated benefits of the merger is subject to a number of uncertainties, including whether the businesses of Northeast Utilities and NSTAR can be integrated in an efficient and effective manner.

It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of each company's ongoing businesses, processes and systems, or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any of which could adversely affect the combined company's ability to achieve the anticipated benefits of the merger. The combined company's results of operations could also be adversely affected by any issues attributable to either company's operations that arise or are based on events or actions that occur prior to the closing of the merger. The companies may have difficulty addressing possible differences in corporate cultures and management philosophies. The integration process is subject to a number of uncertainties, and no assurance can be given that the anticipated benefits will be realized or, if realized, the timing of their realization. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected net income and could adversely affect the combined company's future business, financial condition, operating results and prospects.

### **Members of the management and boards of trustees of Northeast Utilities and NSTAR may have interests in the merger that are different from, or in addition to, those of other Northeast Utilities and NSTAR shareholders and that could have influenced their decisions to support or approve the merger.**

Northeast Utilities and NSTAR's executive officers and trustees have interests in the merger that may be different from, or in addition to, the interests of Northeast Utilities and NSTAR shareholders generally. Northeast Utilities' executive officers negotiated the terms of the merger agreement with NSTAR's executive officers. The executive officers have arrangements with Northeast Utilities or NSTAR, as applicable, that provide for severance benefits if their employment is terminated under certain circumstances following the completion of the merger. In addition, certain of Northeast Utilities' and NSTAR's compensation and benefit plans and arrangements provide for payment or accelerated vesting or distribution of certain rights or benefits upon completion of the merger (and, in some cases shareholder approval of the merger agreement). Executive officers and trustees of Northeast Utilities and NSTAR also have rights to indemnification and directors' and officers' liability insurance that will survive the completion of the merger.

Upon completion of the merger, Mr. Shivery will serve as non-executive chairman of the board of the combined company for eighteen months after the closing date. Mr. May will serve as the chief executive officer of the combined company, and will succeed Mr. Shivery as chairman of the board eighteen months after completion of the merger. Immediately following the effective time of the merger, the board of trustees of the combined company will consist of fourteen members, including seven designees of Northeast Utilities, including Mr. Shivery, and seven designees of NSTAR, including Mr. May.

The Northeast Utilities and NSTAR boards of trustees were aware of these interests at the time each approved the merger and the transactions contemplated by the merger agreement. These interests may cause Northeast Utilities' and NSTAR's trustees and executive officers to view the merger proposal differently than you may view it as a shareholder. See the sections entitled "The Merger - Additional Interests of Northeast Utilities Trustees and Executive Officers in the Merger" and "The Merger - Additional Interests of NSTAR Trustees and Executive Officers in the Merger" beginning on pages 82 and 86, respectively, for more information.

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**The merger agreement contains provisions that limit NSTAR's and Northeast Utilities' ability to pursue alternatives to the merger, which could discourage a potential acquirer of either company from making an alternative transaction proposal and, in certain circumstances, could require NSTAR or Northeast Utilities to pay the other a termination fee of \$135 million, as well as up to \$35 million of transaction expenses.**

Under the merger agreement, NSTAR and Northeast Utilities are restricted, subject to limited exceptions, from entering into alternative transactions. Unless and until the merger agreement is terminated, subject to specified exceptions (which are discussed in more detail in the section entitled "The Merger Agreement - Effect of Termination; Termination Fee" beginning on page 113), Northeast Utilities and NSTAR and their subsidiaries are restricted from initiating, seeking, soliciting or knowingly encouraging or facilitating any inquiry, proposal or offer for a competing acquisition proposal with any person. Furthermore, Northeast Utilities and NSTAR and their subsidiaries are restricted from participating or engaging in discussions or negotiations, or disclosing any non-public information to any person that has made a proposal with respect to either company. Additionally, under the merger agreement, in the event of a potential change of recommendation by the board of trustees of either Northeast Utilities or NSTAR with respect to the merger-related proposals, the company changing its recommendation must provide the other with five business days prior notice and, if requested, negotiate in good faith an adjustment to the terms and conditions of the merger agreement prior to changing its recommendation. Northeast Utilities and NSTAR may terminate the merger agreement and enter into an agreement with respect to a superior proposal only if specified conditions have been satisfied, including compliance with the non-solicitation provisions of the merger agreement. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of Northeast Utilities or NSTAR from considering or proposing that acquisition, even if such third party were prepared to pay consideration with a higher per share cash or market value than that market value proposed to be received or realized in the merger, or might result in a potential competing acquirer proposing to pay a lower price than it would otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances. As a result of these restrictions, neither Northeast Utilities nor NSTAR may be able to enter into an agreement with respect to a more favorable alternative transaction without incurring potentially significant liability to the other.

Under the merger agreement, NSTAR or Northeast Utilities may be required to pay to the other a termination fee of \$135 million if the merger agreement is terminated under certain circumstances, plus reasonably documented transaction expenses of up to \$35 million. Should the merger agreement be terminated in circumstances in which such termination fee or expense reimbursement is payable, the payment of this fee or expense reimbursement by Northeast Utilities or NSTAR could have material and adverse consequences to the financial results of the company making such payment.

**The unaudited pro forma combined financial information and prospective financial information included in this joint proxy statement/prospectus are presented for illustrative purposes only and may not represent the actual financial positions or results of operations of the combined company following the merger.**

The unaudited pro forma combined financial information and prospective financial information contained in this joint proxy statement/prospectus are presented for illustrative purposes only, contain a variety of adjustments, assumptions and preliminary estimates and may not represent the actual financial position or results of operations of Northeast Utilities and NSTAR prior to the merger or that of the combined company following the merger for several reasons. See the sections entitled "Unaudited Pro Forma Condensed Combined Consolidated Financial Statements" beginning on page 132, "Comparative Per Share Data (Unaudited)" on page 23 and "The Merger - Certain Unaudited Prospective Financial Information Utilized By Northeast Utilities and NSTAR" beginning on page 79. The actual financial positions and results of operations of Northeast Utilities and NSTAR prior to the merger and that of the combined company following the merger may not be consistent with, or evident from, the unaudited pro forma combined financial information and prospective financial information included in this joint proxy statement/prospectus. In addition, the assumptions used in preparing the unaudited pro forma combined financial information and prospective financial information included in this joint proxy statement/prospectus may not prove to be accurate and may be affected by other factors. Any significant changes in the share price of Northeast Utilities may cause a significant change in the purchase price and the pro forma financial information.

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**The opinions rendered to the boards of trustees of Northeast Utilities and NSTAR by the parties' respective financial advisors were based on the respective financial analyses they performed, which considered factors such as market and other conditions then in effect, and financial forecasts and other information made available to them, as of the date of their respective opinions. As a result, these opinions do not reflect changes in events or circumstances after the date of these opinions.**

The opinions rendered to the boards of trustees of Northeast Utilities and NSTAR by the parties' respective financial advisors were provided in connection with, and at the time of, the boards of trustees' respective evaluation of the merger. The opinions were necessarily based on the respective financial analyses performed, which considered market and other conditions then in effect, and financial forecasts and other information made available to them, as of the date of their respective opinions, which may have changed after the date of the opinions. The opinions did not speak as of the time that the merger would be completed or as of any date other than the date of such opinions, and neither the board of trustees of Northeast Utilities nor the board of trustees of NSTAR anticipates asking their respective financial advisors to update their opinions. For more information, see the section entitled "The Merger - Opinions of Northeast Utilities' Financial Advisors" beginning on page 49 and the section entitled "The Merger - Opinions of NSTAR's Financial Advisors" beginning on page 68.

**Northeast Utilities will record goodwill that could become impaired and adversely affect its operating results.**

Accounting standards in the United States require that one party to the merger be identified as the acquirer. In accordance with these standards, the merger of Northeast Utilities and NSTAR will be accounted for as an acquisition of NSTAR common shares by Northeast Utilities and will follow the acquisition method of accounting for business combinations. The NSTAR assets and liabilities will be consolidated with those of Northeast Utilities. The excess of the purchase price over the fair values of NSTAR's assets and liabilities will be recorded as goodwill.

The amount of goodwill, which is expected to be material, will be allocated to the appropriate reporting units of the combined company. Northeast Utilities is required to assess goodwill for impairment at least annually by comparing the fair value of reporting units to the carrying value of those reporting units. To the extent the carrying value of any of those reporting units is greater than the fair value, a second step comparing the implied fair value of goodwill to the carrying amount would be required to determine if the goodwill is impaired. Such a potential impairment could result in a material charge that would have a material impact on Northeast Utilities' future operating results, statements of position and cash flows.

**Failure to complete the merger could negatively affect the share prices and the future businesses and financial results of Northeast Utilities and NSTAR.**

Completion of the merger is not assured and is subject to risks, including the risks that approval of the transaction by shareholders of Northeast Utilities and NSTAR or by governmental agencies will not be obtained or that certain other closing conditions will not be satisfied. If the merger is not completed, the ongoing businesses of Northeast Utilities or NSTAR may be adversely affected and Northeast Utilities and NSTAR will be subject to several risks, including:

having to pay certain significant costs relating to the merger without receiving the benefits of the merger, including, in certain circumstances, a termination fee of \$135 million for either Northeast Utilities or NSTAR and transaction expenses of the other party of up to \$35 million;

the attention of management of Northeast Utilities and NSTAR will have been diverted to the merger rather than to each company's own operations and the pursuit of other opportunities that could have been beneficial to that company;

the potential loss of key personnel during the pendency of the merger as employees may experience uncertainty about their future roles with the combined company;

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Northeast Utilities and NSTAR will have been subject to certain restrictions on the conduct of their businesses, which may prevent them from making certain acquisitions or dispositions or pursuing certain business opportunities while the merger is pending; and

the share price of Northeast Utilities or NSTAR may decline to the extent that the current market prices reflect an assumption by the market that the merger will be completed.

**Northeast Utilities and NSTAR may incur substantial unexpected transaction fees and merger-related costs in connection with the merger.**

Northeast Utilities and NSTAR expect to incur a number of non-recurring expenses, totaling approximately \$80 million, associated with completing the merger, as well as expenses related to combining the operations of the two companies. Additional unanticipated costs may be incurred in the integration of the businesses of Northeast Utilities and NSTAR. Although it is expected that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset the incremental transaction and merger-related costs over time, this net benefit will not be achieved in the near term, or at all.

**Pending litigation against Northeast Utilities and NSTAR could result in an injunction preventing the completion of the merger or a judgment resulting in the payment of damages in the event the merger is completed and may adversely affect the combined company's business, financial condition or results of operations and cash flows following the merger.**

In connection with the merger, purported shareholders of NSTAR have filed putative shareholder class actions lawsuits against NSTAR, Northeast Utilities, Merger Sub, Acquisition Sub and certain trustees and officers of NSTAR. Among other remedies, the plaintiffs seek to enjoin the merger. The outcome of any such litigation is uncertain. If a dismissal is not granted or a settlement is not reached, these lawsuits could prevent or delay completion of the merger and result in substantial costs to Northeast Utilities and NSTAR, including any costs associated with the indemnification of trustees and officers. Additional lawsuits may be filed against Northeast Utilities, NSTAR and/or the trustees and officers of either company in connection with the merger. The defense or settlement of any lawsuit or claim that remains unresolved at the time of the merger is completed may adversely affect the combined company's business, financial condition, results of operations and cash flows. See the section entitled "Litigation Relating to the Merger" beginning on page 93.

**Risks relating to Northeast Utilities and NSTAR**

Northeast Utilities and NSTAR are, and will continue to be, subject to the risks described in Part II, Item 1A. "Risk Factors" of Northeast Utilities Form 10-Q for the quarterly period ended September 30, 2010, which was filed by Northeast Utilities on November 8, 2010, Part I, Item 1A.

"Risk Factors" of Northeast Utilities' Annual Report on Form 10-K for the year ended December 31, 2009, which was filed with the SEC by Northeast Utilities on February 26, 2010, Part II, Item 1A. "Risk Factors" of NSTAR's Form 10-Q for the quarterly period ended September 30, 2010, which was filed by NSTAR on November 8, 2010, and Part I, Item 1A. "Risk Factors" of NSTAR's Annual Report on Form 10-K for the year ended December 31, 2009, which was filed by NSTAR on February 5, 2010 with the SEC, and in each case incorporated by reference in this joint proxy statement/prospectus. Please see the section entitled "Where You Can Find More Information; Incorporation By Reference" beginning on page 154 for how you can obtain information incorporated by reference in this joint proxy statement/prospectus.

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**THE MERGER**

The following is a discussion of the merger and the material terms of the merger agreement between Northeast Utilities and NSTAR. You are urged to read carefully the merger agreement in its entirety, a copy of which is attached as Annex A to this joint proxy statement/prospectus and incorporated by reference herein.

**General Description of the Merger**

At the effective time of the merger, NU Holding Energy 1 LLC, a wholly owned subsidiary of Northeast Utilities, will merge with and into NSTAR, which will survive as a wholly owned subsidiary of Northeast Utilities. Immediately after this first merger, NSTAR will merge with and into NU Holding Energy 2 LLC which will be the surviving wholly owned subsidiary of Northeast Utilities. Upon completion of this second merger, NU Holding Energy 2 LLC will be renamed NSTAR LLC.

In the merger, each outstanding NSTAR common share (other than shares owned by Northeast Utilities, NU Holding Energy 1 LLC or NSTAR, if any, which shares will be cancelled and retired) will be converted into the right to receive 1.312 Northeast Utilities common shares, with cash paid in lieu of fractional shares. This exchange ratio is fixed and will not be adjusted to reflect share price changes prior to the closing of the merger. Northeast Utilities shareholders will continue to hold their existing Northeast Utilities common shares.

**Background of the Merger**

The management of Northeast Utilities and NSTAR are each generally familiar with the business and operations of the other company as participants in the electric utility industry. In addition, Northeast Utilities and NSTAR both operate in the New England region and frequently provide mutual aid to one another, participate in regional planning efforts and are joint signatories to the regional Transmission Owners Agreement. Executives from Northeast Utilities and NSTAR likewise periodically interact with each other at industry meetings and at other events.

Since the restructuring of the electric generation industry in the late 1990s, the regulated distribution and transmission business has undergone significant development, including the need to operate more efficiently in order to provide efficient high quality services to customers and provide a fair return to shareholders. In addition, the adoption of the Green Communities Act in Massachusetts in 2008 created requirements to facilitate the development of renewable energy resources in Massachusetts. In response to these developments, the management of each of Northeast Utilities and NSTAR have considered and implemented various operational and strategic initiatives anticipating and responding to these changes.

Over the last two years, Northeast Utilities and NSTAR have collaborated on a joint venture, now known as the Northern Pass transmission project, to build a transmission line from New Hampshire to Canada which will interconnect with a transmission line being built by Hydro-Québec, a large Canadian utility, and will provide low carbon hydro power into the region. In connection with the Northern Pass transmission project, Northeast Utilities and NSTAR are working together to obtain required government approvals and have negotiated a Transmission Service Agreement with Hydro-Québec. Accordingly, Charles W. Shivery, chairman, president and chief executive officer of Northeast Utilities and Thomas J. May, chairman, president and chief executive officer of NSTAR had numerous conversations surrounding the proposed Northern Pass transmission project, including a trip to James Bay, Québec to meet with officials from Hydro-Québec and observe the construction of hydro electric facilities. During those conversations they also talked at length about the future of the energy industry and the economic and environmental factors impacting the two companies and their customers.

Over several years, NSTAR's management has periodically reviewed public information concerning other utilities operating in the New England area to identify possible strategic transactions, such as mergers and other transactions.

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Each year for the last several years, Northeast Utilities has reviewed its five year strategic plan with its board of trustees. As part of that exercise, Northeast Utilities evaluated options for achieving its long-term strategic goals of providing energy solutions to its customers and increasing shareholder value. As part of this process, Northeast Utilities management has from time to time made presentations to the Northeast Utilities board of trustees regarding the profiles of potential business combination partners in light of the evolving industry and Northeast Utilities management's particular view of the economic, business and political variables.

On June 8, 2010, in connection with preparing for the 2010 strategic review, Mr. Shivery reviewed with the Northeast Utilities board of trustees the excellent working relationship that had developed between Northeast Utilities and NSTAR in conjunction with the Northern Pass transmission project and Mr. Shivery presented the very preliminary views of management that a possible combination with NSTAR should be explored. The Northeast Utilities board of trustees authorized Mr. Shivery to hold a preliminary conversation with Mr. May. Later that day, Mr. Shivery contacted Mr. May and they agreed to meet in Boston, Massachusetts to discuss the progress to date on the Northern Pass transmission project and other matters.

On June 11, 2010, Mr. Shivery and Mr. May had an in person meeting in Boston, Massachusetts during which Mr. Shivery raised the possibility of a merger between Northeast Utilities and NSTAR. Both executives viewed a strategic merger between the companies as having potential to achieve many of the goals outlined above, including combining the resources of the companies to pursue transmission opportunities, creating a larger more diverse company that would be better positioned to support economic growth and the development of renewable energy in Massachusetts and the New England region generally, enhancing the service quality capability of both companies to the largest customer base in New England, and enhancing returns to shareholders. They discussed their plans regarding their continuing roles at their respective companies. Mr. Shivery and Mr. May agreed that they should engage their respective management teams to determine what preliminary next steps should be undertaken in order to explore a potential transaction. Mr. Shivery told Mr. May he would be having a conversation with the Northeast Utilities board of trustees later that morning and he would call the following week with some suggestions on how to proceed. No terms of the potential transaction were discussed.

Mr. Shivery later that morning updated the Northeast Utilities board of trustees on his discussions with Mr. May in a special Northeast Utilities board of trustees telephonic meeting.

On June 16, 2010, over the phone, Mr. Shivery and Mr. May discussed how best to proceed with their discussions. They agreed that it would be necessary to enter into a confidentiality agreement in order to allow the parties to share confidential information. They agreed to meet the following week to work out a more formal process for proceeding with discussions. Mr. Shivery and Mr. May agreed that Northeast Utilities and NSTAR would each establish a small team consisting of each company's respective chief executive officer, chief financial officer, general counsel and a very small group of additional advisors.

On June 22, 2010, Mr. Shivery and Mr. May spoke again by telephone. They continued to discuss the benefits of a possible transaction between the two companies. Mr. Shivery also discussed the upcoming Northeast Utilities board of trustees strategic planning meeting. Mr. Shivery suggested that if the Northeast Utilities board of trustees was still willing to consider a possible transaction that he and Mr. May should have a regular face-to-face meeting about once a week.

On June 24, 2010, during a regularly scheduled meeting of the NSTAR board of trustees, Mr. May informed the trustees of his discussions with Mr. Shivery. He advised the board of trustees that the discussions were a positive development, but that no specific terms had been discussed, the talks were highly preliminary, and that it was difficult to predict whether they would lead to any meaningful conclusion. The NSTAR board of trustees agreed that a transaction with Northeast Utilities could potentially provide strategic advantages and agreed that Mr. May should continue to pursue the discussions with Mr. Shivery and keep the NSTAR board of trustees apprised of all developments.

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On June 29, 2010, Mr. Shivery and Mr. May met in person in Sturbridge, Massachusetts. They sought to identify and discuss the key issues that they and their respective boards would need to address in order to arrive at an agreement. The two chief executive officers discussed a strategic business combination transaction structured as a merger of equals. They agreed that if a merger of equals were to be achieved, a balance would need to be struck among the various elements of the transaction, including which company would survive the merger, whether either company would receive a premium, the name of the surviving entity, the location of the headquarters of the combined company, issues of board governance and structure, the appointment of a chief executive officer, the composition of the management team post-merger, the location and staffing of key functions, and the strategy for obtaining required regulatory approvals. Mr. Shivery and Mr. May agreed on a preliminary basis, subject to acceptable resolution of the other key terms and approval of their respective boards, that the strategic goals of both parties would be best achieved if the transaction was structured as a merger of equals without a premium paid to either company, and that there were advantages to having Northeast Utilities be the surviving company in the merger of equals. Mr. Shivery and Mr. May discussed the prospect of Mr. May being the chief executive officer of the combined company. Mr. Shivery explained that he would explore this possibility with the Northeast Utilities board of trustees. Both executives agreed to continue discussions regarding the merger at a subsequent meeting. A phone call was arranged for July 1, 2010 to discuss next steps.

On July 1, 2010, a special Northeast Utilities board of trustees telephonic meeting was held. Mr. Shivery reviewed with the Northeast Utilities board of trustees his conversations to date with Mr. May. Mr. Shivery characterized the conversations as productive and positive. Gregory B. Butler, senior vice president and general counsel of Northeast Utilities, and David R. McHale, executive vice president and chief financial officer of Northeast Utilities, discussed with the Northeast Utilities board of trustees that they intended to retain Skadden, Arps as outside legal counsel and select Barclays Capital and Lazard as outside financial advisors. Mr. Shivery also previewed with the board of trustees the agenda for the upcoming Northeast Utilities board of trustees strategic planning meeting.

That same day, Mr. Shivery called Mr. May. Both Mr. Shivery and Mr. May agreed that they continued to view a possible strategic merger of equals as mutually beneficial for their respective companies, customers, shareholders and communities, and that such advantages may not be achievable through a change of control acquisition in which a premium is paid. Mr. Shivery expressed the view that it would be reasonable to work towards agreement on the key terms of a transaction by the end of August. They agreed to continue holding weekly meetings between themselves, and creating internal working teams and starting the due diligence process.

On July 7, 2010, Mr. May called Mr. Shivery. Mr. May indicated that the NSTAR board of trustees was generally supportive of a merger of equals transaction between the parties. He told Mr. Shivery that while the discussions to date between the two of them had been productive and should continue, it was important to know that the Northeast Utilities board of trustees supported such a transaction, and felt that it would not be useful to engage working teams until there was more clarity on the position of the Northeast Utilities board of trustees. He asked Mr. Shivery to provide feedback to him after the Northeast Utilities board of trustees scheduled meeting.

On July 8, 2010, a confidentiality agreement was executed by both companies. The execution of the confidentiality agreement was negotiated through the exchange of proposed drafts from the general counsel of each of Northeast Utilities and NSTAR. Among other things, the confidentiality agreement contained mutual standstill restrictions that, in accordance with and subject to the terms of the confidentiality agreement, prohibited each company from making an unsolicited offer to acquire shares of the other company for two years.

On July 9, 2010, Mr. Shivery and Mr. May met in Sturbridge, Massachusetts and continued their prior conversation about trends in the electric and gas utility industry, as well as legislative, economic, financial and environmental developments. They spoke about the two companies' long history of working well together, in particular their coordination on the Northern Pass transmission project.



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In that meeting, Mr. May expressed the view that the best way to achieve the strategic goals of the parties, and to best benefit customers, shareholders, their respective jurisdictions and the New England region as a whole, was to structure the transaction as a merger of equals without a premium paid to either party, and that it was important to him to know whether the Northeast Utilities board of trustees had a similar view. Both agreed to talk again after the next meeting of the Northeast Utilities board of trustees. Mr. Shivery described the upcoming Northeast Utilities board of trustees strategic review that would occur starting that weekend. He informed Mr. May that he and the Northeast Utilities management team would, utilizing publicly available information, review the business and culture of NSTAR with the Northeast Utilities board of trustees and the potential benefits of a possible combination to Northeast Utilities and its shareholders. Mr. Shivery told Mr. May that he would call Mr. May after the meeting to update him on the outcome of the meeting. No other specific terms or proposals for a possible transaction were discussed at this meeting.

At Northeast Utilities' annual board of trustees strategic review session held on July 12 and 13, 2010, the Northeast Utilities board of trustees reviewed key industry, legislative, regulatory, business, economic and financial trends. The Northeast Utilities board of trustees also reviewed the current five-year plan of the company. As part of that review, on July 13, 2010, Northeast Utilities management and representatives of Barclays Capital presented material to the Northeast Utilities board of trustees describing NSTAR, NSTAR's current management, NSTAR's organizational structure and NSTAR's recent operational and financial performance, all developed from publicly available information. The Northeast Utilities board of trustees also reviewed a presentation by Northeast Utilities management and representatives of Barclays Capital which explored the possible combination of the two companies and the impact such a combination would have on the scope, scale and potential for growth of Northeast Utilities. Specifically the board of trustees and management discussed the relative balance sheet strength of NSTAR and the investment opportunities available to Northeast Utilities. Mr. Shivery met in executive session with the board of trustees and discussed a possible combination which would be structured as a no premium transaction with Northeast Utilities and NSTAR receiving an equal number of board of trustees seats in the combined company. Mr. Shivery also informed the Northeast Utilities board of trustees that the NSTAR board of trustees would want Mr. May to continue as the chief executive officer of the combined company. The Northeast Utilities board of trustees agreed that it would be willing to consider a transaction with Mr. May as the chief executive officer of the combined company, depending on the other terms of the agreement, including the balance of other governance and social issues. Further, the board of trustees indicated that it wished to reserve judgment on these matters until they could review the potential transaction in its entirety, after an exchange of information and due diligence had occurred. The Northeast Utilities board of trustees authorized Mr. Shivery to continue discussions with Mr. May.

Mr. Shivery called Mr. May on July 14, 2010, to report on the meeting of the Northeast Utilities board of trustees. Mr. Shivery informed him that the Northeast Utilities board of trustees had authorized him to continue the conversation regarding a possible combination of the two companies and that they had requested to meet with Mr. May. He indicated that the Northeast Utilities board of trustees found the merger of equals to be an attractive possibility and had directed the executives to negotiate further. The executives agreed to meet during the next few days.

On July 16, 2010, Mr. Shivery and Mr. May met in Sturbridge, Massachusetts. In this meeting, Mr. Shivery reviewed the events and discussion from the Northeast Utilities strategic board of trustees meeting held earlier in the week. He informed Mr. May that his management team and outside advisors had reviewed and modeled a no premium transaction that would be a strategic combination and this model had been reviewed with the Northeast Utilities board of trustees. He noted that he had discussed with the Northeast Utilities board of trustees the potential governance issues that such a transaction would present. He informed Mr. May that he had indicated to the Northeast Utilities board of trustees that he expected that the NSTAR board of trustees would expect Mr. May to continue as the chief executive officer of the combined company. They further discussed the potential leadership and organizational options for the future combined company. However, Mr. Shivery told Mr. May that the Northeast Utilities board was not yet prepared to make any commitments until the Northeast

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Utilities board of trustees could review the potential transaction in its entirety. Mr. Shivery and Mr. May also discussed the process for proceeding with due diligence and valuation discussions as requested by the Northeast Utilities board of trustees. Mr. Shivery and Mr. May also discussed possible candidates to continue as direct reports to the continuing chief executive officer, including the chief financial officer and chief administrative officer. They agreed to meet the following week with their respective chief financial officers, general counsel and financial advisors. No other specific terms for a possible transaction were discussed in this meeting.

On July 21, 2010, Mr. Shivery and Mr. May had a brief telephone call to discuss the agenda for their meeting scheduled for the following day.

On July 22, 2010, Mr. Shivery and Mr. May met in Sturbridge, Massachusetts to continue their discussions from the previous week. Mr. Shivery and Mr. May discussed a tentative schedule for the transaction, a schedule for meetings of the Northeast Utilities and NSTAR board of trustees, formation of due diligence teams, and other non-financial terms. They discussed a post-merger governance structure for the company, consistent with a merger of equals including (i) the size of the board of trustees with each company having the right to designate an equal number of trustees, (ii) the board committees, and the allocation of chair positions between Northeast Utilities and NSTAR, (iii) the location of the headquarters for the combined company and (iv) the designation of the lead trustee.

On July 23, 2010, a special Northeast Utilities board meeting was held by telephone. Mr. Shivery updated the Northeast Utilities board of trustees on his previous conversations with Mr. May and the progress surrounding these discussions. In executive session he also discussed with the board of trustees the various leadership and organizational issues under discussion with Mr. May.

At a special telephonic meeting of the NSTAR executive committee held on July 23, 2010, Mr. May reviewed the discussions Mr. Shivery had initiated in June and described the subsequent discussions that had been held consistent with the instructions of the full NSTAR board of trustees. He described the potential benefits that the proposed transaction could have to NSTAR, its shareholders, its customers, Massachusetts and the New England region and summarized the various elements of the potential combination that he and Mr. Shivery had discussed. He advised the committee that the discussions, although promising, remained in a preliminary stage.

During late July 2010, NSTAR retained Goldman Sachs and Lexicon Partners as its financial advisors in connection with the proposed merger. On July 28, 2010, senior management members of NSTAR had a meeting with Goldman Sachs to discuss a presentation NSTAR had received from Northeast Utilities management, review NSTAR management's draft presentation for Northeast Utilities, plan for the first phase of due diligence, the process for analyzing Northeast Utilities financial forecasts and review a proposed agenda for the next meeting with Northeast Utilities. During this meeting, the participants discussed the process during the coming weeks to provide the NSTAR board of trustees with the information it would need to appropriately consider whether or not to approve the merger, including having legal counsel prepare an overview of the NSTAR board of trustees' fiduciary duties and determine which regulatory approvals would be required in connection with the merger, conducting due diligence, summarizing due diligence findings, analyzing and considering potential and or agreed upon merger terms, and comparing the advantages and disadvantages of the proposed transaction to other possible strategic alternatives.

On July 30, 2010, Mr. Shivery, Mr. McHale and Mr. Butler joined Mr. May, James J. Judge, senior vice president and chief financial officer of NSTAR and Douglas S. Horan, senior vice president and general counsel of NSTAR, in Sturbridge, Massachusetts. Representatives of Barclays Capital, Lazard, Goldman Sachs and Lexicon Partners were also present. At the meeting, executives from each company made presentations regarding its business and strategy and answered questions related to the same. The presentations covered legal and organizational structure, financial forecasts, regulatory and operational matters. Each management team discussed current and upcoming rate cases for each company in Connecticut, Massachusetts and New Hampshire.

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At the conclusion of this discussion, the companies discussed the process for undertaking due diligence. It was agreed that as a preliminary effort, both companies would exchange financial materials and non-financial due diligence questions. After the presentations, the companies discussed a possible schedule leading to completing negotiations of the potential merger, proceeding with due diligence, conducting an analysis of regulatory approvals required in connection with the proposed merger, finalizing the key terms and conditions of the merger proposal, preparing and negotiating a merger agreement and having meetings with the board of trustees of Northeast Utilities and NSTAR in connection with the merger.

On August 2, 2010, Mr. Shivery and Mr. May met in Sturbridge, Massachusetts. They reviewed the earlier management presentation made the previous week. They discussed the future stand-alone growth projections that each management team had discussed at the previous meeting and the value that a combined company could produce for each company's shareholders and customers. They also continued to discuss the proposed management organizational structure of the combined companies, and the responsibilities and roles of the chief executive officer, lead trustee and chair of the board of trustees.

On August 6, 2010, certain members of NSTAR's management, including Mr. Judge, and representatives of Goldman Sachs and Lexicon Partners met in New York, New York with certain members of Northeast Utilities' management, including Mr. McHale, and representatives of Barclays Capital and Lazard to review financial due diligence materials exchanged between the companies during the days prior to the meeting and discussed the due diligence materials comprehensively.

On August 10 and 11, 2010, the companies exchanged non-financial preliminary due diligence questions beginning an in depth due diligence process for both companies. In early September, both companies exchanged detailed diligence questions on various areas and each set up a data room to facilitate the exchange of due diligence documents and information. The parties also had various calls to address specific areas including legal, regulatory, human resources, environmental and operational matters. The due diligence process by Northeast Utilities and NSTAR teams continued until shortly before the merger agreement was shared.

On August 11, 2010, Mr. Shivery and Mr. May met in Sturbridge, Massachusetts where they continued their discussions about the potential transaction. Both Mr. Shivery and Mr. May continued to believe that a no-premium merger of equals presented great value to both Northeast Utilities' and NSTAR's shareholders and customers. They continued to discuss the potential leadership and organizational issues associated with a possible combination. They also discussed the appropriate methodology for determining an exchange ratio. They agreed that the exchange ratio should represent a fair and accurate valuation of both companies without premiums. Mr. Shivery and Mr. May agreed that each company's chief financial officer and financial advisors should begin negotiation of an appropriate methodology for determining the exchange ratio.

On August 12, 2010, management of Northeast Utilities and NSTAR, including Mr. Butler and Mr. Horan, along with representatives from Skadden, Arps and Carmody and Torrance, regulatory counsel to Northeast Utilities, and Ropes & Gray, met in the offices of Ropes & Gray in Boston and discussed the required regulatory approvals that would be necessary to consummate a potential transaction. In addition to these issues, Mr. Butler and Mr. Horan separately discussed the drafting of the merger agreement and the process for conducting due diligence. It was determined that Skadden, Arps would prepare a preliminary draft merger agreement premised on a no-premium merger of equals. Mr. Butler and Mr. Horan also discussed the progress of due diligence.

During a telephonic conversation on August 23, 2010, Mr. Shivery and Mr. May continued to discuss the proposed management structure post-merger and managing the corporate integration process of the two companies. They also discussed a summary of various regulatory requirements prepared jointly by Mr. Horan and Mr. Butler.

On August 25, 2010, the NSTAR board of trustees convened for a special meeting also attended by Mr. Horan and Mr. Judge, and representatives of Ropes & Gray, Goldman Sachs and Lexicon Partners, to review and consider NSTAR's potential strategic alternatives, an overview of Northeast Utilities, the possible impact of

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a merger between Northeast Utilities and NSTAR, potential next steps and a timeline for the merger. Mr. May described the substance of the ongoing discussions held with Mr. Shivery, noting that both parties had been discussing a transaction that would be a merger of equals between the companies. Mr. May also reported that both companies had exchanged preliminary forecasts prepared for the purpose of the discussions, and that preliminary financial and non-financial due diligence had begun. Mr. May indicated that the conversations continued to be preliminary, although progressing well and remained consistent with the views expressed earlier by the trustees, and that the transaction presented potential substantial benefits for shareholders, customers and the community. A representative of Ropes & Gray made a presentation on the legal aspects of the proposed transaction and representatives of Goldman Sachs discussed the financial analysis and strategic aspects of the proposed transaction. Mr. May and Mr. Judge discussed with the board of trustees the potential benefits of the transaction to NSTAR, its shareholders, its customers, Massachusetts and the New England region. Mr. Judge described the risks relating to the transaction. He reported that diligence to date had not uncovered any material issues that were not common to utility companies generally. The trustees discussed the proposed transaction at length. The trustees instructed Mr. May that he should proceed with discussions of a merger of equals on the terms and conditions outlined and that the trustees were of the view that it was important that Mr. May continue as the chief executive officer of the combined company.

On August 26, 2010, Mr. Shivery and Mr. Butler met with Mr. May and Mr. Horan in Sturbridge, Massachusetts. During this meeting they continued to discuss the organizational and leadership issues and structure of the combined company as well as various issues including communications regarding the merger and regulatory matters. They also continued to discuss valuation matters and methodologies for determining the exchange ratio.

On August 27, 2010, the executive committee of the Northeast Utilities board of trustees held a specially called telephonic meeting. At this meeting Mr. Shivery reviewed with the committee his discussions to date with Mr. May and the status of the possible transaction at that point. He likewise reviewed with the executive committee the agenda and the materials to be covered at the upcoming board meeting. In executive session he also reviewed the organizational and leadership issues he had been discussing with Mr. May.

On August 31, 2010, the Northeast Utilities board of trustees held a special meeting at the New York offices of Skadden, Arps. At this meeting, Mr. Shivery reviewed with the Northeast Utilities board of trustees the status of the discussions with NSTAR and provided an updated analysis of the merits of a strategic combination of the two companies. Representatives of Skadden, Arps made a presentation to the Northeast Utilities board of trustees on legal aspects of the proposed transaction. In addition, representatives of Barclays Capital and Lazard made presentations to the Northeast Utilities board of trustees on the financial analysis and strategic aspects of the proposed transaction based on the confidential information provided by NSTAR.

On August 31, 2010, Skadden, Arps delivered an initial draft of the merger agreement to Ropes & Gray.

During early September 2010, senior management members of Northeast Utilities and NSTAR held various calls and in person meetings to discuss continued diligence efforts between the companies, strategy for obtaining regulatory approvals, schedules, board meetings, the possibility of Mr. Shivery meeting with the NSTAR board of trustees, and the appropriate time to bring in communication professionals. Mr. Shivery and Mr. May continued their discussions regarding open issues and Mr. May's meeting with the Northeast Utilities board of trustees. In early September, both companies exchanged detailed due diligence questions on various areas and each set up a data room to facilitate the exchange of due diligence documents and information. The parties also had various calls to address due diligence matters in specific areas including financial, legal, regulatory, human resources, environmental, and operational matters. The due diligence process by the Northeast Utilities and NSTAR teams continued until shortly before the merger agreement was signed.

On September 10, 2010, Mr. Shivery and Mr. Butler met with Mr. May and Mr. Horan in Boston, Massachusetts. The discussion centered principally on the process for decision making and steps needed to put both management teams in a position to make a recommendation to their respective boards of trustees. In

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addition, in the event that the recommendation was favorable and the respective boards approved the proposed transaction, the two teams discussed the regulatory, employee and broader communications strategy which would be required.

On September 13, 2010, Mr. May attended a meeting with the Northeast Utilities board of trustees in Hartford, Connecticut. During the meeting Mr. May broadly reviewed his background, his perspective on the proposed merger, and his outlook on the utility industry. He discussed the direction of federal and state energy policy and its implications for the future roles of utilities. He also discussed his views on the relationships between regulation, customer service, employee engagement, shareholder return, risk and overall management philosophy. After the meeting, Mr. May joined the members of the Northeast Utilities board of trustees for dinner.

On September 14, 2010, Mr. May called Mr. Shivery to review the prior day's Northeast Utilities board of trustees meeting and to discuss next steps. Mr. Shivery informed Mr. May that the Northeast Utilities board of trustees remained committed to moving forward with merger discussions and expressed its desire to meet with Mr. May again to discuss in more detail his strategic vision of the combined company and his approach to managing the combined company.

On September 14, 2010, the Northeast Utilities board of trustees held a regularly scheduled meeting at Hartford Downtown Marriot in Hartford, Connecticut. Representatives of Northeast Utilities management, as well as representatives of Skadden, Arps, Barclays Capital and Lazard were present. At the meeting, Mr. Shivery updated the members of the Northeast Utilities board of trustees regarding the discussions with Mr. May and the overall progress of the transaction. In addition, Mr. Shivery, Mr. McHale and Mr. Butler provided additional information regarding the potential benefits of the transaction, including, among other things, how the transaction could benefit Northeast Utilities' customers, employees, communities and shareholders. Mr. McHale provided the board of trustees with an overview of the Massachusetts economic environment and an overview of the accounting and tax considerations involved with the potential transaction. Representatives of Barclays Capital and Lazard made further presentations to the Northeast Utilities board of trustees on financial analysis and strategic aspects of the proposed transaction and representatives of Skadden, Arps made a further presentation to the Northeast Utilities board of trustees on the legal aspects of the proposed transaction. Without the representatives of management or the external advisors present, Mr. Shivery also provided an update to the Northeast Utilities board of trustees on the status of negotiations on the organizational structure and leadership appointments for the combined company.

On September 15, 2010, the NSTAR executive committee had a special telephonic meeting to discuss the progress of the discussions relating to the potential combination with Northeast Utilities. Mr. May reviewed the key issues associated with the transaction and it was agreed that these would be discussed fully with the entire board at a meeting on September 23. The executive committee expressed support for continued merger discussions by Mr. May.

On September 16, 2010, Mr. Shivery and Mr. May met in Sturbridge, Massachusetts. They discussed proposed governance terms and exchange ratio formulas that might be used to convert NSTAR common shares to Northeast Utilities common shares upon consummation of the merger, consistent with the intent that neither company would pay the other a premium. They agreed that the exchange ratio should be insulated from short-term trading anomalies and represent the relative value of the two companies. They also discussed the scheduled meetings between the executive committees of the boards of trustees of NSTAR and of Northeast Utilities.

On September 21, 2010, Ropes & Gray delivered a revised draft of the merger agreement, reflecting NSTAR's comments thereon, to Skadden, Arps. Over the course of the following three weeks, Skadden, Arps and Ropes & Gray, as well as representatives of Northeast Utilities and NSTAR, continued to negotiate the terms of the merger agreement, including, among other things, the circumstances under which a material adverse effect would be deemed to have occurred at either company, the terms and scope of the interim operating

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covenants and other pre-closing covenants, employee retention and the conditions in which either board could exercise their fiduciary out to terminate the merger agreement.

From September 22, 2010 to October 1, 2010, representatives of Northeast Utilities management and NSTAR management held a series of telephone calls regarding legal and organizational structure, financial forecasts, regulatory and operational matters with members of each company's due diligence team to discuss follow-up questions as part of the due diligence process.

On September 22, 2010, at a meeting of the NSTAR board governance and nominating committee, Mr. May described the progress of his discussions with Mr. Shivery with respect to the combined company board and committee assignments. He described the joint recommendation of the two chief executive officers regarding board size, composition, chairman and lead trustee positions and succession, and the number of committees and committee chairs. The committee discussed these recommendations. After the meeting, Mr. Shivery joined the NSTAR board of trustees for dinner.

On September 23, 2010, the NSTAR board of trustees held a meeting also attended by Mr. Judge, Mr. Horan, representatives of Ropes & Gray, Goldman Sachs and Lexicon Partners for a comprehensive review of the proposed merger. Mr. May first presented a projected schedule for continued negotiations regarding the proposed transaction, and then representatives of Goldman Sachs discussed materials previously provided to the NSTAR board of trustees on the financial analysis and strategic aspects of the proposed transaction. In addition, a representative of Ropes & Gray provided an overview of the fiduciary duties of the trustees generally and in the context of the merger. Mr. Judge then discussed the ongoing due diligence performed by management teams in each of the financial, legal, environmental, information technology, human resources and operations areas. Mr. May concluded the presentation by summarizing the business and governance terms that required additional discussion. After discussion of these presentations, the board expressed its continued concurrence with the terms of the transaction as reported.

After the NSTAR board meeting, Mr. Shivery and Mr. May met to review the positions of their respective boards of trustees and to review the list of outstanding issues that needed to be resolved including the exchange ratio formula, communication plans and announcement, governance terms, and other open terms under the merger agreement. Mr. Shivery and Mr. May also discussed their concern regarding the effect that potential uncertainty on the part of executives from both companies may have on retention of key personnel both before the closing and thereafter.

On October 5, 2010, Mr. Shivery, Mr. May and the human resources senior executives from Northeast Utilities and NSTAR, met in person in Sturbridge, Massachusetts to plan and discuss retention concerns related to key employees and potential arrangements to address those concerns. No agreement was reached regarding executive retention issues. In addition, Mr. Shivery and Mr. May met separately to discuss outstanding governance issues to be proposed to their respective boards of trustees, including representation on the executive committee, committee charter descriptions, the role of lead trustee and the term during which Mr. Shivery would serve as chairman after closing of the merger. Mr. Shivery and Mr. May agreed on additional senior management members that would continue with the combined company and the right for the respective NSTAR and Northeast Utilities trustees to fill three seats each on the executive committee of the combined board of the company.

On October 6, 2010, Mr. May met with Mr. Shivery in person in Sturbridge, Massachusetts to further discuss unresolved issues related to retention of executives and to prepare for a meeting with the NSTAR executive personnel committee the following day.

On October 7, 2010, Mr. May called Mr. Shivery to discuss open issues including agreeing on their respective executive retention plans and the responsibilities of the governance, compensation, audit and finance committees. The same day, the NSTAR executive personnel committee met to discuss issues and plans related to retaining executives post-merger. The NSTAR board of trustees also met on October 7, 2010 in Boston,

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Massachusetts to receive an update on the continuing discussions between executives and representatives of NSTAR and of Northeast Utilities. In order for members of each executive committee to get to know one another, the Northeast Utilities and NSTAR executive committees of the board of trustees met socially for dinner that evening at the Boston offices of Skadden, Arps.

On October 8, 2010, Mr. May met with the board of trustees of Northeast Utilities during a special meeting in the Boston offices of Skadden, Arps. Mr. May discussed with the board of trustees of Northeast Utilities his strategic vision of the combined company and his approach in managing the combined company. After the meeting with Mr. May, the board of trustees of Northeast Utilities held a separate session of the special meeting. Also present were representatives of Northeast Utilities management, as well as representatives of Skadden, Arps, Barclays Capital and Lazard. Mr. Shivery updated the board of trustees on the status of the transaction. In addition, members of management presented their final findings with respect to the due diligence process. Representatives from Barclays Capital and Lazard updated the Northeast Utilities board of trustees on financial and other information relating to a possible exchange ratio. Skadden, Arps reviewed with the Northeast Utilities board of trustees the principal terms of the proposed merger agreement.

Later that day, Mr. Shivery and Mr. May met and discussed outstanding issues including retention, governance and merger agreement issues. The parties agreed to engage a public relations firm to start planning for public communications related to the merger.

On October 11, 2010, Mr. Shivery and Mr. May discussed by telephone the final outline of the duties of the non-executive chairman of the board, the lead trustee, and the roles of the respective committee responsibilities. Mr. Shivery and Mr. May also discussed the creation of retention pools for the two respective companies to retain key members of management during the pendency of the merger and beyond. They also agreed that the merger agreement should provide each board with the appropriate flexibility to ensure each were empowered to make necessary compensation decisions.

Also on October 11, 2010, the corporate governance committee of the Northeast Utilities board of trustees met at Northeast Utilities corporate headquarters in Hartford, Connecticut. Mr. Shivery and Mr. Butler discussed with the committee the final proposed outline of the duties of the non-executive chairman of the board, the lead trustee, and the roles of the respective committee responsibilities.

On October 12, 2010, the Northeast Utilities board of trustees held a regular meeting in Hartford, Connecticut. Also present were representatives of Northeast Utilities management, as well as representatives of Skadden, Arps, Barclays Capital and Lazard. Mr. Shivery updated the board of trustees on the status of the transaction, including the finalization of the remaining governance issues. In addition, representatives of Barclays Capital and Lazard updated the board of trustees on financial and other information relating to a possible exchange ratio and provided the board of trustees with an overview of the nature of a fairness opinion and the process that each advisor would undertake in connection with the rendering of such an opinion. Representatives of Skadden, Arps updated the Northeast Utilities board of trustees on the status of the merger agreement negotiations.

On October 12, 2010, Mr. McHale, Mr. Butler, Mr. Judge, and Mr. Horan, as well as representatives from Skadden, Arps and Ropes & Gray, held a teleconference to discuss the remaining open items in the merger agreement.

On October 13, 2010, the NSTAR board of trustees held a telephonic meeting to discuss the progress of the continuing discussions between executives and representatives of NSTAR and Northeast Utilities. The board reviewed the proposed management terms, exchange ratio formula, the merger agreement and proposed timing for announcements and communications.

Throughout October leading up to October 15, 2010, Mr. Judge and Mr. McHale preliminarily discussed the possible share exchange ratio methodologies that would be appropriate in a merger of equals. Throughout their discussions, Mr. Judge and Mr. McHale discussed the desire of the boards of both parties to achieve a no

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premium, strategic merger of equals and the fact that an at-the-market exchange ratio based on the closing prices of the respective companies on the day prior to signing the merger agreement may not reflect the relative values of the companies consistent with historical trading ratios. They also discussed that recent average trading ratios were generally consistent with average trading ratios over an extended period of time. On October 15, 2010, Mr. Judge and Mr. McHale agreed to recommend to their respective boards of trustees an exchange ratio based on the average of the companies' closing prices for the twenty trading day period preceding the signing of the merger agreement in order to properly protect against the vagaries of the market on a particular trading day, while at the same time achieving a no premium transaction.

On October 16, 2010 each of the Northeast Utilities and NSTAR board of trustees met to review the final terms of the proposed merger.

NSTAR held a special meeting in Boston, Massachusetts to consider the proposed merger between Northeast Utilities and NSTAR. Ropes & Gray updated the NSTAR board of trustees on the remaining changes to the proposed merger agreement, a final, substantially complete copy of which had previously been provided to the NSTAR board of trustees. Goldman Sachs and Lexicon Partners reviewed with the NSTAR board of trustees their joint financial analysis of the exchange ratio provided for in the proposed merger agreement and each rendered to the NSTAR board of trustees an oral opinion (each confirmed by delivery of a written opinion dated October 16, 2010) to the effect that, as of that date and based upon and subject to the factors, assumptions, qualifications and limitations set forth therein, the exchange ratio was fair, from a financial point of view, to holders of NSTAR common shares. After considering the foregoing and the proposed merger agreement, and taking into consideration the factors described under NSTAR Board of Trustees Reasons and Recommendation for the Merger, the NSTAR board of trustees unanimously determined that the merger and the other transactions contemplated by the merger agreement were advisable and in the best interests of NSTAR shareholders, and adopted and approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and recommended the NSTAR shareholders adopt the merger agreement and approve the merger.

The Northeast Utilities board of trustees held a special meeting in Hartford, Connecticut to consider the proposed merger between Northeast Utilities and NSTAR. Skadden, Arps updated the Northeast Utilities board of trustees on the remaining changes to the proposed merger agreement, a final, substantially complete copy of which had previously been provided to the Northeast Utilities board of trustees. Barclays Capital and Lazard reviewed with the Northeast Utilities board of trustees the respective financial analysis performed in connection with the proposed merger and each delivered to the Northeast Utilities board of trustees an oral opinion (each confirmed by delivery of a written opinion dated October 16, 2010) to the effect that, as of that date and based upon and subject to the factors, procedures, limitations, qualifications and assumptions set forth therein, the exchange ratio was fair, from a financial point of view, to Northeast Utilities. After considering the foregoing and the proposed merger agreement, and taking into consideration the factors described under Northeast Utilities Board of Trustees Reasons and Recommendation for the Merger, the Northeast Utilities board of trustees unanimously determined that the merger and the other transactions contemplated by the merger agreement were advisable and in the best interests of Northeast Utilities shareholders, and adopted and approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and recommended the Northeast Utilities shareholders adopt the merger agreement and approve the merger.

Following the approval of the NSTAR board of trustees and the Northeast Utilities board of trustees, NSTAR and Northeast Utilities executed the merger agreement. On October 18, 2010, NSTAR and Northeast Utilities issued a joint press release announcing the execution of the merger agreement.

**Northeast Utilities Reasons for the Merger; Recommendation of Northeast Utilities Board of Trustees**

By unanimous vote at a meeting held on October 16, 2010, the Northeast Utilities board of trustees determined that the merger agreement and the transactions contemplated by it, including the merger proposal, the



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share authorization proposal and the trustee proposal are advisable and in the best interests of Northeast Utilities and its shareholders. **The Northeast Utilities board of trustees recommends that Northeast Utilities shareholders vote (i) FOR the proposal to adopt the merger agreement and approve the merger, including the issuance of Northeast Utilities common shares to NSTAR Shareholders pursuant to the merger, (ii) FOR the proposal to increase the number of authorized Northeast Utilities common shares and (iii) FOR the proposal to fix the number of trustees at fourteen.**

In reaching its decision to adopt and approve the merger agreement and to recommend that Northeast Utilities shareholders vote to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement, approve the increase in the number of authorized Northeast Utilities common shares, and fix the number of trustees at fourteen, the Northeast Utilities board of trustees consulted with Northeast Utilities management, legal and financial advisors, and considered a variety of factors with respect to the merger. The following discussion of the factors considered by the Northeast Utilities board of trustees is not exhaustive. In view of the wide variety of factors considered by the Northeast Utilities board of trustees in connection with its evaluation of the merger, the Northeast Utilities board of trustees did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. Rather, it reviewed the collection of factors in the aggregate. In considering the factors described below, individual members of the Northeast Utilities board of trustees may have given different weight to different factors. The Northeast Utilities board of trustees did not reach any specific conclusion with respect to any of the factors considered and instead conducted an overall analysis of such factors and determined that, in the aggregate, the potential benefits considered outweighed the potential risks or possible negative consequences of approving and adopting the merger agreement and the other transactions contemplated by the merger agreement, the increase in the number of authorized Northeast Utilities common shares, and the increased size of the board of trustees. The Northeast Utilities board of trustees considered this information as a whole, and overall considered the information and factors to be favorable to, and in support of, its determinations and recommendations.

Among the material information and factors considered by the Northeast Utilities board of trustees, in consultation with Northeast Utilities management, as well as Northeast Utilities legal and financial advisors, were the following:

### *Strategic Rationale*

*Increased Scale and Scope; Regulatory Diversification.* The merger will create a combined company with increased scale and scope in electricity delivery and transmission. The merger will create a larger company with total assets of approximately \$25 billion calculated on a pro forma historical basis as of September 30, 2010. The combined company will have more than 3,000,000 electric distribution customers and 500,000 gas distribution customers and will include 4,500 miles of electric transmission, 72,000 miles of electric distribution and 6,300 miles of gas distribution. In addition, the operating revenues of the combined company, calculated on a pro forma basis as of December 31, 2009, will total approximately \$8.538 billion, and the total rate base of the combined company, calculated on a pro forma basis as of September 30, 2010, will equal approximately \$10.8 billion. The combined company is expected to have an increased voice in the development of national energy policy and added strength and influence in New England on behalf of our shareholders and customers. In addition, the combined company will have greater diversification of markets with the corresponding diversification of regulatory risk.

The increased scale and scope and regulatory diversification is expected to enhance the financial strength and flexibility of the combined company, which should have access to capital on better terms than Northeast Utilities. In addition, the combined company should be able to take advantage of investment opportunities that are accretive to earnings through internally generated cash flows.

*Combined Expertise in the Electricity Transmission and Distribution Sector.* The Northeast Utilities board of trustees believes the merger will combine companies with complementary areas of expertise. The combined company is expected to be able to draw upon NSTAR's best-in-class distribution expertise and upon Northeast Utilities' best-in-class transmission expertise. The combined company is

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expected to be able to benefit from the intellectual capital, technical expertise and experience of a deeper and more diverse workforce. The combined company will be larger, more diverse and better able to invest and deploy new technologies and renewable energy in New England.

*Comparative Corporate Culture and Strategies.* The Northeast Utilities board of trustees considered and believes it to be beneficial that the comparable corporate cultures and competitive strategies of the two companies, including the relative strengths of such cultures and strategies and the potential for both companies to benefit from each other company's strengths. The Northeast Utilities board of trustees considered that both companies operate in New England and therefore share a familiarity with electricity transmission and distribution business in the region.

*Transmission Projects.* The Northeast Utilities board of trustees considered the joint-venture between Northeast Utilities and NSTAR with respect to the Northern Pass Project with Hydro-Québec as indicative of how well the two companies can work together.

### ***Additional Factors***

In addition to the strategic considerations described above, the Northeast Utilities board of trustees also considered the following factors in reaching its conclusions.

The expected favorable effect the merger would have on Northeast Utilities' customers and employees, specifically that the merger would allow the combined company to leverage their combined resources to create opportunities to strengthen service quality and adapt best procedures which, over time, will yield savings to customers and create additional opportunities for employees.

The fact that the companies expect to maintain their substantial presence in the cities and communities they serve, including maintaining dual-headquarters in Hartford and Boston and that, for the two-year period after closing, the combined company intends to provide community development and charitable contributions in each of Northeast Utilities' and NSTAR's areas consistent with each company's current levels.

Its knowledge of the business, operations, financial condition, earnings and prospects of each company, taking into account the results of Northeast Utilities' due diligence review of NSTAR.

The expectation that the merger is not expected to reduce Northeast Utilities' current earnings growth rate and that the merger is expected to be accretive to earnings in the first full year following consummation of the merger.

The expected effect of the merger on selected credit metrics of the combined company on a pro forma basis as compared to those of Northeast Utilities on a stand-alone basis, including the fact that the combined company would have a qualitative increase in such credit metrics as compared to Northeast Utilities.

The historic share prices of Northeast Utilities and NSTAR, including that the exchange ratio represented a zero premium over the twenty-trading day average of closing prices of Northeast Utilities and NSTAR common shares.

The expectation that the combined company would increase its first quarterly dividend payout amount per share after the closing of the merger to the quarterly payout amount per share paid by NSTAR in the quarter immediately preceding the consummation of the merger as adjusted by the exchange ratio.

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The financial analyses and presentations of Barclays Capital and Lazard, and their related written opinions, each dated as of October 16, 2010, to the effect that, as of those dates and based upon and subject to the factors, procedures, qualifications, limitations and assumptions set forth therein, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to Northeast Utilities. See Opinions of Northeast Utilities Financial Advisors beginning on page 49 and Annexes B and C to this joint proxy statement/prospectus.

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The prevailing macroeconomic conditions and the economic environment of the geographical areas and industries in which Northeast Utilities and NSTAR operate, which the Northeast Utilities board of trustees viewed as supporting the rationale for seeking a strategic transaction that should create a stronger, more diversified combined company that will be better positioned to support economic growth and renewables in New England and that the combined company will have access to the significant population and load center of the Boston metropolitan area which could lead to future transmission growth.

The range of strategic alternatives available to Northeast Utilities, including continuing to operate as a stand-alone entity.

Northeast Utilities management's recommendation in favor of the merger.

The terms of the merger agreement, including that the exchange ratio is fixed, the restrictions on each party's interim operations, the conditions to each party's obligation to complete the merger, the instances in which each party is permitted to terminate the merger agreement and the related termination fees payable by each party in the event of termination of the merger agreement under specified circumstances.

The strong commitment on the part of both parties to complete the merger pursuant to their respective obligations under the terms of the merger agreement, because the Northeast Utilities board of trustees thought this made it more likely that the merger, once announced, would be completed.

The likelihood that the merger will be completed on a timely basis, receipt of all necessary regulatory approvals timely and without unacceptable conditions, as well as the recent history of proposed mergers in the electric distribution industry. See the section entitled "The Merger Agreement - Conditions to Completion of the Merger" beginning on page 102 for a description of these matters.

The structure of the merger and the financial and other terms and conditions of the merger agreement, including the merger consideration, and the expectation that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code.

The scope of the due diligence investigation conducted by management and Northeast Utilities' advisors and the evaluation of the results thereof, as well as the coverage of identified risk areas in the representations and warranties in the merger agreement.

The governance arrangements contained in the merger agreement providing that, after completion of the merger, (i) the board of trustees of the combined company will initially consist of fourteen trustees, including: (a) Charles W. Shivery, the current chairman, president and chief executive officer of Northeast Utilities; (b) Thomas J. May, the current chairman, president and chief executive officer of NSTAR; (c) six independent trustees designated from each of Northeast Utilities and NSTAR and (d) the lead trustee is to be designated by Northeast Utilities; (ii) each of the committees of the board of trustees of the combined company would consist of an equal number of members designated by Northeast Utilities and NSTAR; (iii) Mr. Shivery, the current chairman, president and chief executive officer of Northeast Utilities, will serve as non-executive chairman of the combined company; (iv) that certain Northeast Utilities officers will serve in senior executive positions at the combined company; and (v) approximately even allocation of committee memberships and chair positions among Northeast Utilities and NSTAR trustees.

### ***Potential Risks***

The Northeast Utilities board of trustees also considered the potential risks of the merger, including the following:

That the fixed exchange ratio would not adjust downwards to compensate for declines in the price of NSTAR common shares prior to the closing of the merger, and that the terms of the merger agreement did not include termination rights triggered expressly by a

decrease in value of NSTAR due to a decline

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in the market price of NSTAR's common shares. The Northeast Utilities board of trustees determined that this structure was appropriate and the risk acceptable in view of the Northeast Utilities board of trustees' focus on the relative intrinsic values and financial performance of NSTAR and Northeast Utilities, the percentage of the combined company to be owned by Northeast Utilities shareholders and the inclusion in the merger agreement of other structural protections such as the ability to terminate the merger agreement in the event of a material adverse change in NSTAR's business.

The fact that the merger agreement includes customary restrictions on the ability of Northeast Utilities to solicit offers for alternative proposals or to engage in discussions regarding such proposals, subject to exceptions, which could have the effect of discouraging such proposals from being made or pursued. The Northeast Utilities board of trustees understood that these provisions may have the effect of discouraging alternative proposals and may make it less likely that the transactions related to such proposals would be negotiated or pursued, even if potentially more favorable to Northeast Utilities shareholders than the merger.

The potential risk of the provisions of the merger agreement relating to the potential payment to NSTAR of a termination fee of \$135 million and expenses up to \$35 million under certain circumstances.

The regulatory approvals required to complete the merger and the risk that governmental authorities and third parties may seek to impose unfavorable terms or conditions on the required approvals or that such approvals would not be obtained at all. The Northeast Utilities board of trustees also considered the potential length of the regulatory approval process and that the merger agreement provides that it may not be terminated until 12 months from the date of the merger agreement, which may be extended to 18 months under specified circumstances.

The potential for diversion of management and employee attention and for increased employee attrition during the period prior to completion of the merger, and the potential effect of the merger on Northeast Utilities' business and relations with customers, suppliers and regulators.

The risk that certain members of Northeast Utilities' or NSTAR's senior management might choose not to remain employed with the combined company.

The substantial costs to be incurred in connection with the merger, including the costs of integrating the businesses of Northeast Utilities and NSTAR and the transaction expenses arising from the merger.

The risk of not realizing all of the anticipated strategic benefits between Northeast Utilities and NSTAR and the risk that other anticipated benefits might not be realized.

The interests of Northeast Utilities' executive officers and trustees in the merger apart from their interests as Northeast Utilities shareholders, and the risk that these interests might influence their decision with respect to the merger. See the section entitled "The Merger - Additional Interests of Northeast Utilities Trustees and Executive Officers in the Merger" beginning on page 82.

The types and nature of other risks described under the section entitled "Risk Factors" beginning on page 28, and the matters described under the section entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 26.

**Opinions of Northeast Utilities' Financial Advisors**

*Opinion of Barclays Capital Inc.*

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Pursuant to an engagement letter dated October 5, 2010 Northeast Utilities engaged Barclays Capital to act as a financial advisor to Northeast Utilities in connection with the merger.

On October 16, 2010, at a meeting of the Northeast Utilities board of trustees held to evaluate the merger, Barclays Capital delivered its opinion to the Northeast Utilities board of trustees that, as of October 16, 2010 and based upon and subject to the qualifications, limitations and assumptions stated in its opinion, the exchange ratio was fair, from a financial point of view, to Northeast Utilities.

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**The full text of Barclays Capital's written opinion, dated as of October 16, 2010, is attached as Annex B to this joint proxy statement/prospectus. Barclays Capital's written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Barclays Capital in rendering its opinion. You are encouraged to read the opinion and this section carefully and in their entirety. The following is a summary of Barclays Capital's opinion and the methodology that Barclays Capital used to render its opinion. This summary of Barclays Capital's written opinion is qualified in its entirety by reference to the full text of the opinion.**

Barclays Capital's opinion, the issuance of which was approved by Barclays Capital's Fairness Opinion Committee, is addressed to the board of trustees of Northeast Utilities, addresses only the fairness, from a financial point of view, to Northeast Utilities of the exchange ratio and does not constitute a recommendation to any shareholder of Northeast Utilities as to how such shareholder should vote with respect to the merger or any other matter. The terms of the merger were determined through arm's-length negotiations between Northeast Utilities and NSTAR and were unanimously approved by Northeast Utilities' board of trustees. Barclays Capital was not requested to address, and its opinion does not in any manner address, Northeast Utilities' underlying business decision to proceed with or complete the merger. In addition, Barclays Capital expressed no opinion on, and it does not in any manner address, the fairness of the amount or the nature of any compensation to any officers, trustees or employees of any parties to the merger, or any class of such persons, relative to the consideration paid in the merger or otherwise. No limitations were imposed by Northeast Utilities' board of trustees upon Barclays Capital with respect to the investigations made or procedures followed by it in rendering its opinion.

In arriving at its opinion, Barclays Capital, among other things, reviewed and analyzed:

a draft of the merger agreement, dated as of October 15, 2010 and the specific terms of the merger;

publicly available information concerning Northeast Utilities and NSTAR that Barclays Capital believed to be relevant to its analysis, including each of their respective Annual Reports on Form 10-K for the fiscal year ended December 31, 2009 and Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2010 and June 30, 2010 and other relevant filings with the SEC;

financial and operating information with respect to the business, operations and prospects of Northeast Utilities furnished to Barclays Capital by Northeast Utilities, including financial projections of Northeast Utilities prepared by management of Northeast Utilities together with certain adjustments thereto provided or approved by the management of Northeast Utilities (the "Northeast Utilities Projections");

financial and operating information with respect to the business, operations and prospects of NSTAR furnished to Barclays Capital by Northeast Utilities, including financial projections of NSTAR prepared by management of NSTAR, (the "NSTAR Projections") together with certain adjustments thereto provided or approved by the management of Northeast Utilities;

the future capital requirements of Northeast Utilities and NSTAR and their respective ability to fund such requirements in the future;

the trading history of Northeast Utilities common shares from October 15, 2008 through October 15, 2010 and the trading history of NSTAR common shares from October 15, 2008 through October 15, 2010 and a comparison of each of their trading histories with each other and with those of other companies that Barclays Capital deemed relevant;

a comparison of the historical financial results and present financial condition of Northeast Utilities and NSTAR with each other and with those of other companies that Barclays Capital deemed relevant;

the terms of certain other transactions that Barclays Capital deemed relevant;



the pro forma impact of the merger on the future financial performance of the combined company, including the benefits anticipated by the managements of Northeast Utilities and NSTAR to be realized in the merger; and

the relative contributions of Northeast Utilities and NSTAR to the historical and future financial performance of the combined company on a pro forma basis.

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In addition, Barclays Capital had discussions with the managements of Northeast Utilities and NSTAR concerning their respective businesses, operations, assets, liabilities, financial condition and prospects and undertook such other studies, analyses and investigations as Barclays Capital deemed appropriate.

In arriving at its opinion, Barclays Capital assumed and relied upon the accuracy and completeness of the financial and other information used by Barclays Capital without any independent verification of such information and further relied upon the assurances of the managements of Northeast Utilities and NSTAR that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the Northeast Utilities Projections, upon the advice of Northeast Utilities, Barclays Capital assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Northeast Utilities as to the future financial performance of Northeast Utilities and that Northeast Utilities would perform substantially in accordance with such projections and Barclays Capital relied on such projections in arriving at its opinion. With respect to the NSTAR Projections, upon the advice of NSTAR, Barclays Capital assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of NSTAR as to the future financial performance of NSTAR. However, for purposes of Barclays Capital's analysis, upon the advice of Northeast Utilities, Barclays Capital also considered certain adjustments to the NSTAR Projections provided or approved by the management of Northeast Utilities and Barclays Capital relied on such adjustments in arriving at its opinion. Barclays Capital assumes no responsibility for and expressed no view as to any such projections or estimates or the assumptions on which they were based. In arriving at its opinion, Barclays Capital did not conduct a physical inspection of the properties and facilities of Northeast Utilities or NSTAR and did not make or obtain any evaluations or appraisals of the assets or liabilities of Northeast Utilities or NSTAR. Furthermore, upon the advice of Northeast Utilities and its legal and accounting advisors, Barclays Capital assumed that (i) the merger would qualify as a reorganization within the meaning of Section 368(a) of the Code, and therefore as a tax-free transaction to the shareholders of Northeast Utilities; and (ii) the merger would be treated as a purchase of interests for accounting purposes and that certain purchase accounting adjustments provided to Barclays Capital by Northeast Utilities' management represented Northeast Utilities management's best estimates of the likely accounting treatment for the merger. Barclays Capital's opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, October 16, 2010. Barclays Capital assumed no responsibility for updating or revising its opinion based on events or circumstances that may occur after October 16, 2010. Barclays Capital expressed no opinion as to the prices at which Northeast Utilities common shares would trade following the announcement or consummation of the merger. Barclays Capital's opinion should not be viewed as providing any assurance that the market value of Northeast Utilities common shares to be held by the shareholders of Northeast Utilities after the consummation of the merger will be in excess of the market value of Northeast Utilities common shares owned by such shareholders at any time prior to the announcement or consummation of the merger.

Barclays Capital assumed that the executed merger agreement would conform in all material respects to the last draft reviewed by Barclays Capital. In addition, Barclays Capital assumed the accuracy of the representations and warranties contained in the merger agreement and all agreements related thereto. Barclays Capital also assumed, upon the advice of Northeast Utilities, that all material governmental, regulatory and third party approvals, consents and releases for the merger would be obtained within the constraints contemplated by the merger agreement and that the merger will be consummated in accordance with the terms of the merger agreement without waiver, modification or amendment of any material term, condition or agreement thereof. Barclays Capital did not express any opinion as to any tax or other consequences that might result from the merger, nor does its opinion address any legal, tax, regulatory or accounting matters, as to which Barclays Capital understood that Northeast Utilities obtained such advice as it deemed necessary from qualified professionals.

In connection with rendering its opinion, Barclays Capital performed certain financial, comparative and other analyses as summarized below. In arriving at its opinion, Barclays Capital did not ascribe a specific range of values to Northeast Utilities common shares but rather made its determination as to fairness, from a financial point of view, to Northeast Utilities of the exchange ratio on the basis of various financial and comparative analyses. The

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preparation of a fairness opinion is a complex process and involves various determinations as to the most appropriate and relevant methods of financial and comparative analyses and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to summary description.

In arriving at its opinion, Barclays Capital did not attribute any particular weight to any single analysis or factor considered by it but rather made qualitative judgments as to the significance and relevance of each analysis and factor relative to all other analyses and factors performed and considered by it and in the context of the circumstances of the merger. Accordingly, Barclays Capital believes that its analyses must be considered as a whole, as considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion.

The following is a summary of the material financial analyses used by Barclays Capital in preparing its opinion to Northeast Utilities' board of trustees. Certain financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses used by Barclays Capital, the tables must be read together with the text of each summary, as the tables alone do not constitute a complete description of the financial analyses. In performing its analyses, Barclays Capital made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Northeast Utilities or any other parties to the merger. None of Northeast Utilities, NSTAR, Merger Sub, Acquisition Sub, Barclays Capital or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth below. In addition, analyses relating to the value of the businesses do not purport to be appraisals or reflect the prices at which the businesses may actually be sold.

Barclays Capital is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. Northeast Utilities' board of trustees selected Barclays Capital because of its familiarity with Northeast Utilities and its qualifications, reputation and experience in the valuation of businesses and securities in connection with mergers and acquisitions generally, as well as substantial experience in transactions comparable to the merger.

Barclays Capital is acting as financial advisor to Northeast Utilities in connection with the merger. As compensation for its services in connection with the merger, Northeast Utilities has agreed to pay compensation to Barclays Capital totaling up to \$21.5 million, \$5.375 million of which is payable upon the public announcement of the merger agreement, an additional \$5.375 million payable upon receipt of the requisite Northeast Utilities' shareholder approval of the merger and the remaining \$10.75 million will be payable upon the closing of the transaction. If the merger agreement is terminated for any reason and Northeast Utilities is paid a termination fee by NSTAR pursuant to the merger agreement, then Northeast Utilities will pay, in lieu of the transaction fee, \$20.25 million termination fee. In addition, Northeast Utilities has agreed to reimburse Barclays Capital for expenses incurred in connection with the merger and to indemnify Barclays Capital for certain liabilities that may arise out of its engagement by Northeast Utilities and the rendering of Barclays Capital's opinion. Barclays Capital has performed various investment banking and financial services for Northeast Utilities in the past, and expects to perform such services in the future, and has received, and expects to receive, customary fees for such services. Specifically, in the past two years, Barclays Capital and its affiliates have: (i) provided strategic advisory services to Northeast Utilities under a prior defense/strategic advisory retainer engagement letter, (ii) acted as joint bookrunner on Northeast Utilities' \$383 million common equity follow-on offering in March 2009, (iii) acted as joint lead arranger on the refinancing of Northeast Utilities' (a) parent company \$500 million revolving credit facility and (b) operating company \$400 million revolving credit facility, each in September 2010, (iv) acted as joint bookrunner on a 5.5% \$250 million first mortgage bond offering for a wholly owned subsidiary of Northeast Utilities in February 2009, and (v) executed and/or acted as a counterparty

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on various hedging, derivative and other securities transactions. In the past two years, Barclays Capital has not performed any investment banking or financial services for NSTAR.

Barclays Capital and its affiliates engage in a wide range of businesses from investment and commercial banking, lending, asset management and other financial and non-financial services. In the ordinary course of its business, Barclays Capital and its affiliates may actively trade and effect transactions in the equity, debt and/or other securities (and any derivatives thereof) and financial instruments (including loans and other obligations) of Northeast Utilities and NSTAR and their respective affiliates for its own account and for the accounts of its customers and, accordingly, may at any time hold long or short positions and investments in such securities and financial instruments.

**Historical Trading Analysis**

Barclays Capital reviewed, for informational purposes, the daily closing share prices of NSTAR common shares and Northeast Utilities common shares for the two-year, one-year, 180-calendar-day, 40-trading-day, 30-trading-day, 20-trading-day, 10-trading-day and 5-trading-day periods ended October 15, 2010, and derived the historical exchange ratio reference range over such periods. The following table presents the implied exchange ratios during the periods covered and as of October 15, 2010, as compared to the exchange ratio in the merger of 1.312x:

<b>Historical Period</b>	<b>Daily Average Trading Ratios</b>
October 15, 2010	1.288x
5-Trading Days	1.288x
10-Trading Days	1.299x
20-Trading Days	1.312x
30-Trading Days	1.310x
40-Trading Days	1.311x
180-Calendar Days	1.334x
Last Twelve Months	1.339x
2 Years	1.382x

**Selected Comparable Company Analysis**

In order to assess how the public market values the stock of similar publicly traded companies and to provide a range of relative implied equity values per Northeast Utilities common share and NSTAR common share by reference to these companies, which could then be used to calculate implied exchange ratio ranges, Barclays Capital reviewed and compared specific financial data relating to Northeast Utilities and NSTAR with the following selected companies that Barclays Capital deemed comparable to Northeast Utilities and NSTAR:

Alliant Energy Corp.

CMS Energy Corp.

Consolidated Edison, Inc.

ITC Holdings Corp.

NV Energy Inc.

Pinnacle West Capital Corp.

Pepco Holdings, Inc.

SCANA Corp.

Westar Energy Inc.

Wisconsin Energy Corp.

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Barclays Capital calculated and compared various financial multiples and ratios of Northeast Utilities and NSTAR and the selected comparable companies. As part of its selected comparable company analysis, Barclays Capital calculated and analyzed each company's ratio of its current share price to its projected earnings per share, or EPS (commonly referred to as a price earnings ratio, or P/E). Barclays Capital calculated and analyzed each company's enterprise value to, in the case of the selected comparable companies, projected earnings before interest, taxes, depreciation and amortization, or EBITDA; in the case of Northeast Utilities, to projected earnings before interest, taxes, depreciation and allowance for funds used during construction (excluding the revenues associated with servicing the interest and amortization related to the securitized debt), or Northeast Utilities EBITDA, which was based on the Northeast Utilities Projections; and in the case of NSTAR, to projected earnings before interest, taxes, depreciation and amortization (excluding the revenues associated with servicing the interest and amortization related to the securitized debt), or NSTAR EBITDA, which was based on the NSTAR Projections. The enterprise value of each company was obtained by adding its short and long-term debt (excluding securitized debt) to the sum of the market value of its common equity, the value of any preferred stock, the book value of any minority interest and the present value of any off-balance sheet liabilities, and subtracting its cash and cash equivalents. Enterprise value calculations were performed, and based on publicly available financial data and closing prices, as of October 15, 2010, the last trading date prior to the delivery of Barclays Capital's opinion.

Barclays Capital selected the comparable companies listed above because their businesses and operating profiles are reasonably similar to that of Northeast Utilities. However, because of the inherent differences between the business, operations and prospects of Northeast Utilities and those of the selected comparable companies, Barclays Capital believed that it was inappropriate to, and therefore did not rely solely on the quantitative results of the selected comparable company analysis. Accordingly, Barclays Capital also made qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of Northeast Utilities and the selected comparable companies that could affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, growth prospects and degree of operational risk between Northeast Utilities and the companies included in the selected company analysis.

Based upon these judgments, Barclays Capital applied the ratios derived from the comparable public companies to corresponding financial data as provided in the Northeast Utilities Projections and NSTAR Projections. Barclays Capital calculated a range of implied equity values per Northeast Utilities common share and NSTAR common share which were then used to calculate a range of implied exchange ratios. The following table reflects the results of this analysis as compared to the exchange ratio in the merger of 1.312x:

	Firm Value to EBITDA				Share Price EPS			
	2011E		2012E		2011E		2012E	
Comparable Companies: Selected Range	7.7x	8.7x	7.0x	8.0x	13.2x	15.2x	11.7x	13.7x
Northeast Utilities	8.0x		7.8x		13.9x		13.1x	
NSTAR	8.5x		8.1x		14.9x		14.0x	
	Firm Value to EBITDA				Share Price EPS			
Implied Exchange Ratio	0.941x		1.505x		1.034x		1.394x	

**Discounted Cash Flow Analysis**

In order to estimate the present value of Northeast Utilities common shares and NSTAR common shares, Barclays Capital performed a discounted cash flow analysis of Northeast Utilities and NSTAR. A discounted cash flow analysis is a traditional valuation methodology used to derive a valuation of an asset by calculating the present value of estimated future cash flows of the asset. Present value refers to the current value of future cash flows or amounts and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macroeconomic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors.

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To calculate the estimated enterprise value of Northeast Utilities using the discounted cash flow method, Barclays Capital added (i) the present value of Northeast Utilities projected unlevered free cash flows for the period between June 30, 2010 and December 31, 2015 based on the Northeast Utilities Projections to (ii) the present value of the terminal value of Northeast Utilities as of December 31, 2015, which present values were discounted using a range of selected discount rates. The unlevered free cash flows were calculated by taking the tax-affected earnings before interest and taxes (excluding the revenues associated with servicing the interest related to the securitized debt), adding back the aggregate of depreciation and amortization (excluding the amortization related to the securitized debt), subtracting capital expenditures, adjusting for changes in working capital, deferred taxes and other operating cash flows not reflected on the income statement. The residual value of Northeast Utilities at the end of the forecast period, or terminal value, was estimated by applying a range of terminal value multiples based on 2010E EBITDA multiples of the companies in the selected comparable company analysis of 8.6x to 9.1x to a terminal EBITDA, which consisted of 2015E Northeast Utilities EBITDA adjusted to include a pro forma full year of revenue and earnings related to 2015 capital expenditures by assuming that returns on capital expenditures by Northeast Utilities in fiscal year 2015 were realized as if such capital expenditures were made on January 1, 2015, instead of June 30, 2015. The range of after-tax discount rates of 5.84% to 6.84% was selected based on an analysis of the weighted average cost of capital of Northeast Utilities and the comparable companies. Barclays Capital then calculated a range of implied equity values per Northeast Utilities common share by subtracting net debt (excluding securitized debt) as of June 30, 2010 from the estimated enterprise value using the discounted cash flow method and dividing such amount by the fully diluted number of Northeast Utilities common shares.

To calculate the estimated enterprise value of NSTAR using the discounted cash flow method, Barclays Capital added (i) the present value of NSTAR's projected unlevered free cash flows for the period between June 30, 2010 and December 31, 2015 based on the NSTAR Projections to (ii) the present value of the terminal value of NSTAR as of December 31, 2015, which present values were discounted using a range of selected discount rates. The unlevered free cash flows were calculated by taking the tax-affected earnings before interest and taxes (excluding the revenues associated with servicing the interest related to the securitized debt), adding back the aggregate of depreciation and amortization (excluding the amortization related to the securitized debt), subtracting capital expenditures, adjusting for changes in working capital, deferred taxes and other operating cash flows not reflected on the income statement. The residual value of NSTAR at the end of the forecast period, or terminal value, was estimated by applying a range of terminal value multiples based on 2010E EBITDA multiples of the companies in the selected comparable company analysis of 8.6x to 9.1x to a terminal EBITDA, which consisted of 2015E NSTAR EBITDA adjusted to include a pro forma full year of revenue and earnings related 2015 capital expenditures by assuming that returns on capital expenditures by NSTAR on the Northern Pass Line Project in fiscal year 2015 were realized as if such capital expenditures were made on January 1, 2015, instead of June 30, 2015. The range of after-tax discount rates of 5.65% to 6.65% was selected based on an analysis of the weighted average cost of capital of NSTAR and the comparable companies. Barclays Capital then calculated a range of implied equity values per NSTAR common share by subtracting net debt (excluding securitized debt) as of June 30, 2010 from the estimated enterprise value using the discounted cash flow method and dividing such amount by the fully diluted number of NSTAR common shares.

Based on the range of implied equity values per share calculated in the Northeast Utilities discounted cash flow analysis and NSTAR discounted cash flow analysis Barclays Capital calculated a range of implied exchange ratios for NSTAR common shares to Northeast Utilities common shares. The following table reflects the results of this analysis, as compared to the exchange ratio in the merger of 1.312x:

Implied Exchange Ratio	<b>Discounted Cash Flow Analysis</b>	
	1.148x	1.630x

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Barclays Capital reviewed selected estimated future financial information for Northeast Utilities and NSTAR to determine Northeast Utilities and NSTAR's relative contribution to the combined company after the merger. Barclays Capital analyzed Northeast Utilities' and NSTAR's relative contribution to estimated leverage adjusted EBITDA (which in the case of Northeast Utilities and NSTAR was calculated as Northeast Utilities EBITDA and NSTAR EBITDA, respectively), net income and cash flow from operations for each of the years 2011 through 2015 based on the Northeast Utilities Projections and the NSTAR Projections. Leverage adjusted EBITDA (which in the case of Northeast Utilities and NSTAR was calculated as Northeast Utilities EBITDA and NSTAR EBITDA, respectively) for each year reviewed was calculated by applying the EBITDA contribution percentage of one company to the sum of each company's total enterprise value and then subtracting out that company's projected net debt (excluding securitized debt) amount for that year.

Based on the relative contributions of Northeast Utilities and NSTAR to the combined company calculated in the contribution analysis, Barclays Capital determined a range of implied exchange ratios for NSTAR common shares to Northeast Utilities common shares. The following table reflects the results of the analysis, as compared to the exchange ratio in the merger of 1.312x:

	<b>Implied Exchange Ratio Based on Contributions to the Combined Company</b>
2011E Leverage Adjusted EBITDA (1)	1.318x
2012E Leverage Adjusted EBITDA (1)	1.495x
2013E Leverage Adjusted EBITDA (1)	1.353x
2014E Leverage Adjusted EBITDA (1)	1.567x
2015E Leverage Adjusted EBITDA (1)	1.481x
2011E Net Income	1.161x
2012E Net Income	1.136x
2013E Net Income	1.075x
2014E Net Income	1.082x
2015E Net Income	1.087x
2011E Cash Flow From Operations	1.312x
2012E Cash Flow From Operations	1.341x
2013E Cash Flow From Operations	1.308x
2014E Cash Flow From Operations	1.069x
2015E Cash Flow From Operations	0.952x
Low High Range	0.952x 1.567x

(1) In the case of Northeast Utilities and NSTAR, was calculated as Northeast Utilities EBITDA and NSTAR EBITDA, respectively.

**Pro Forma Merger Analysis**

Barclays Capital analyzed and considered the impact of the merger on (x) the estimated EPS of Northeast Utilities for each of the years 2012 through 2015, using the Northeast Utilities Projections and the NSTAR Projections and (y) the estimated EPS of Northeast Utilities for the years 2012 and 2013, using estimated EPS for Northeast Utilities and NSTAR for 2012 and 2013 based on consensus EPS estimates of the Institutional Brokers Estimate System, referred to in this joint proxy statement prospectus as I/B/E/S. Barclays Capital assumed that, among other things, (i) that the transaction would close on December 31, 2011, (ii) that the combined company would realize the benefits anticipated by the managements of Northeast Utilities and NSTAR to be realized in the merger, (iii) that an increase in Northeast Utilities' dividend following closing would occur, (iv) that the combined company would forego certain share repurchases and equity issuances, and (v) certain purchase accounting adjustments related to regulatory asset goodwill, holding company debt, and unregulated businesses.



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Based on this analysis, the merger is expected to result in an increase in EPS when compared to Northeast Utilities' estimated EPS in the Northeast Utilities Projections on a stand-alone basis in the years 2012 through 2015, and when compared to Northeast Utilities' I/B/E/S EPS estimates on a stand-alone basis in the years 2012 and 2013.

***Research Price Targets Analysis***

Barclays Capital considered publicly available research per share price targets for Northeast Utilities common shares and NSTAR common shares provided by equity research firms and calculated the implied exchange ratio range by dividing the lowest price target for NSTAR common shares by the highest price target for Northeast Utilities common shares for the low end of the range and dividing the highest price target for NSTAR common shares by the lowest price target for Northeast Utilities common shares for the high end of the range. The price targets published by the equity research firms do not necessarily reflect current market trading prices for NSTAR common shares and Northeast Utilities common shares and these estimates are subject to uncertainties, including the future financial performance of NSTAR and Northeast Utilities and future financial market conditions. The following table reflects the results of the analysis, as compared to the exchange ratio in the merger of 1.312x:

Implied Exchange Ratio	<b>52 Week Low/High</b>
<b>52 Week Low/ High Analysis</b>	1.001x 1.812x

Barclays Capital reviewed for informational purposes the 52-week low and 52-week high prices of Northeast Utilities common shares and NSTAR common shares as of October 15, 2010 and calculated the implied exchange ratio range by dividing the 52-week low price for NSTAR common shares by the 52-week high price for Northeast Utilities common shares for the low end of the range and dividing the 52-week high price for NSTAR common shares by the 52-week low price for Northeast Utilities common shares for the high end of the range. The following table reflects the results of the analysis, as compared to the exchange ratio in the merger of 1.312x:

Implied Exchange Ratio	<b>52 Week Low/High</b>
<i>Opinion of Lazard Frères &amp; Co. LLC</i>	1.001x 1.812x

In connection with the merger, on October 16, 2010, Lazard rendered its written opinion to the Northeast Utilities board of trustees that, as of such date, and based upon and subject to the assumptions, procedures, factors, qualifications and limitations set forth therein, the exchange ratio was fair, from a financial point of view, to Northeast Utilities.

**The full text of Lazard's written opinion, dated October 16, 2010, which sets forth the assumptions made, procedures followed, factors considered and qualifications and limitations on the review undertaken by Lazard in connection with its opinion, is attached to this joint proxy statement/prospectus as Annex C and is incorporated into this joint proxy statement/prospectus by reference. You are encouraged to read Lazard's opinion and this section carefully and in their entirety.**

Lazard's opinion was directed to the Northeast Utilities board of trustees for the information and assistance of the Northeast Utilities board of trustees in connection with its evaluation of the merger and addressed only the fairness as of the date of the opinion, from a financial point of view, of the exchange ratio to Northeast Utilities. Lazard's opinion was not intended to, and does not constitute, a recommendation to any shareholder as to how such shareholder should vote or act with respect to the merger or any matter relating thereto. Lazard's opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Lazard as of, the date of the opinion. Lazard assumed no responsibility for updating or revising its opinion based on circumstances or events occurring after the date of the opinion. Lazard did not express any opinion as to the prices at which Northeast Utilities common shares or NSTAR common shares may trade at any time subsequent to the announcement of the merger.

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In connection with its opinion, Lazard:

Reviewed the financial terms and conditions of a draft, dated October 15, 2010, of the merger agreement;

Analyzed certain publicly available historical business and financial information relating to NSTAR and Northeast Utilities;

Reviewed various financial forecasts and other data provided to Lazard by NSTAR, as adjusted by Northeast Utilities, relating to the business of NSTAR and financial forecasts and other data provided to Lazard by Northeast Utilities relating to the business of Northeast Utilities, certain publicly available financial forecasts and other data relating to the businesses of NSTAR and Northeast Utilities;

Held discussions with members of the senior management of NSTAR and Northeast Utilities with respect to the businesses and prospects of NSTAR and Northeast Utilities, respectively, and with respect to the benefits anticipated by the managements of Northeast Utilities and NSTAR to be realized from the merger;

Reviewed public information with respect to certain other companies in lines of business Lazard believed to be generally relevant in evaluating the businesses of NSTAR and Northeast Utilities, respectively;

Reviewed certain terms of certain business combinations involving companies in lines of business Lazard believed to be generally relevant in evaluating the businesses of NSTAR and Northeast Utilities, respectively;

Reviewed historical share prices and trading volumes of NSTAR common shares and Northeast Utilities common shares;

Reviewed the potential pro forma financial impact of the transaction on Northeast Utilities based on the financial forecasts referred to above related to Northeast Utilities and NSTAR; and

Conducted such other financial studies, analyses and investigations as Lazard deemed appropriate.

Lazard assumed and relied upon the accuracy and completeness of the foregoing information, without independent verification of such information. Lazard did not conduct any independent valuation or appraisal of any of the assets or liabilities (contingent or otherwise) of NSTAR or Northeast Utilities or concerning the solvency or fair value of NSTAR or Northeast Utilities, and Lazard was not furnished with such valuation or appraisal. With respect to the financial forecasts of NSTAR and Northeast Utilities that Lazard reviewed, Lazard assumed, with the consent of Northeast Utilities, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the managements of NSTAR or Northeast Utilities as to the future financial performance of NSTAR and Northeast Utilities, respectively. Lazard further assumed, with the consent of Northeast Utilities, that the financial forecasts will be realized in the amounts and at the times contemplated thereby. Lazard assumed no responsibility for, and expressed no view as to, such forecasts or the assumptions on which they were based.

In rendering its opinion, Lazard assumed, with the consent of Northeast Utilities, that the merger would be consummated on the terms described in the merger agreement, without any waiver or modification of any material terms or conditions. Representatives of Northeast Utilities advised Lazard, and Lazard assumed, that the merger agreement, when executed, would conform to the draft reviewed by Lazard in all material respects. Lazard also assumed, with Northeast Utilities' consent, that obtaining the necessary regulatory or third party approvals and consents for the transaction would not have an adverse effect on Northeast Utilities, NSTAR or the combined company. Lazard further assumed that the transaction would qualify for United States federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. Lazard did not express any opinion as to any tax or other consequences that might result from the transaction, nor did Lazard's opinion address

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any legal, tax, regulatory or accounting matters, as to which Lazard understood that Northeast Utilities had obtained such advice as it deemed necessary from qualified professionals. Lazard expressed no view or

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opinion as to any terms or other aspects or implications of the transaction (other than the exchange ratio to the extent expressly specified in the opinion). In addition, Lazard expressed no view or opinion as to the fairness of the amount or nature of, or any other aspects relating to, the compensation to any officers, trustees or employees of any parties to the transaction, or class of such persons, relative to the exchange ratio or otherwise.

Lazard is an internationally recognized investment banking firm providing a full range of financial advisory and other services. Lazard was selected to act as investment banker to Northeast Utilities because of its qualifications, expertise and reputation in investment banking and mergers and acquisitions, as well as its familiarity with the business of Northeast Utilities.

In connection with Lazard's services as financial advisor to Northeast Utilities with respect to the transaction, Northeast Utilities agreed to pay Lazard a fee in an amount equal to a percentage of the fair market value of the consideration paid to NSTAR shareholders as of the closing date of the merger plus assumed debt, of which one-quarter was payable upon public announcement of the transaction, one-quarter of which is payable upon receipt of the requisite approvals of the holders of NSTAR common shares and Northeast Utilities common shares with respect to the transaction and the remainder of which is payable upon the consummation of the transaction. Based on the fair market value of the consideration to be paid to NSTAR shareholders as of October 15, 2010, we estimate this aggregate amount to be \$10.2 million, but the exact amount of the fee will not be known until the merger is completed. Northeast Utilities has also agreed to reimburse Lazard for certain expenses incurred in connection with Lazard's engagement and to indemnify Lazard and certain related persons under certain circumstances against certain liabilities that may arise from or be related to Lazard's engagement, including certain liabilities under United States federal securities laws.

Lazard, as part of its investment banking business, is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, leveraged buyouts, and valuations for estate, corporate and other purposes. Lazard has been continuously retained by Northeast Utilities since January 2003 to provide financial advisory services. Lazard is currently providing and in the past has provided investment banking services to Northeast Utilities and certain of its affiliates for which Lazard has received and may receive compensation. In addition, in the ordinary course of their respective businesses, Lazard and LFCM Holdings LLC (an entity indirectly owned in large part by managing directors of Lazard) and their respective affiliates may actively trade securities of Northeast Utilities and/or the securities of NSTAR and certain of their respective affiliates for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities, and may also trade and hold securities on behalf of Northeast Utilities and NSTAR. The issuance of Lazard's opinion was approved by the opinion committee of Lazard.

In rendering its opinion, Lazard was not requested to consider, and its opinion does not address, the relative merits of the transaction as compared to any other transaction or business strategy in which Northeast Utilities might engage or the merits of the underlying decision by Northeast Utilities to engage in the transaction.

In connection with rendering its opinion, Lazard performed certain financial, comparative and other analyses that Lazard deemed appropriate in connection with rendering its opinion as summarized below under "Summary of Lazard Financial Analyses." The summary of the analyses and reviews described below under "Summary of Lazard Financial Analyses" is not a complete description of the analyses and reviews underlying Lazard's opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and review and the application of those methods to particular circumstances, and, therefore, is not readily susceptible to partial analysis or summary description. Considering selected portions of these analyses and reviews or the summary contained in "Summary of Lazard Financial Analyses," without considering the analyses and reviews as a whole, could create an incomplete or misleading view of the analyses and reviews underlying Lazard's opinion. In arriving at its opinion, Lazard considered the results of all of its analyses and reviews and did not attribute any particular weight to any factor, analysis or review considered by it; rather, Lazard made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses and reviews.

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For purposes of its analyses and reviews, Lazard considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Northeast Utilities and NSTAR. No company, business or transaction used in Lazard's analyses and reviews as a comparison is identical to Northeast Utilities, NSTAR, or the transaction, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses and reviews involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, businesses or transactions used in Lazard's analyses and reviews. The estimates contained in Lazard's analyses and reviews and the ranges of valuations resulting from any particular analysis or review are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by Lazard's analyses and reviews. In addition, analyses relating to the value of companies, businesses or securities do not purport to be appraisals or to reflect the prices at which companies, businesses or securities actually may be sold. Accordingly, the estimates used in, and the results derived from, Lazard's analyses are inherently subject to substantial uncertainty.

### ***Summary of Lazard Financial Analyses***

The following is a summary of the material financial analyses reviewed with the Northeast Utilities board of trustees in connection with Lazard's opinion, dated October 16, 2010. The summary of the analyses and reviews provided below includes information presented in tabular format. In order to fully understand Lazard's analyses and reviews, the tables must be read together with the full text of each summary. The tables alone do not constitute a complete description of Lazard's analyses and reviews. Considering the data in the tables below without considering the full description of the analyses and reviews, including the methodologies and assumptions underlying the analyses and reviews, could create a misleading or incomplete view of Lazard's analyses and reviews.

Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before October 15, 2010 and is not necessarily indicative of current market conditions.

### ***52 Week High Low Trading Prices***

Lazard reviewed, for informational purposes, the range of trading prices of NSTAR common shares and Northeast Utilities common shares for the 52 weeks ended on October 15, 2010. Based on such historical share price range, Lazard calculated the following implied exchange ratio reference range by dividing the low and high trading prices of NSTAR's common shares by the high and low trading prices of Northeast Utilities common shares during such period, as compared to the exchange ratio provided for in the merger:

#### **Implied Exchange Ratio Reference Range**

**52 Weeks Ended 10/15/10**  
1.001x 1.812x

**Exchange Ratio**  
1.312x

### ***Equity Research Analyst Price Targets***

Lazard also reviewed the low and high price targets for NSTAR common shares prepared and published by equity research analysts covering NSTAR. Lazard reviewed the most recent price target published by each analyst prior to October 15, 2010. These targets reflect each analyst's estimate of the future public market trading price of NSTAR's common shares at the time the price target was published. Lazard adjusted each price target to give effect to interim NSTAR dividends of \$0.425 per quarter and discounted the adjusted price target (net of expected dividends) to present value at a cost of equity of 8.0%.

Lazard also reviewed the low and high price targets for Northeast Utilities common shares prepared and published by equity research analysts covering Northeast Utilities. Lazard reviewed the most recent price target

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published by each analyst prior to October 15, 2010. These targets reflect each analyst's estimate of the future public market trading price of Northeast Utilities' common shares at the time the price target was published. Lazard adjusted each price target to give effect to interim Northeast Utilities dividends of \$0.275 per quarter, discounted to present value at a cost of equity of 8.0%.

Lazard calculated the exchange ratio implied by each analyst's price targets for NSTAR and Northeast Utilities by dividing the NSTAR price target by the Northeast Utilities price target. This analysis implied a range of exchange ratios of 0.963x to 1.463x based on price targets available as of October 15, 2010. Lazard noted that the merger agreement provided for an exchange ratio of 1.312x.

The price targets published by securities research analysts do not necessarily reflect current market trading prices for NSTAR common shares and Northeast Utilities common shares and these estimates are subject to uncertainties, including the future financial performance of NSTAR and Northeast Utilities, as well as future financial market conditions.

**Exchange Ratio Analysis**

In order to provide background information and perspective on the relationship between NSTAR and Northeast Utilities common shares, Lazard reviewed:

the ratio of the closing price of NSTAR common shares divided by the closing price of Northeast Utilities common shares on October 15, 2010, and

the ratio of average closing prices of NSTAR common shares divided by average closing prices of Northeast Utilities common shares computed over various periods ended October 15, 2010.

The results of Lazard's review are summarized in the following table:

	<b>Low Implied Exchange Ratio</b>	<b>Average Implied Exchange Ratio</b>	<b>High Implied Exchange Ratio</b>
As of October 15, 2010	1.288x	1.288x	1.288x
Five-trading-day average	1.283x	1.288x	1.293x
Ten-trading-day average	1.283x	1.299x	1.331x
Twenty-trading-day average	1.283x	1.312x	1.335x
Thirty-trading-day average	1.283x	1.310x	1.335x
Forty-trading-day average	1.283x	1.311x	1.335x
180-calendar-day average	1.283x	1.334x	1.379x
Last-twelve-months average	1.276x	1.339x	1.435x
Two-year average	1.276x	1.382x	1.597x

The review indicated a range of exchange ratios from 1.276x to 1.597x over the various periods, compared to an exchange ratio of 1.312x in the merger agreement.

**Selected Comparable Company Trading Analysis**

Lazard reviewed and analyzed certain financial information, valuation multiples and market trading data relating to selected comparable publicly-traded regulated electric and gas utility companies whose operations Lazard believed, based on its experience with companies in the regulated electric and gas utility industry to be similar to both NSTAR's and Northeast Utilities' operations for purposes of this analysis. Lazard then compared such information to the corresponding information for NSTAR and Northeast Utilities. While the selected group of companies represents a mix of comparable public companies that encompasses NSTAR's and Northeast Utilities' primary attributes, no company, independently or as part of a set, is identical to NSTAR or Northeast Utilities. The selected group of companies was as follows:

CH Energy Group, Inc.

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Consolidated Edison, Inc.

NorthWestern Corporation

Pepco Holdings, Inc.

PG&amp;E Corporation

UIL Holdings Corporation

Lazard calculated and compared various financial multiples and ratios of the selected companies, including, among other things, (i) the ratio of each company's enterprise value, calculated as the market capitalization of each company (based on each company's closing share price as of October 15, 2010), plus debt (excluding securitized debt), less cash, cash equivalents and marketable securities as of June 30, 2010, to its calendar year 2010, 2011 and 2012 estimated earnings before interest, taxes, depreciation and amortization (excluding, in the case of each of Northeast Utilities and NSTAR, the impact of any interest and amortization relating to securitized debt and, in the case of Northeast Utilities, allowance for funds used during construction), commonly referred to as EBITDA, and (ii) the ratio of each company's October 15, 2010 share price to its calendar year 2010, 2011 and 2012 estimated earnings per share EPS. The calendar year 2010, 2011 and 2012 estimated EBITDA for each of the selected companies listed above and used by Lazard in its analysis was based on I/B/E/S, which represents publicly available consensus estimates, adjusted to exclude securitized debt and related impacts. The calendar year 2010, 2011 and 2012 estimated EPS for the companies listed above and used by Lazard in its analysis was based on I/B/E/S, which represent publicly available consensus estimates. Lazard observed a range of enterprise value to 2010 estimated EBITDA multiples for these companies of 6.7x to 9.1x; enterprise value to 2011 estimated EBITDA multiples of 5.4x to 8.7x; and enterprise value to 2012 adjusted EBITDA multiples of 5.6x to 7.4x. Lazard observed a range of share price to 2010 estimated EPS multiples for these companies of 13.8x to 20.1x; share price to 2011 estimated EPS multiples of 12.7x to 16.0x; and share price to 2012 estimated EPS multiples of 12.0x to 14.7x.

Based on an analysis of the relevant metrics for each of the comparable companies, Lazard selected a reference range of (i) 8.00x to 8.50x for enterprise value to estimated 2010 EBITDA of the comparable companies; 7.75x to 8.25x for enterprise value to estimated 2011 EBITDA of the comparable companies; and 7.25x to 8.00x for enterprise value to estimated 2012 EBITDA of the comparable companies, and (ii) 13.5x to 15.5x for share price to 2010 estimated EPS of the comparable companies; 12.5x to 14.5x for share price to 2011 estimated EPS of the comparable companies; and 11.5x to 13.5x for share price to 2012 estimated EPS of the comparable companies. Lazard applied each such range of multiples to estimated calendar year 2010, 2011 and 2012 EBITDA for NSTAR and Northeast Utilities, respectively, included in the financial forecasts of NSTAR prepared by the management of NSTAR, which are referred to in this discussion as the "NSTAR management case" and the financial forecasts of Northeast Utilities prepared by management of Northeast Utilities, which are referred to in this discussion as the "Northeast Utilities management case," as well as to publicly available equity research estimates for NSTAR and Northeast Utilities, which are referred to in this discussion as the "street case." Based on the application of the enterprise value to EBITDA reference range to the NSTAR and Northeast Utilities management cases, Lazard estimated an implied value range for NSTAR common shares and an implied value range for Northeast Utilities common shares. In addition, based on the application of the enterprise value to EBITDA reference range to the street case, Lazard estimated an implied value range for NSTAR common shares and an implied value range for Northeast Utilities common shares. Lazard also noted that such value ranges indicated a range of implied exchange ratios, as compared to the exchange ratio provided in the merger agreement, of:

<b>Implied Exchange Ratio Reference Range</b>			<b>Exchange Ratio</b>
Based on NSTAR and Northeast Utilities Management Cases	1.073x	1.398x	1.312x
Based on Street Case	1.056x	1.385x	



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Based on the application of the share price to estimated EPS reference range to the NSTAR and Northeast Utilities management cases, Lazard estimated an implied value range for NSTAR common shares and an implied value range for Northeast Utilities common shares. In addition, based on the application of the share price to estimated EPS reference range to the street case, Lazard estimated an implied value range for NSTAR common shares and an implied value range for Northeast Utilities common shares. Lazard noted that such value ranges indicated a range of implied exchange ratios, as compared to the exchange ratio provided in the merger agreement, as follows:

<b>Implied Exchange Ratio Reference Range</b>			<b>Exchange Ratio</b>
Based on NSTAR and Northeast Utilities Management Cases	1.056x	1.413x	1.312x
Based on Street Case	1.048x	1.404x	

Lazard selected the companies reviewed in this analysis because, among other things, such companies operate similar businesses to those of NSTAR and Northeast Utilities. However, no selected company is identical to NSTAR or Northeast Utilities. Accordingly, Lazard believes that purely quantitative analyses are not, in isolation, determinative in the context of the merger and that qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of NSTAR, Northeast Utilities and the selected companies that could affect the public trading values of each also are relevant.

***Discounted Cash Flow Analysis***

Lazard performed a discounted cash flow analysis of each of NSTAR and Northeast Utilities, which is a valuation methodology used to derive a valuation of a company or asset by calculating the present value of estimated future cash flows of the company or asset. Future cash flows refers to projected unlevered free cash flows of the business, commonly referred to as ULFCF. Present value refers to the current value of future cash flows or amounts and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macroeconomic assumptions and estimates of risk, the opportunity cost of capital, capital structure, income taxes, expected returns and other appropriate factors. Lazard calculated the discounted cash flow value for NSTAR and Northeast Utilities as the sum of the net present value of:

the estimated future cash flow that the company will generate for the years 2011 through 2015; and

the estimated value of the company at the end of such period, or the terminal value.

The estimated future cash flow for each of the scenarios was based on the NSTAR management case and the Northeast Utilities management case. For its calculations, Lazard used discount rates ranging from 5.75% to 6.25% and 6.00% to 6.50% for NSTAR and Northeast Utilities, respectively. The discount rates applicable to NSTAR and Northeast Utilities were based on Lazard's judgment of the estimated range of weighted average cost of capital, based in part on each company's weighted cost to maturity of its long-term debt and each company's leverage. The terminal value of NSTAR and Northeast Utilities was calculated using various exit EBITDA multiples ranging from 8.0x to 8.5x for each of NSTAR and Northeast Utilities. The exit EBITDA multiples for NSTAR and Northeast Utilities were selected by Lazard by reference to enterprise value to EBITDA trading multiples calculated for NSTAR and Northeast Utilities as well as the enterprise value to EBITDA trading multiples of other regulated electric and gas utility companies that Lazard, based on its professional judgment, deemed comparable to NSTAR and Northeast Utilities for purposes of this analysis. The exit EBITDA multiple for NSTAR was then applied to NSTAR's estimated 2015 EBITDA, which Lazard adjusted, at the instruction of Northeast Utilities, to include a pro forma full year of revenue and earnings related to estimated 2015 capital expenditures by assuming that returns on capital expenditures by NSTAR on the Northern Pass Line Project in fiscal year 2015 were realized as if such capital expenditures were made on January 1, 2015, instead of June 30, 2015. The exit multiple for Northeast Utilities was then applied to Northeast Utilities' estimated 2015 EBITDA, which Lazard adjusted, at the instruction of Northeast Utilities, to include a pro forma full year of revenue and earnings related to estimated 2015 capital expenditures by assuming that

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returns on capital expenditures by Northeast Utilities in fiscal year 2015 would be realized as if such capital expenditures were made on January 1, 2015, instead of June 30, 2015. As part of the total implied equity value calculated for NSTAR, Lazard calculated and deducted from enterprise value the book value of the outstanding financial debt (excluding securitized debt) minus cash, cash equivalents and marketable securities. As part of the total implied equity value calculated for Northeast Utilities, Lazard calculated and deducted from enterprise value the book value of the outstanding financial debt minus cash, cash equivalents and marketable securities. Based on the foregoing, this analysis indicated the following implied exchange ratio reference ranges, as compared to the exchange ratio provided for in the merger agreement:

<b>Implied Exchange Ratio Reference Range</b>	<b>Exchange Ratio</b>
1.205x 1.589x	1.312x

**Contribution Analysis**

Lazard reviewed the relative contributions of NSTAR and Northeast Utilities to the following estimated financial and operating metrics of the combined company for 2010, 2011 and 2012, based on the NSTAR management case and the Northeast Utilities management case:

funds from operations;

EBITDA less interest; and

net income.

The implied exchange ratios resulting from the relative contribution analysis were as follows:

	<b>Implied Exchange Ratio</b>
Funds from operations for 2010E	1.315x
Funds from operations for 2011E	1.279x
Funds from operations for 2012E	1.327x
EBITDA less interest for 2010E	1.195x
EBITDA less interest for 2011E	1.127x
EBITDA less interest for 2012E	1.209x
Net income for 2010E	1.266x
Net income for 2011E	1.161x
Net income for 2012E	1.136x

Based on the foregoing, Lazard calculated the following implied exchange ratio reference range by taking the low (2011 estimated EBITDA less interest) and high (2012 estimated funds from operations) contribution ratio, as compared to the exchange ratio provided for in the merger agreement:

<b>Implied Exchange Ratio Reference Range</b>	<b>Exchange Ratio</b>
1.127x 1.327x	1.312x

**Pro Forma Merger Analysis**

Lazard analyzed the potential pro forma effect of the merger on Northeast Utilities' projected earnings per share and dividends per share for calendar years 2012, 2013, 2014 and 2015 using the NSTAR management case and the Northeast Utilities management case. Lazard assumed, among other things, (i) that the transaction would close on December 31, 2011, (ii) that the combined company would realize the benefits anticipated by the management of Northeast Utilities and NSTAR, (iii) an increase in Northeast Utilities' dividend following closing, (iv) that the

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combined company would forego certain share repurchases and equity issuances, and (v) certain purchase accounting adjustments related to regulatory asset goodwill, holding company debt, and unregulated businesses. Lazard noted that the merger is expected to be accretive to Northeast Utilities' earnings per share and dividends per share in each year.

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**NSTAR's Reasons for the Merger; Recommendation of NSTAR's Board of Trustees**

By unanimous vote at a meeting held on October 16, 2010, the NSTAR board of trustees determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and in the best interest of NSTAR and its shareholders and approved the merger agreement and the transactions contemplated thereby, including the merger. **The NSTAR board of trustees recommends that NSTAR shareholders vote FOR the proposal to adopt the merger agreement and approve the merger.**

In reaching the decisions to approve the merger agreement and the transactions contemplated thereby and to recommend that the NSTAR shareholders vote to adopt the merger agreement and approve the merger, the NSTAR board of trustees consulted with NSTAR's management and NSTAR's legal and financial advisors to assist the board of trustees with evaluation of the merger, and considered various factors with respect to the merger which are discussed below. The following discussion of the information and factors considered by the NSTAR board of trustees is not exhaustive. In view of the wide variety of factors considered by the NSTAR board of trustees in connection with its evaluation of the merger, the NSTAR board of trustees did not consider it practicable to, nor did it attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its decisions, rather, it reviewed the collection of factors in the aggregate. Individual members of the NSTAR board of trustees may have given different weight or priority to different factors. In considering the information and factors relating to the merger as a whole, the NSTAR board of trustees considered that overall such information and factors are favorable to, and in support of, its decisions and recommendations.

Among the principal information and factors considered by the NSTAR board of trustees, in consultation with NSTAR's management, as well as NSTAR's legal and financial advisors, were the following:

The NSTAR board of trustees considered the expectation that:

the merger will create a company with more resources and opportunities to better manage the energy needs of its customers and improve returns to shareholders, with the scope, expertise and financial resources to support the development of sustainable energy solutions that will support regional growth and benefit shareholders and the combined company's local communities and the New England region as a whole;

the combined company will have the financial strength to invest in growth, especially in capital intensive transmission, while maintaining the flexibility and liquidity necessary to weather cyclical economic conditions in the utility industry;

the merger will create many opportunities for NSTAR and Northeast Utilities to combine their resources and complementary strengths to improve service quality in their various service territories and make investment more cost effective, spread over a larger customer base, allowing investments that might not be economically feasible for NSTAR on a stand-alone basis;

the combined company will have an increased voice in the development of national energy policy and added strength in New England on behalf of its shareholders and customers.

The expectation that the combined company will be able to benefit from the technical expertise and experience of a broader and more diverse workforce and be better able to invest and deploy new technologies and support the development of renewable energy in New England. The NSTAR board of trustees believes the companies have complementary areas of expertise and the merger creates a company with best-in-class expertise in distribution and transmission.

The expected favorable effect the merger would have on NSTAR's customers and employees, specifically that the merger would allow the combined company to deploy combined resources of NSTAR and Northeast Utilities to create opportunities to strengthen service quality and adapt best procedures which, over time, will yield savings to customers and create additional opportunities for

employees.

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In addition to the strategic considerations described above, the NSTAR board of trustees also considered the following factors in making its decisions and recommendations:

The projected long-term financial results of NSTAR as a standalone company and the ability of NSTAR to achieve strategic goals previously established by the NSTAR board of trustees.

The structure of the transaction as a merger of equals, including the governance terms in the merger agreement providing that:

Mr. May would be the chief executive officer and, eighteen months after the completion of the merger, the chairman of the board of trustees of the combined company;

Mr. Shivery, Northeast Utilities chairman, president and chief executive officer, would initially be the non-executive chairman of the board of trustees of the combined company, a position he is expected to hold for a period of 18 months;

The combined company's board of trustees would have six independent trustees designated by NSTAR, which is the same number of independent trustees to be designated by Northeast Utilities;

The combined company's board committee assignments would be split evenly between designees from the NSTAR board of trustees and designees from the Northeast Utilities board of trustees; and

The remaining members of senior management reporting to Mr. May consist of an equal number of people from the two companies.

Terms of the merger agreement that provide for restrictions on each party's interim operations, the conditions to each party's obligation to complete the merger, the instances in which each party is permitted to terminate the merger agreement and the related termination fees payable by each party in the event of termination of the merger agreement under specified circumstances.

The fact that the exchange ratio of 1.312 Northeast Utilities common shares for each NSTAR common share is fixed, which the NSTAR board of trustees believed was consistent with market practice for mergers of this type and with the strategic purpose of the merger.

The fact that, based on the shares and convertible securities then outstanding, NSTAR shareholders would own approximately 43.7% of the combined company, and Northeast Utilities shareholders would own approximately 56.3% of the combined company immediately following the effective time of the merger.

Its knowledge of NSTAR's business, operations, financial condition, earnings and prospects and of Northeast Utilities' business, operations, financial condition, earnings and prospects.

The separate opinions of Goldman Sachs and Lexicon Partners attached as Annexes D and E, respectively, each dated October 16, 2010, rendered to NSTAR's board of trustees as to the fairness, from a financial point of view and as of such date, to holders of

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NSTAR common shares (other than, in the case of Goldman Sachs' opinion, Northeast Utilities and its affiliates) of the exchange ratio pursuant to the merger agreement, and the joint financial presentation of Goldman Sachs and Lexicon Partners to the board of trustees of NSTAR in connection with the rendering of their respective opinions, as more fully described in the section entitled "The Merger - Opinions of NSTAR's Financial Advisors" beginning on page 68.

The prevailing macroeconomic conditions and the economic environment of the geographical areas and industries in which Northeast Utilities and NSTAR operate, which the NSTAR board of trustees viewed as supporting the rationale for seeking a strategic transaction that should create a stronger, more diversified combined company that will be better positioned to support economic growth and renewable energy in New England.

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The strong commitment on the part of both parties to complete the merger pursuant to their respective obligations under the terms of the merger agreement, which was viewed as a factor in favor of the merger because the NSTAR board of trustees thought this made it more likely, once announced, that the merger would be completed.

Consideration of the terms of the merger agreement in consultation with NSTAR's legal advisors of the structure of the merger, the expectation that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code and other terms and conditions of the merger, including certain reciprocal provisions that could have the effect of discouraging acquisition proposals involving NSTAR or Northeast Utilities on a stand-alone basis.

The likelihood that the merger will be completed on a timely basis, including the likelihood that the merger will receive all necessary regulatory approvals without unacceptable conditions as well as the recent history of proposed mergers in the electric distribution industry. See the section entitled "The Merger Agreement - Conditions to Completion of the Merger" beginning on page 102 for a description of these matters.

The scope of the due diligence investigation conducted by NSTAR and evaluation of the results thereof including the potential that the merger could be accretive relative to NSTAR management's estimated stand-alone EPS for NSTAR for each of the years 2012, 2013, 2014 and 2015.

The coverage of identified risk areas in the representations and warranties in the merger agreement.

NSTAR management's recommendation in favor of the merger.

The fact that the combined company will have dual headquarters, one of which will be in Boston, Massachusetts.

## **Potential Risks**

The NSTAR board of trustees also considered potential risks and potentially negative factors concerning the merger in connection with its deliberations of the proposed transaction, including:

The possibility that the merger may not be completed or that completion may be unduly delayed for reasons beyond the control of NSTAR and/or Northeast Utilities including the risk that governmental entities may impose conditions on NSTAR and/or Northeast Utilities in order to gain approval for the merger and the potential length of the regulatory approval process.

The potential for diversion of management and employee attention and for increased employee attrition during the period prior to completion of the merger, and the potential effect of the merger on NSTAR's business and relations with customers, suppliers and regulators.

The risk that certain members of Northeast Utilities or NSTAR's senior management might choose not to remain employed with the combined company.

The fact that the merger agreement includes customary restrictions on the ability of NSTAR to solicit offers for alternative proposals or to engage in discussions regarding such proposals, subject to exceptions and termination provisions, which could have the effect of discouraging such proposals from being made or pursued. The NSTAR board of trustees understood that these provisions may have the effect of discouraging alternative proposals and may make it less likely that the transactions related to such proposals would



be negotiated or pursued.

The substantial transaction costs to be incurred in connection with the merger.

The risk of not realizing all of the anticipated strategic and other benefits between Northeast Utilities and NSTAR.

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The risks of the type and nature described under "Risk Factors" beginning on page 28, and "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 26.

The NSTAR board of trustees was also apprised of certain interests of NSTAR's executive officers in the merger that may differ from their interests as NSTAR shareholders, and the risk that these interests might influence their decision with respect to the merger. See the section entitled "The Merger - Additional Interests of NSTAR Trustees and Executive Officers in the Merger" beginning on page 86.

**Opinions of NSTAR's Financial Advisors**

*Opinion of Goldman, Sachs & Co.*

Goldman Sachs rendered its opinion to NSTAR's board of trustees that, as of October 16, 2010 and based upon and subject to the factors and assumptions set forth therein, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to the holders (other than Northeast Utilities and its affiliates) of NSTAR common shares.

**The full text of the written opinion of Goldman Sachs, dated October 16, 2010, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex D. Goldman Sachs provided its opinion for the information and assistance of NSTAR's board of trustees in connection with its consideration of the merger. The Goldman Sachs opinion is not a recommendation as to how any holder of NSTAR common shares should vote with respect to the merger or any other matter.**

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

the merger agreement;

annual reports to shareholders and Annual Reports on Form 10-K of NSTAR and Northeast Utilities for the five fiscal years ended December 31, 2009;

certain interim reports to shareholders and Quarterly Reports on Form 10-Q of NSTAR and Northeast Utilities;

certain other communications from NSTAR and Northeast Utilities to their respective shareholders;

certain publicly available research analyst reports for NSTAR and Northeast Utilities; and

certain internal financial analyses and forecasts for NSTAR prepared by its management and for Northeast Utilities prepared by its management, in each case, as approved for Goldman Sachs' use by NSTAR, and certain cost savings and operating synergies projected by the management of NSTAR to result from the merger, as approved for Goldman Sachs' use by NSTAR.

Goldman Sachs also held discussions with members of the senior management of NSTAR and Northeast Utilities regarding their assessment of the strategic rationale for, and the potential benefits of, the merger and the past and current business operations, financial condition and future prospects of their respective companies; reviewed the reported price and trading activity for the NSTAR common shares and the Northeast Utilities common shares; compared certain financial and stock market information for NSTAR and Northeast Utilities with similar information for certain other companies the securities of which are publicly traded; reviewed the financial terms of certain recent business combinations in the utility industry and in other industries; and performed such other studies and analyses, and considered such other factors, as it deemed appropriate.

For purposes of rendering the opinion described above, Goldman Sachs relied upon and assumed, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial,



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legal, accounting, tax and other information provided to, discussed with or reviewed by it and it does not assume any responsibility for any such information. In that regard, Goldman Sachs assumed with the consent of the board of trustees of NSTAR that the financial analyses and forecasts for NSTAR and Northeast Utilities prepared by their respective managements and NSTAR management's estimates of the cost savings and operating synergies expected to result from the merger were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company. Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of NSTAR or Northeast Utilities or any of their respective subsidiaries, nor was any evaluation or appraisal of the assets or liabilities of NSTAR or Northeast Utilities or any of their respective subsidiaries furnished to Goldman Sachs. Goldman Sachs assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on NSTAR or Northeast Utilities or on the expected benefits of the merger in any way meaningful to its analysis. Goldman Sachs has also assumed that the merger will be consummated on the terms set forth in the merger agreement, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to its analysis.

Goldman Sachs' opinion does not address the underlying business decision of NSTAR to engage in the merger or the relative merits of the merger as compared to any strategic alternatives that may be available to NSTAR; nor does it address any legal, regulatory, tax or accounting matters. Goldman Sachs was not authorized to, and did not, solicit any expressions of interest from any other parties with respect to an acquisition of, or other business combination with, NSTAR or any other alternative transaction. Goldman Sachs' opinion addresses only the fairness from a financial point of view, as of the date of the opinion, to the holders (other than Northeast Utilities and its affiliates) of NSTAR common shares of the exchange ratio pursuant to the merger agreement. Goldman Sachs' opinion does not express any view on, and does not address, any other term or aspect of the merger agreement or the merger or any term or aspect of any other agreement or instrument contemplated by the merger agreement or entered into or amended in connection with the merger, including, without limitation, the fairness of the merger to, or any consideration received in connection therewith by, the holders of any other class of securities, creditors, or other constituencies of NSTAR; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of NSTAR, or class of such persons, in connection with the merger, whether relative to the exchange ratio pursuant to the merger agreement or otherwise. Goldman Sachs' opinion was necessarily based on economic, monetary market and other conditions, as in effect on, and the information made available to it as of the date of the opinion and Goldman Sachs assumed no responsibility for updating, revising or reaffirming its opinion based on circumstances, developments or events occurring after the date of its opinion. In addition, Goldman Sachs did not express any opinion as to the prices at which the Northeast Utilities common shares will trade at any time or as to the impact of the merger on the solvency or viability of NSTAR or Northeast Utilities or the ability of NSTAR or Northeast Utilities to pay their respective obligations when they come due.

Goldman Sachs and its affiliates are engaged in investment banking and financial advisory services, securities trading, investment management, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage activities and other financial and non-financial activities and services for various persons and entities. In the ordinary course of these activities and services, Goldman Sachs and its affiliates may at any time make or hold long or short positions and investments, as well as actively trade or effect transactions, in the equity, debt and other securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of NSTAR, Northeast Utilities and any of their respective affiliates or any currency or commodity that may be involved in the merger for their own account and for the accounts of their customers. Goldman Sachs acted as financial advisor to NSTAR in connection with, and participated in certain of the negotiations leading to, the merger. Goldman Sachs has provided certain investment banking services to NSTAR and its affiliates from time to time for which the Investment Banking Division of Goldman Sachs has received, and may receive, compensation, including having acted as joint bookrunner in connection with the public offering by NSTAR Electric Company, a wholly owned subsidiary of NSTAR, of

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5.625% Debentures due 2014 (\$100 million aggregate principal amount) in February 2009, as joint bookrunner in connection with the public offering by NSTAR of 4.50% Debentures due 2019 (\$350 million aggregate principal amount) in November 2009, as co-manager in connection with the public offering by NSTAR Electric Company of 5.50% Debentures due 2040 (\$300 million aggregate principal amount) in March 2010, as financial advisor to NSTAR in connection with the sale of all the outstanding shares of Medical Area Total Energy Plant, Inc., a former subsidiary of NSTAR in June 2010. In addition, as publicly disclosed by NSTAR, on June 3, 2010, NSTAR entered into an accelerated share repurchase agreement with Goldman Sachs for the repurchase of \$125 million of NSTAR's common shares. Goldman Sachs may also in the future provide investment banking services to NSTAR, Northeast Utilities and their respective affiliates for which the Investment Banking Division of Goldman Sachs may receive compensation.

The board of trustees of NSTAR selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the merger. Pursuant to a letter agreement dated July 27, 2010, NSTAR engaged Goldman Sachs to act as its financial advisor in connection with a potential transaction. Pursuant to the terms of this engagement letter, NSTAR has agreed to pay Goldman Sachs a transaction fee of \$10 million, of which \$2.5 million was contingent upon the execution of the merger agreement, \$2.5 million is contingent upon approval of the merger by the holders of NSTAR common shares and \$5 million is contingent upon the consummation of the merger. If the merger is consummated, NSTAR may also pay Goldman Sachs a discretionary fee of \$2 million at NSTAR's sole discretion. In addition, NSTAR has agreed to reimburse Goldman Sachs for its expenses, including attorneys' fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

*Opinion of Lexicon Partners (US) LLC*

In connection with the merger, NSTAR retained Lexicon Partners to act as one of NSTAR's financial advisors. At a meeting of the NSTAR board of trustees held on October 16, 2010, Lexicon Partners rendered to the NSTAR board of trustees an oral opinion, confirmed by delivery of a written opinion dated October 16, 2010, to the effect that, as of such date and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in its opinion, the exchange ratio provided in the merger was fair, from a financial point of view, to holders of NSTAR common shares. The issuance of Lexicon Partners' opinion was approved by an authorized committee of Lexicon Partners. The full text of Lexicon Partners' written opinion dated October 16, 2010, which sets forth the assumptions made, procedures followed, matters considered, and qualifications and limitations on the opinion and the review undertaken in connection with rendering its opinion, is attached as Annex E to this joint proxy statement/prospectus and is incorporated herein by reference. **Lexicon Partners' opinion was provided to the NSTAR board of trustees (in its capacity as such) in connection with and for the purposes of its evaluation of the merger and addressed only the fairness, from a financial point of view, of the exchange ratio and no other matters. The opinion does not constitute a recommendation to any shareholder as to how any shareholder should vote or act with respect to the merger or any related matter. The summary of Lexicon Partners' opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of such opinion.**

For the purposes of arriving at its opinion, Lexicon Partners:

reviewed the merger agreement;

reviewed certain publicly available financial statements and other financial information and business and industry information relating to NSTAR and Northeast Utilities;

reviewed certain internal financial forecasts and other information and data relating to NSTAR and Northeast Utilities prepared by the managements of NSTAR and Northeast Utilities;

considered certain information relating to potential strategic, financial and operational benefits anticipated to result from the merger provided by, or discussed with, NSTAR's management;

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discussed with senior executives and members of the managements of NSTAR and Northeast Utilities the past and current business operations and the financial condition and prospects of NSTAR and Northeast Utilities, respectively;

reviewed certain publicly available financial and stock market data with respect to other companies that Lexicon Partners deemed generally relevant;

reviewed certain potential pro forma financial effects of the merger on the financial condition and prospects of Northeast Utilities, including relative to certain financial data of NSTAR and Northeast Utilities that Lexicon Partners deemed generally relevant;

reviewed the reported trading activity and prices of NSTAR common shares and Northeast Utilities common shares; and

performed such other financial analyses and reviewed such other information and considered such other factors Lexicon Partners deemed necessary or appropriate for the purpose of arriving at its opinion.

In arriving at its opinion, Lexicon Partners assumed and relied upon the completeness and accuracy of all information that was publicly available or was furnished or made available to, or discussed with, Lexicon Partners by NSTAR and Northeast Utilities or was otherwise reviewed or relied upon by Lexicon Partners. Lexicon Partners did not independently verify, and did not assume any responsibility for independent verification of, the completeness and accuracy of such information, which, if different than as provided to Lexicon Partners, could have a material impact on its analyses or opinion. With respect to the financial forecasts and other information and data utilized in Lexicon Partners analyses relating to NSTAR, Northeast Utilities and potential strategic, financial and operational benefits anticipated to result from the merger, Lexicon Partners was advised by the managements of NSTAR and Northeast Utilities and assumed, at NSTAR's direction, that such forecasts and other information and data were prepared to reflect the best currently available estimates and judgments of the managements of NSTAR and Northeast Utilities, as the case may be, as to the future financial performance of NSTAR and Northeast Utilities and such strategic, financial and operational benefits. Lexicon Partners assumed no responsibility for and expressed no view as to such financial forecasts and other information and data or the assumptions on which they are based. Lexicon Partners relied upon, with NSTAR's consent and without independent verification, the assessments of the managements of NSTAR and Northeast Utilities as to (i) the ability of NSTAR and Northeast Utilities to integrate their businesses and operations, (ii) regulatory matters relating to NSTAR and Northeast Utilities (including, without limitation, developments with respect to environmental laws and regulations and the timing and likely outcome of pending and future rate cases and other legal and regulatory proceedings), and (iii) market trends and prospects for the utility and electric transmission industry and the potential impact thereof on NSTAR and Northeast Utilities, and Lexicon Partners assumed, at NSTAR's direction, that there would be no developments with respect to any of the foregoing that would be material to its analyses or opinion.

Lexicon Partners assumed, with NSTAR's consent, that the merger would be consummated in accordance with the terms of the merger agreement without any waiver, modification or amendment of any material term, condition or agreement and in compliance with all applicable laws and other requirements. Lexicon Partners also assumed that the merger would qualify for United States federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. Lexicon Partners further assumed that all necessary governmental, regulatory and other consents or approvals required for the merger would be obtained without any material adverse effect on NSTAR, Northeast Utilities or the contemplated benefits of the merger. Lexicon Partners did not conduct, nor was Lexicon Partners furnished with, any independent valuation or appraisal of the assets or liabilities, including contingent liabilities and off-balance-sheet items, of NSTAR or Northeast Utilities, nor did Lexicon Partners evaluate the solvency or fair value of NSTAR or Northeast Utilities. Lexicon Partners is not a legal, regulatory, accounting or tax expert and Lexicon Partners relied upon, without independent verification, the assessments of NSTAR and Northeast Utilities as to such matters.

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Lexicon Partners' opinion was based on financial, economic, market and other conditions as in effect on, and the information made available to Lexicon Partners as of, the date of its opinion. Events or developments subsequent to the date of Lexicon Partners' opinion may affect Lexicon Partners' opinion, and Lexicon Partners does not assume any obligation to update, revise, or reaffirm its opinion.

Lexicon Partners expressed no opinion as to any terms or other aspects or implications of the merger (except for the exchange ratio to the extent expressly specified in its opinion), including, without limitation, the form or structure of the merger or any related agreements or arrangements. Lexicon Partners expressed no opinion with respect to the fairness (financial or otherwise) of the amount or nature of any compensation to any officers, directors or employees of any party to the merger, or any class of such persons, to be paid in the merger, relative to the exchange ratio or otherwise. Lexicon Partners' opinion is limited to the fairness, from a financial point of view, to the holders of NSTAR common shares of the exchange ratio in the merger, and Lexicon Partners expressed no opinion as to the fairness of the merger to, or any consideration to be received by, the holders of any other class of securities, creditors or other constituencies of NSTAR. Lexicon Partners did not express any opinion as to the prices at which NSTAR common shares or Northeast Utilities common shares will trade at any time in the future. Lexicon Partners also did not express any opinion regarding NSTAR's underlying decision to engage in the merger, the potential strategic alternatives that might be available to NSTAR or the relative merits of the merger as compared to any alternatives. Lexicon Partners' opinion did not constitute a recommendation to any holder of NSTAR common shares as to how such shareholder should vote or act with respect to the merger or any matter relating to the merger. Lexicon Partners was not authorized to and did not solicit indications of interest from any other third parties regarding a potential transaction involving all or any part of NSTAR. Except as described above, NSTAR imposed no other instructions or limitations on Lexicon Partners with respect to the investigations made or the procedures followed by it in rendering its opinion.

As part of its corporate financial advisory business, Lexicon Partners is regularly engaged to provide advisory services in connection with mergers and acquisitions, capital raising and financial restructuring. Lexicon Partners was selected by NSTAR as its financial advisor with respect to the merger on the basis of such experience and its reputation.

Lexicon Partners has acted as a financial advisor to NSTAR with respect to the merger and will receive a fee of \$5 million from NSTAR for its services, \$1.25 million of which was paid upon execution of the merger agreement, \$1.25 million of which is contingent upon approval of the merger by holders of NSTAR common shares and \$2.5 million of which is contingent upon completion of the proposed merger. In addition, under the terms of Lexicon Partners' engagement, NSTAR has agreed to reimburse Lexicon Partners for its reasonable expenses and indemnify Lexicon Partners for certain liabilities arising out of its engagement in connection with the merger. In the future, Lexicon Partners may seek to provide financial advisory services to NSTAR, Northeast Utilities and their subsidiaries and affiliates and Lexicon Partners may receive compensation relating to such future services.

*Joint Financial Analyses by NSTAR's Financial Advisors*

The following is a summary of the material financial analyses jointly presented by Goldman Sachs and Lexicon Partners, referred to collectively as NSTAR's financial advisors, to the board of trustees of NSTAR in connection with rendering their respective opinions described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by NSTAR's financial advisors, nor does the order of analyses described represent relative importance or weight given to those analyses by NSTAR's financial advisors. **Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of NSTAR's financial advisors' financial analyses.** The following quantitative information, to the extent that it is based on market data as it existed on or before October 15, 2010, which was the last business day prior to the date on which NSTAR's financial advisors delivered their respective opinions, is not necessarily indicative of current market conditions. For purposes of their analyses, NSTAR's financial advisors utilized stand-alone financial estimates for each of NSTAR and Northeast Utilities prepared by their respective managements and NSTAR management's estimates of the potential strategic, financial and operational

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benefits expected to result from the merger and information regarding the net debt and the number of fully-diluted common shares outstanding for NSTAR and Northeast Utilities contained in their respective most recent SEC filings.

*Selected Companies Analysis*

NSTAR's financial advisors calculated and compared multiples of share price to earnings per share, or P/E Multiples, for NSTAR and Northeast Utilities and other selected publicly traded electric transmission and distribution companies and for publicly traded local gas distribution companies.

The following were the publicly traded electric transmission and distribution companies other than NSTAR and Northeast Utilities selected for purposes of this analysis:

Consolidated Edison, Inc.

ITC Holdings Corp.

Pepco Holdings, Inc.

UIL Holdings Corporation

The following were the publicly traded local gas distribution companies selected for purposes of this analysis:

AGL Resources Inc.

Atmos Energy Corporation

New Jersey Resources Corporation

Northwest Natural Gas Company

Piedmont Natural Gas Company, Inc.

South Jersey Industries, Inc.

Southwest Gas Corporation

WGL Holdings, Inc.

Although none of the selected companies is directly comparable or identical to NSTAR or Northeast Utilities, the companies included were selected because they are publicly traded electric transmission and distribution companies or publicly traded local gas distribution companies, as



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applicable, with operations that for the purposes of this analysis may be considered to be generally relevant in evaluating those of NSTAR and Northeast Utilities.

For purposes of this analysis, NSTAR's financial advisors calculated, among other things, P/E Multiples for NSTAR, Northeast Utilities, the selected electric transmission and distribution companies and the selected local gas distribution companies using each company's closing share price on October 15, 2010 and publicly available consensus estimates published by the I/B/E/S, for that company's estimated earnings per share, or EPS, for calendar years 2011 and 2012. The results of these calculations are summarized below:

Share Price as a Multiple of:	NSTAR	Northeast Utilities	Selected Electric Transmission and Distribution Companies (and NSTAR and Northeast Utilities)		Selected Local Gas Distribution Companies	
			Range	Median	Range	Median
2011 EPS	14.9x	14.0x	13.8x-18.4x	14.4x	12.3x-17.7x	15.6x
2012 EPS	14.4x	13.0x	12.9x-14.9x	13.9x	11.6x-18.3x	14.9x

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Based on the P/E Multiples summarized above and utilizing their professional judgment and experience, NSTAR's financial advisors derived and applied selected ranges of reference 2011 and 2012 P/E Multiples of 13.5x to 16.0x in the case of 2011 P/E Multiples and 12.5x to 14.5x in case of 2012 P/E Multiples to estimates of 2011 and 2012 EPS for NSTAR and Northeast Utilities prepared by their respective managements. The following table indicates the resulting illustrative range of implied exchange ratios derived from this analysis and the exchange ratio pursuant to the merger agreement:

<b>Illustrative Implied Exchange Ratio Range</b>	<b>Merger Agreement Exchange Ratio</b>
0.995x - 1.448x	1.312x

*Illustrative Sum-of-the-Parts Analysis*

NSTAR's financial advisors performed an illustrative sum-of-the-parts analysis of each of NSTAR and Northeast Utilities utilizing the portion of each company's management's estimated 2012 EPS attributed by its management to the business segments of that company.

The following were the business segments of NSTAR utilized for purposes of this analysis:

electric transmission and distribution,

local gas distribution, and

corporate/other.

The following were the business segments of Northeast Utilities utilized for purposes of this analysis:

electric transmission,

electric distribution and generation,

local gas distribution, and

corporate/other.

Based on the P/E Multiples summarized above under "Selected Company Analysis" and utilizing their professional judgment and experience, NSTAR's financial advisors derived and applied selected ranges of reference 2012 P/E Multiples of (i) 13.5x to 15.5x to the portion of estimated 2012 EPS of Northeast Utilities attributable to its electric transmission business segment, (ii) 12.5x to 14.5x to the portion of estimated 2012 EPS of NSTAR attributable to its electric transmission and distribution business segment, (iii) 12.5x to 14.5x to the portion of estimated 2012 EPS of Northeast Utilities attributable to its electric distribution and generation business segment, (iv) 13.5x to 16.0x to the portion of estimated 2012 EPS of NSTAR and Northeast Utilities attributable to their respective local gas distribution business segments, and (v) 12.5x to 14.5x to the portion of estimated 2012 EPS of NSTAR and Northeast Utilities attributable to their respective corporate/other business segments. The following table indicates the resulting illustrative range of implied exchange ratios derived from this analysis and the exchange ratio pursuant to the merger agreement:

<b>Illustrative Implied Exchange Ratio Range</b>	<b>Merger Agreement Exchange Ratio</b>
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0.951x 1.298x

1.312x

74

**Table of Contents****Relative Contribution Analysis**

NSTAR's financial advisors compared the implied relative contributions of NSTAR and Northeast Utilities to the combined company's common equity market capitalization based on the fully-diluted common equity market capitalization of each of NSTAR and Northeast Utilities calculated using the respective closing prices for the common shares of each of NSTAR and Northeast Utilities on October 15, 2010. NSTAR's financial advisors also compared the implied relative contributions of each of NSTAR and Northeast Utilities to the combined company's net income and funds from operations, defined as cash flow from operations less working capital expense, using estimates of net income and funds from operations for each of NSTAR and Northeast Utilities on a stand-alone basis for the years 2011 through 2015 prepared by their respective managements. The following table indicates the resulting illustrative implied exchange ratios derived from this analysis and the exchange ratio pursuant to the merger agreement:

	Implied Relative Contributions		Illustrative Implied Exchange Ratio
	Northeast Utilities	NSTAR	
<b>Equity Market Capitalization</b>	56.8%	43.2%	1.288x
<b>Net Income</b>			
2011E	59.3%	40.7%	1.162x
2012E	59.8%	40.2%	1.136x
2013E	61.1%	38.9%	1.075x
2014E	61.0%	39.0%	1.082x
2015E	60.9%	39.1%	1.087x
<b>Funds From Operations</b>			
2011E	56.9%	43.1%	1.280x
2012E	56.0%	44.0%	1.327x
2013E	56.2%	43.8%	1.320x
2014E	61.0%	39.0%	1.082x
2015E	63.4%	36.6%	0.976x

**Range of Illustrative Implied Exchange Ratios:**

0.976x 1.327x

**Merger Agreement Exchange Ratio**

1.312x

**Illustrative Stand-Alone Discounted Cash Flow Analysis**

NSTAR's financial advisors performed an illustrative discounted cash flow analysis of each of NSTAR and Northeast Utilities. In performing this analysis, NSTAR's financial advisors used estimates of stand-alone unlevered free cash flows and estimates of stand-alone terminal earnings before interest, taxes, depreciation and amortization, or EBITDA, for each of NSTAR and Northeast Utilities prepared by their respective managements. The estimates of stand-alone terminal EBITDA reflected the estimates of stand-alone 2015 EBITDA for each of NSTAR and Northeast Utilities prepared by its respective management as adjusted per NSTAR management to include, in the case of NSTAR, a pro forma full year of earnings related to estimated 2015 capital expenditures by assuming that returns on capital expenditures by NSTAR on the Northern Pass Line Project in 2015 were realized as if such capital expenditures were made on January 1, 2015, instead of June 30, 2015, and in the case of Northeast Utilities, a pro forma full year of earnings related to estimated 2015 capital expenditures by assuming that returns on capital expenditures by Northeast Utilities in 2015 would be realized as if such capital expenditures were made on January 1, 2015, instead of June 30, 2015.

For purposes of this analysis, NSTAR's financial advisors discounted to present value as of December 31, 2010 (i) estimates of stand-alone unlevered free cash flows for each of NSTAR and Northeast Utilities for the years 2011 through 2015 and (ii) illustrative terminal values of NSTAR and Northeast Utilities on a stand-alone basis as of December 31, 2015 derived by multiplying estimates of NSTAR's and Northeast Utilities' respective

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terminal EBITDA by multiples ranging from 8.0x to 9.5x. These estimates of unlevered free cash flows and illustrative terminal values were discounted to present value using illustrative discount rates ranging from 4.25% to 5.50%, reflecting estimates of the weighted average cost of capital of each of NSTAR and Northeast Utilities.

The following table indicates the resulting illustrative range of implied exchange ratios derived from this analysis and the exchange ratio pursuant to the merger agreement:

<b>Illustrative Implied Exchange Ratio Range</b>	<b>Merger Agreement Exchange Ratio</b>
1.195x 1.346x	1.312x

***Illustrative Pro Forma Discounted Cash Flow Analysis***

NSTAR's financial advisors performed an illustrative discounted cash flow analysis of the pro forma combined company, giving effect to the potential strategic, financial and operational benefits estimated by NSTAR management to result from the merger. In performing this analysis, NSTAR's financial advisors used estimates of unlevered free cash flows and estimates of terminal EBITDA for the combined company derived based on the stand-alone estimates for NSTAR and Northeast Utilities prepared by their respective managements, as adjusted, in the case of estimated terminal EBITDA, as described above under *Illustrative Stand-Alone Discounted Cash Flow Analysis*, and NSTAR management's estimates of the potential strategic, financial and operational benefits expected to result from the merger. For purposes of this analysis, NSTAR's financial advisors discounted to present value as of December 31, 2010 (i) estimates of unlevered free cash flows for the years 2011 through 2015 for the pro forma combined company, and (ii) illustrative terminal values of the pro forma combined company as of December 31, 2015 derived by multiplying the pro forma combined company's estimated terminal EBITDA by multiples ranging from 8.0x to 9.5x. These estimated unlevered free cash flows and illustrative terminal values were discounted to present value using illustrative discount rates ranging from 4.25% to 5.50%, reflecting estimates of the weighted average cost of capital of each of NSTAR and Northeast Utilities. The indications of the implied present values per share of the pro forma combined company derived from this analysis were multiplied by 1.312 in order to calculate indications of the implied present values attributable to an outstanding NSTAR share based on the exchange ratio pursuant to the merger agreement. The following table indicates the illustrative range of percentages by which the indications of implied present values derived from this analysis attributable to an outstanding NSTAR share based on the exchange ratio pursuant to the merger agreement could be potentially greater than the corresponding indications of the implied present values per NSTAR share derived from the illustrative stand-alone discounted cash flow analysis of NSTAR described above under *Illustrative Stand-Alone Discounted Cash Flow Analysis* :

**Illustrative Range of Indicative NSTAR Per**

<b>Share Value Increase Percentage</b>
1.26% 7.95%

***Pro Forma EPS Accretion Analysis***

NSTAR's financial advisors compared (i) NSTAR management's estimated stand-alone EPS for NSTAR for each of the years 2012, 2013, 2014 and 2015 to (ii) estimated EPS of the pro forma combined company for each of those years (derived based on the stand-alone estimates for NSTAR and Northeast Utilities prepared by their respective managements and NSTAR management's estimates of the potential strategic, financial and operational benefits expected to result from the merger) multiplied by the merger exchange ratio of 1.312, to determine the implied accretion resulting from the proposed merger relative to stand-alone EPS for NSTAR in the observed years. This analysis indicated that the merger could be accretive relative to NSTAR management's estimated stand-alone EPS for NSTAR for each of the years 2012, 2013, 2014 and 2015. The actual results achieved by the combined company may vary from projected results and the variations may be material.

**Table of Contents*****Illustrative Pro Forma Share Value Indications Analysis***

NSTAR's financial advisors calculated indications of implied per share values of the pro forma combined company by applying each of the following illustrative 2012 P/E Multiples to an estimate of 2012 EPS for the pro forma combined company (derived based on the stand-alone estimates for NSTAR and Northeast Utilities prepared by their respective managements and NSTAR management's estimates of the potential strategic, financial and operational benefits expected to result from the merger):

14.4x, reflecting NSTAR's closing share price on October 15, 2010 as a multiple of the most recent consensus EPS estimate for NSTAR for 2012 published by I/B/E/S;

13.0x, reflecting Northeast Utilities' closing share price on October 15, 2010 as a multiple of the most recent consensus EPS estimate for Northeast Utilities for 2012 published by I/B/E/S; and

13.6x, derived based on the respective multiples referenced above and the expected pro forma share ownership of NSTAR and Northeast Utilities' respective shareholders in the combined company based on the merger exchange ratio of 1.312.

The indications of implied per share values derived from this analysis were multiplied by 1.312 in order to calculate indications of implied values attributable to an outstanding NSTAR share based on the exchange ratio pursuant to the merger agreement. The following table indicates the illustrative percentages by which the indication of the implied values derived from this analysis attributable to an outstanding NSTAR share based on the exchange ratio provided for in the merger could be greater than NSTAR's closing share price on October 15, 2010:

<b>Illustrative 2012E P/E Multiple</b>	<b>Illustrative Indications of NSTAR Per Share Value Increase Percentage</b>
14.4x (NSTAR)	13.6%
13.0x (Northeast Utilities)	2.4%
13.6x (Blended)	7.3%

***Illustrative Pro Forma Future Share Price Analysis***

NSTAR's financial advisors compared illustrative future share prices of the pro forma combined company as of the end of calendar years 2012, 2013 and 2014 multiplied by the merger exchange ratio of 1.312 with illustrative future share prices of NSTAR on a stand-alone basis as of the end of each such calendar years, in each case assuming that all dividends are re-invested at the prevailing illustrative year end future share price. The following illustrative P/E Multiples were applied to estimates of EPS of the pro forma combined company for the next 12 months immediately after the end of each of calendar years 2012, 2013 and 2014 (derived based on the stand-alone estimates for NSTAR and Northeast Utilities prepared by their respective managements and NSTAR management's estimates of the potential strategic, financial and operational benefits expected to result from the merger):

15.0x, reflecting NSTAR's closing share price on October 15, 2010 as a multiple of the most recent consensus EPS estimate published by I/B/E/S for NSTAR for the 12 month period ending September 30, 2011;

14.2x, reflecting Northeast Utilities' closing share price on October 15, 2010 as a multiple of the most recent consensus EPS estimate for Northeast Utilities published by I/B/E/S for the 12 month period ending September 30, 2011; and

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14.6x, derived based on the P/E Multiples for NSTAR and Northeast Utilities referenced above and the expected pro forma share ownership of NSTAR and Northeast Utilities' respective shareholders in the combined company based on the merger exchange ratio of 1.312.

To calculate illustrative future share prices of NSTAR on a stand-alone basis as of the end of calendar years 2012, 2013 and 2014, a P/E Multiple of 15.0x was applied to NSTAR management's estimated stand-alone EPS for NSTAR for the next 12 months immediately after the end of such calendar years.

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The following table indicates the illustrative percentages by which illustrative future share prices of the pro forma combined company derived from this analysis multiplied by the merger exchange ratio of 1.312 could be greater than illustrative future share prices of NSTAR on a stand-alone basis:

Illustrative P/E Multiple	Illustrative Future Price Percentage Increase Per Share of NSTAR		
	2012	2013	2014
15.0x (NSTAR)	11.4%	8.6%	7.3%
14.2x (Northeast Utilities)	5.5%	3.1%	2.1%
14.6x (Blended)	8.1%	5.5%	4.4%

**General**

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying the respective opinions of Goldman Sachs and Lexicon Partners. In arriving at their respective fairness determinations, Goldman Sachs and Lexicon Partners each considered the results of all of its analyses, and did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis for purposes of its opinion and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs and Lexicon Partners each made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses assessed as a whole. No company used in the above analyses as a comparison is directly comparable or identical to NSTAR or Northeast Utilities, and an evaluation of the results of the analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or other values of the companies analyzed.

These analyses were jointly prepared by Goldman Sachs and Lexicon Partners for purposes of providing their respective opinions to NSTAR's board of trustees. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of NSTAR, Northeast Utilities, Goldman Sachs, Lexicon Partners or any other person assumes responsibility if future results are materially different from those forecast.

Goldman Sachs and Lexicon Partners' respective opinions to NSTAR's board of trustees were among many factors taken into consideration by NSTAR's board of trustees in making its determination to approve the merger agreement and should not be viewed as determinative of the views of NSTAR's board of trustees or management with respect to the merger or the merger consideration, NSTAR's value or whether the NSTAR board of trustees would have been willing to agree to different or other forms of consideration. The exchange ratio was determined through arm's-length negotiations between NSTAR and Northeast Utilities and was approved by NSTAR's board of trustees. Goldman Sachs and Lexicon Partners did not recommend any specific exchange ratio to NSTAR or its board of trustees or that any specific exchange ratio constituted the only appropriate exchange ratio for the merger.

The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs or Lexicon Partners in connection with their respective fairness opinions and is qualified in its entirety by reference to the written opinions of Goldman Sachs and Lexicon Partners attached as Annex D and Annex E, respectively.



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**Certain Unaudited Prospective Financial Information Utilized by Northeast Utilities and NSTAR**

Northeast Utilities and NSTAR are including in this joint proxy statement/prospectus certain financial forecasts that Northeast Utilities and NSTAR prepared for their respective boards of trustees in connection with the proposed merger. These financial forecasts also were provided to Northeast Utilities and NSTAR's respective financial advisors and utilized in the financial analyses performed in connection with rendering their respective opinions. See Opinions of Northeast Utilities' Financial Advisors beginning on page 49 and Opinions of NSTAR's Financial Advisors beginning on page 68. NU and NSTAR do not as a matter of course make public projections as to prospective financial information. These financial forecasts were not prepared with a view toward public disclosure and are not in compliance with the guidelines established by the SEC. The inclusion of this information in this joint proxy statement/prospectus should not be regarded or considered as an indication by Northeast Utilities, NSTAR or any other recipient of this information, that such information is necessarily predictive of future results. The inclusion of the financial forecasts in this joint proxy statement/prospectus shall not be deemed an admission or representation by Northeast Utilities or NSTAR that such information is material.

The financial forecasts of Northeast Utilities and NSTAR included in this joint proxy statement/prospectus were prepared by, and are the responsibility of, Northeast Utilities management and NSTAR management, respectively, and are unaudited. Neither Northeast Utilities nor NSTAR's independent auditors, nor any other independent registered public accounting firm, have compiled, examined or performed any procedures with respect to the prospective financial information contained in the financial forecasts, nor have they expressed any opinion or given any form of assurance on the financial forecasts or their achievability and assume no responsibility for, and disclaim any association with, the prospective financial information. Furthermore, the financial forecasts:

were prepared in July 2010;

make numerous assumptions, as further described below, many of which reflect factors that are beyond the control of Northeast Utilities and NSTAR and may not prove to be accurate;

do not necessarily reflect revised prospects for Northeast Utilities and NSTAR's businesses, changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the forecasts were prepared;

are not necessarily indicative of current values or future performance, which may be significantly more favorable or less favorable than as set forth below;

do not give effect to the merger; and

should not be regarded as a representation that the financial forecasts will be achieved.

These financial forecasts were prepared by the respective managements of Northeast Utilities and NSTAR based on information they had at the time of preparation and are not a guarantee of future performance. These financial forecasts were prepared solely for use by Northeast Utilities and NSTAR's respective boards and financial advisors and are subjective in many respects and thus subject to interpretation. In connection with their respective consideration of the financial forecasts, each of the Northeast Utilities board of trustees and the NSTAR board of trustees, in accordance with its customary practice, believed that it was reasonable to rely on the financial forecasts prepared by each company's management but did not make any formal determination that such financial forecasts were accurate or complete. Neither Northeast Utilities nor NSTAR can assure you that their respective financial forecasts will be realized or that their respective future financial results will not materially vary from the financial forecasts. The financial forecasts cover multiple years and such information by its nature becomes less predictive with each succeeding year.

The financial forecasts were prepared on reasonable assumptions at the time and do not take into account any circumstances or events occurring after the date they were prepared. Northeast Utilities and NSTAR do not intend to update or revise the financial forecasts. The financial forecasts are forward-looking statements. For



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more information on factors which may cause Northeast Utilities and NSTAR's future financial results to materially vary from those projected in the financial forecasts, see *Cautionary Statement Concerning Forward-Looking Statements* beginning on page 26 and *Risk Factors* beginning on page 28, as well as Northeast Utilities and NSTAR's respective Annual Report on Form 10-K for the year ended December 31, 2009, Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 and respective future SEC filings for a description of risk factors with their respective businesses, results of operations and financial condition.

*Northeast Utilities Unaudited Prospective Financial Information*

In the course of their mutual due diligence, Northeast Utilities provided NSTAR with non-public financial forecasts for the years ending December 31, 2010, 2011, 2012, 2013, 2014 and 2015, which forecasts are collectively referred to as the Northeast Utilities forecast. The key factor in Northeast Utilities performance is the general economic condition of the electric and gas transmission and distribution markets Northeast Utilities serves and the ability to execute on and achieve its strategic plan. The Northeast Utilities forecast makes certain assumptions, including the assumed return on equity rates and equity capital structure authorized by the utility commissions that regulate Northeast Utilities transmission and distribution businesses for periods after the applicable current rate settlements expire in the various regulated markets Northeast Utilities serves, as well as future capital expenditures being incorporated into customer rates.

*Northeast Utilities Forecasts*

	2010E	2011E	Year Ended December 31,		2014E	2015E
			2012E	2013E		
			(\$ in millions)			
Net Income	\$ 353	392	428	476	517	565
Capital Expenditures (1)	\$ 981	1,163	1,322	1,440	1,494	1,188

(1) Includes allowance for funds used during construction debt.

**NORTHEAST UTILITIES DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE ABOVE NORTHEAST UTILITIES FORECAST TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE WHEN MADE OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING SUCH NORTHEAST UTILITIES FORECAST ARE NO LONGER APPROPRIATE.**

*NSTAR Unaudited Prospective Financial Information*

In the course of their mutual due diligence, NSTAR provided Northeast Utilities with non-public financial forecasts for the years ending December 31, 2010, 2011, 2012, 2013, 2014 and 2015, which forecasts are collectively referred to as the NSTAR forecast. The key factors in NSTAR's performance are the general economic condition of the electric and gas transmission and distribution markets NSTAR serves, the outcome of future regulatory proceedings before the Massachusetts Department of Public Utilities and management of NSTAR's costs including the capital investments necessary to maintain and improve high quality customer service. The NSTAR forecast makes certain assumptions regarding these factors and regarding NSTAR's ability to achieve the return on equity authorized by the utility agencies that regulate its transmission and distribution businesses.

**Table of Contents***NSTAR Forecast*

	2010E	2011E	Year Ended December 31,		2014E	2015E
			2012E	2013E		
			(\$ in millions)			
Net Income (1)	\$ 264	269	287	302	331	363
Capital Expenditures	\$ 377	455	436	396	413	396

(1) Excludes gain on sale of MATEP in 2010.

**NSTAR DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE ABOVE UNAUDITED PROSPECTIVE FINANCIAL INFORMATION TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE WHEN MADE OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING SUCH UNAUDITED PROSPECTIVE FINANCIAL INFORMATION ARE NO LONGER APPROPRIATE.**

**Corporate Governance Following the Merger**

*Board of Trustees.* The merger agreement provides that, upon completion of the merger, the board of trustees of the combined company will consist of fourteen members including (a) seven designees of Northeast Utilities (which will include Charles W. Shivery, chairman, president and chief executive officer of Northeast Utilities) and (b) seven designees of NSTAR (which will include Thomas J. May, chairman, president and chief executive officer of NSTAR). At the time of this filing, the other six designees of each of Northeast Utilities and NSTAR have not been determined. In addition, upon completion of the merger, each of the audit, compensation, executive, finance and governance committees of the board of trustees will consist of an equal number of trustees designated by Northeast Utilities, and NSTAR, respectively. The chair of the audit and governance committees of the board of trustees shall be designated by Northeast Utilities and the chair of the compensation and finance committees of the board of trustees shall be designated by NSTAR. Mr. Shivery will be the chair and Mr. May will be a member of the executive committee of the board of trustees. In addition, Northeast Utilities will designate the lead trustee.

*Chairman.* Upon completion of the merger, Mr. Shivery will serve as non-executive chairman of the combined company for a period of 18 months at which time Mr. May will become chairman of the combined company.

*Executive Officers.* Upon completion of the merger, the corporate leadership team of the combined company will consist of Thomas J. May as president and chief executive officer; Gregory B. Butler as senior vice president and general counsel; Christine M. Carmody as senior vice president of human resources; James J. Judge as executive vice president and chief financial officer; David R. McHale as executive vice president and chief administrative officer; Joseph R. Nolan, Jr. as senior vice president of corporate relations; and Leon J. Olivier as executive vice president and chief operating officer. For further discussion of the material interests of executive officers of Northeast Utilities and NSTAR in the merger that may be in addition to, or different from, their interests as shareholders, see the sections entitled *The Merger Additional Interests of Northeast Utilities Trustees and Executive Officers in the Merger* and *The Merger Additional Interests of NSTAR Trustees and Executive Officers in the Merger* beginning on pages 82 and 86.

*Headquarters.* Following completion of the merger, the combined company will have dual corporate headquarters located in Hartford, Connecticut and Boston, Massachusetts.

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### **Additional Interests of Northeast Utilities Trustees and Executive Officers in the Merger**

In considering the recommendation of the Northeast Utilities board of trustees with respect to the merger, Northeast Utilities shareholders should be aware that the executive officers and trustees of Northeast Utilities have certain interests in the merger that may be different from, in addition to, or conflict with the interests of Northeast Utilities shareholders generally. The Northeast Utilities board of trustees was aware of these interests and considered them, among other matters, in approving the merger agreement and the merger and making its recommendation that the Northeast Utilities shareholders approve the merger agreement, the merger and the related proposals. These interests are described below.

#### ***Continued Service on Board of Trustees***

In addition to Mr. Shivery, who will serve as the non-executive chairman of the board of trustees of the combined company for 18 months following the completion of the merger, the other current members of the Northeast Utilities board of trustees who continue to serve as such after completion of the merger will be eligible for the compensation payable by Northeast Utilities from time to time to its trustees.

#### ***Treatment of Equity and Performance Cash Awards***

Under the Northeast Utilities incentive plans and programs, upon approval by the Northeast Utilities shareholders of the merger agreement and the merger, Northeast Utilities equity and performance cash awards then held by its executive officers and that were granted before the execution of the merger agreement will be subject to the following treatment.

#### ***Restricted Share Units***

In the event of a termination of employment before age 65 by Northeast Utilities without cause or by the executive officer for good reason during the period beginning with the approval by Northeast Utilities shareholders of the merger and merger agreement and ending on the second anniversary of the completion of the merger, the Northeast Utilities restricted share units then held by the executive officer will be immediately fully vested and distributed in Northeast Utilities common shares six months following such termination date. Mr. Shivery has attained age 65; accordingly upon his termination of employment for any reason, awards granted during a year preceding the termination will vest in full and awards granted during the year of termination will vest on a pro-rata basis.

Non-employee members of the Northeast Utilities board of trustees receive an annual grant of restricted share units in January of each year that generally vest, subject to continued service, one year later. However, if trustees whose service on the board terminates for any reason other than cause, any unvested restricted share units vest and (subject to any applicable deferral election) will be distributed in full to any trustee whose service terminates after attaining age 65 and on a pro-rated basis to any trustee who has not yet reached age 65. All of the Northeast Utilities non-employee trustees other than Messrs. Booth and Leibler and Ms. Cleveland have attained the age of 65.

#### ***Performance Units***

Upon completion of the merger, the extent of satisfaction of the performance goals applicable to performance shares and performance cash (collectively, performance units) for any performance periods not yet completed generally will be measured based on performance through completion of the merger and payment generally will be made on a pro-rata basis (based on the portion of the applicable performance period that had been completed upon completion of the merger) following the end of the original performance period conditioned upon continued employment through such date. However, if an executive officer experiences a qualifying termination of employment (a termination of employment before age 65 by Northeast Utilities without cause or by the executive officer for good reason) before completion of the original performance period, the awards will be vested at target performance levels and paid out without pro-ration upon such termination.

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Subject to completion of the merger, Northeast Utilities intends to grant to each executive officer whose awards are paid on a pro-rated basis as described in the preceding paragraph an award of additional restricted share units with a value equal to the value of the executive officer's performance units outstanding at target immediately before the completion of the merger that are attributable to the portion of the applicable performance periods extending beyond the completion of the merger.

*Summary Table*

The following table shows, for each executive officer and each non-employee trustee, as applicable, as of October 29, 2010, (i) the number of restricted share units held by him or her (exclusive of the restricted share units granted as retention awards as described in the section entitled Northeast Utilities Retention Plan on page 85), (ii) the value of such restricted share units assuming a value of \$31.28 per share of Northeast Utilities common shares (its closing price on the NYSE on October 29, 2010), (iii) the target value of the Northeast Utilities performance cash units held by him or her, (iv) the target number of Northeast Utilities performance share units held by him or her, and (v) the value of such performance share units assuming a value of \$31.28 per share of Northeast Utilities common shares (its closing price on the NYSE on October 29, 2010):

Name	Number of Unvested Restricted Share Units (1)	Value of Restricted Share Units at Assumed Share Value (\$)	Value of Performance Cash Units at Target (\$)	Number of Performance Share Units at Target	Value of Performance Share Units at Assumed Share Value (\$)	Total (\$)
<i>Executive Officers</i>						
Charles W. Shivery	79,567	2,488,856	4,269,384	81,535	2,550,415	9,308,655
David R. McHale	19,876	621,721	1,064,050	20,679	646,839	2,332,610
Leon J. Olivier	19,872	621,596	1,056,251	21,664	677,650	2,355,497
Gregory B. Butler	15,049	470,733	839,420	16,031	501,450	1,811,603
James B. Robb	9,991	312,518	549,987	10,504	328,565	1,191,070
Jay S. Buth	3,543	110,825	60,357	2,412	75,447	246,629
Jean M. LaVecchia	6,662	208,387	363,462	7,290	228,031	799,880
<i>Non-employee Trustees</i>						
Richard H. Booth	3,085	96,499				96,499
John S. Clarkeson	3,085	96,499				96,499
Cotton M. Cleveland	3,085	96,499				96,499
Sanford Cloud, Jr.	3,085	96,499				96,499
John G. Graham	3,085	96,499				96,499
Elizabeth T. Kennan	3,085	96,499				96,499
Kenneth R. Leibler	3,085	96,499				96,499
Robert E. Patricelli	3,085	96,499				96,499
John F. Swope	3,085	96,499				96,499
Dennis R. Wraase	3,056	95,592				95,592

(1) Exclusive of retention grants as described in the section entitled Northeast Utilities Retention Plan on page 85.

**Severance Arrangements**

The executive officers of Northeast Utilities, other than Messrs. Shivery, McHale and Butler, are entitled to severance benefits upon a qualifying termination of employment (as described below) within two years following the approval by Northeast Utilities shareholders of the merger. Mr. Shivery is not entitled to severance benefits because he ceased being entitled to such benefits upon attaining age 65. Messrs. McHale and Butler are entitled to severance benefits upon a qualifying termination of employment without regard to whether Northeast Utilities shareholders approve the merger or the merger is completed because the merger does not constitute a change in

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control within the meaning of the agreements. These benefits are described more fully below and are those that are in addition to the compensation and benefits to which the executives are otherwise entitled upon a voluntary termination of employment without regard to the merger or approval of the merger agreement.

### *Special Severance Program*

Mr. Olivier and Mrs. LaVecchia participate in the Special Severance Program for Officers of Northeast Utilities System Companies, which provides that, in the event of a qualifying termination of employment (termination by Northeast Utilities other than for cause or by the executive officer for good reason) within two years following the approval by Northeast Utilities shareholders of the merger, the executive officer will be entitled to the following benefits:

a lump sum severance payment equal to the sum of the executive officer's base salary and target annual incentive in each case for the most recent full calendar year preceding termination (or the calendar year preceding the year of the merger, if greater);

as consideration for a one-year post-termination non-competition and non-solicitation covenant, a lump sum payment equal to the sum of the executive officer's base salary and target annual incentive, in each case for the most recent full calendar year preceding (or the calendar year preceding the year of the merger, if greater); and

health benefits continuation for two years at active employee rates and payments to offset taxes incurred on all such benefits provided in excess of those provided to employees in general.

Pursuant to a supplemental agreement between Northeast Utilities and Mr. Olivier, Mr. Olivier is also entitled to a special retirement payment upon a qualifying termination of employment within two years following the approval by Northeast Utilities shareholders of the merger.

### *Employment Agreements with Messrs. Robb and Buth*

Messrs. Robb and Buth are each party to an employment agreement with Northeast Utilities providing that, in the event of a qualifying termination of employment (termination by the executive officer for good reason within two years following the approval by Northeast Utilities shareholders of the merger, or by Northeast Utilities other than for cause), the executive officer will be entitled to the following:

a lump sum severance payment equal to one-half the sum of the executive officer's base salary and target annual incentive, in each case for the most recent full calendar year preceding termination; and

as consideration for a one-year post-termination non-competition and non-solicitation covenant, a lump sum payment equal to one-half the sum of the executive officer's base salary and target annual incentive, in each case for the most recent full calendar year preceding termination.

### *Employment Agreements with Messrs. Butler and McHale*

Messrs. Butler and McHale are each party to an employment agreement with Northeast Utilities providing that, in the event of a qualifying termination of employment (termination by Northeast Utilities other than for cause) or upon nonrenewal of the agreement by Northeast Utilities, the executive officer will be entitled to the following:

a lump sum severance payment equal to the sum of the executive officer's annualized base salary and target annual incentive, in each case for the year termination occurs (or the preceding year if greater);

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as consideration for a two-year post-termination non-competition and non-solicitation covenant, a lump sum payment equal to the sum of the executive officer's annualized base salary and target annual incentive, in each case for the year termination occurs (or the preceding year if greater);

health benefits continuation for two years at active employee rates and payments to offset taxes incurred on all such benefits provided in excess of those provided to employees in general;



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cash value of the cost to Northeast Utilities of providing active long-term disability and life insurance benefits for two years;

reimbursement of certain fees for financial planning and tax preparation services for two years;

benefits as if provided under Northeast Utilities' supplemental executive retirement plan determined without regard to eligibility requirements for the target benefit, including subsidized early retirement and the addition of two years to the executive officer's age and years of service; and

subsidized early retirement pension benefits.

Moreover, because they would be retirement eligible if they are terminated involuntarily by Northeast Utilities without cause, each of Messrs. Butler and (after 2010) McHale are entitled pursuant to the terms of Northeast Utilities' annual incentive plan to a prorated annual incentive (based upon actual performance results), and under, Northeast Utilities' retiree health plan, to retiree health benefits.

**Summary Table**

The following table sets forth the approximate amount of the foregoing benefits determined as if the merger had been approved by the Northeast Utilities shareholders (for executive officers other than Messrs. McHale and Butler) and each executive officer experienced a qualifying termination of employment as of October 29, 2010. The actual amounts payable will vary depending on the timing of any qualifying termination and the applicable amount of salary and annual incentives earned by the executive officers. As a result, the actual amounts, if any, to be received by an executive officer may differ in material respects from the amounts set forth below.

Name	Cash Severance (\$)	Separation Payment for Non-Compete/Non-Solicit (\$)	Pro-Rated Annual Incentive Benefit (\$)	Health & Welfare and Fringe Benefits (\$)*	Supplemental Retirement Benefits (*) (\$)	Total (\$)
Charles W. Shivery						
David R. McHale	866,250	866,250	301,875	69,273	4,167,017	6,270,665
Leon J. Olivier	907,500	907,500		20,940	532,128	2,368,068
Gregory B. Butler	671,530	671,530	234,018	151,675	2,789,661	4,518,414
James B. Robb	300,000	300,000				600,000
Jay S. Buth	151,875	151,875				303,750
Jean M. LaVecchia	430,234	430,234		11,090		871,558

(\*) Represents the actuarial present value of the additional amounts payable to the executive officers by reason of a qualifying termination of employment.

**Northeast Utilities Retention Plan**

On November 16, 2010, Northeast Utilities established a retention pool in an aggregate amount of \$10 million to be allocated to key employees, including some or all of the executive officers, to help ensure their continued dedication to Northeast Utilities both before and after completion of the merger. Awards to executive officers are established by the compensation committee of the board of trustees, are in the form of restricted share units and generally vest subject to three years of continuous service following completion of the merger. Full payment will also be made if an eligible executive dies, becomes disabled, or is terminated by Northeast Utilities without cause before the end of the retention period, in which case the retention payment will be reduced by the amount of any cash severance payable to the executive upon or during the year following termination. On November 16, 2010, the compensation committee granted retention awards to the following executive officers: Mr. Butler, 48,077 restricted share units; Mr. McHale, 64,103 restricted share units; Mr. Olivier, 48,077 restricted share units; and Mr. Robb,

32,052 restricted share units.

**Table of Contents*****Potential Additional Long-Term Incentive Awards***

The compensation committee of the Northeast Utilities board of trustees (and, in the case of Mr. Shivery, the compensation committee and the board of trustees as a whole) generally grant long-term incentive compensation opportunities to the Northeast Utilities executive officers during the first quarter of each year. The trustees anticipate that the value of the grants to be made to some or all of the executive officers during 2011 may exceed the typical value historically granted to them to reflect, among other things, the contributions of the executives in regard to the merger. The value of such grants, if any, has not yet been determined, nor have any assurances been offered to any executive officer that such grants will in fact be made.

***Nonqualified Deferred Compensation Plan***

Northeast Utilities maintains the Northeast Utilities Deferred Compensation Plan for Executives, in which its executive officers are eligible to participate. Pursuant to the terms of the plan, upon completion of the merger the executive officers' account balances attributed to matching contributions will vest in full and, in the event that an executive officer terminates employment for any reason within two years following completion of the merger, the executive officer's account will be distributed in a single cash lump sum. The following table shows the executive officers' unvested and vested balances attributed to elective deferrals and matching contributions under the plan as of October 29, 2010.

Name	Value of Unvested Account Balance (\$)	Value of Vested Account Balance (\$)
Charles W. Shivery	67,835	425,969
David R. McHale		7,494
Leon J. Olivier	25,971	1,396,452
Gregory B. Butler		23,773
James B. Robb	13,954	33,739
Jay S. Buth	4,280	3,887
Jean M. LaVecchia	5,440	40,564

**Additional Interests of NSTAR Trustees and Executive Officers in the Merger**

In considering the recommendation of the NSTAR board of trustees to NSTAR shareholders to vote in favor of adopting the merger agreement and the approval of the merger, you should be aware that NSTAR's trustees and executive officers have financial interests in the merger that may be different from, in addition to, or may conflict with the interests of NSTAR shareholders generally. The board of trustees was aware of and considered these potential interests, among other matters, in evaluating and negotiating the merger agreement and in making its recommendation that the NSTAR shareholders approve the merger agreement, the merger and the related transactions.

As described in more detail below, these potential interests include certain payments and benefits that may be provided to the executive officers upon termination of their employment under certain circumstances following the merger as provided in their respective change in control agreements, including accelerated vesting of annual and long-term incentive awards, enhanced cash severance, enhanced supplemental executive retirement plan (SERP) benefits and certain other termination benefits that the completion of the merger would not affect.

Thomas J. May, the president and chief executive officer of NSTAR will, pursuant to the merger agreement, become the president and chief executive officer of the combined company and will remain on the board of trustees of the combined company. In addition, six non-employee NSTAR directors will serve on the board of trustees of the combined company and will be eligible for the compensation payable by Northeast Utilities from time to time to its trustees.

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### ***Potential Payments in Connection with the Merger***

The completion of the merger will constitute a change in control for purposes of NSTAR's incentive plans, non-qualified deferred compensation plans and change in control agreements.

### ***Treatment of Equity Awards for Executive Officers and Trustees***

Under the terms of these NSTAR plans and agreements, and the merger agreement, the NSTAR options and other equity-based awards held by executives at the time of the merger will be subject to the following treatment. Under the terms of the NSTAR incentive plans, in the event of a change in control, all awards granted prior to the execution of the merger agreement that are outstanding but not then exercisable will immediately vest and become exercisable, and restrictions and conditions on all awards outstanding will automatically lapse or be deemed waived. Upon completion of the merger, each award of NSTAR performance shares that was granted under the NSTAR equity incentive compensation plans prior to the execution of the merger and that is outstanding immediately prior to the completion of the merger will vest at the target level of performance.

### ***NSTAR Options***

Each NSTAR option held by executive officers that is outstanding immediately before completion of the merger will be converted into an option to acquire, on the same terms and conditions as were applicable to the NSTAR option prior to the merger (after giving effect to any acceleration of vesting as a result of the merger), a number of Northeast Utilities common shares equal to the product of the number of NSTAR common shares subject to the NSTAR option and the exchange ratio, at an exercise price per share obtained by dividing the per share exercise price of the NSTAR option by the exchange ratio, rounded up to the nearest cent.

### ***NSTAR Performance Share and Deferred Stock Awards***

Upon completion of the merger, each performance share and deferred stock award that is outstanding immediately prior to the completion of the merger, together with shares equivalent to dividends that have accrued since the date of grant, will be converted into a number of Northeast Utilities common shares equal to the product of the number of NSTAR common shares underlying the performance share or deferred stock award and the exchange ratio. Upon completion of the merger, the shares underlying each performance share award (that have vested as a result of the merger), together with shares equivalent to dividends that have accrued on such shares since the date of grant, will be deemed delivered and will be converted into a number of Northeast Utilities common shares equal to the product of the number of NSTAR common shares subject to the award and the exchange ratio. For additional discussion of NSTAR equity awards, please see the section entitled "The Merger - Treatment of NSTAR Options and Equity-based Awards" beginning on page 91.

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The following table sets forth, as of October 29, 2010, (1) the number of stock options held by each NSTAR executive officer and trustee whose vesting will accelerate upon the consummation of the merger and the weighted average exercise price of such options, (2) the total in the money value of those options assuming a value of \$41.71 per share of NSTAR common shares (its closing price on the NYSE as of October 29, 2010), (3) the number of deferred stock awards whose restrictions will lapse upon the completion of the merger (exclusive of deferred NSTAR shares awarded as retention grants as described in the section entitled NSTAR Retention Plan on page 90) and (4) the number of performance shares (at the target performance level) whose restrictions will lapse upon the completion of the merger. The value of such awards could change depending on the price per share of NSTAR common shares immediately prior to the completion of the merger.

Name	Number of Shares Subject to Unvested Options	Weighted Average Exercise Price Per Option Share (\$)	Value of Options at Assumed Share Value (\$)	Number of Deferred Stock Awards(2)	Value of Deferred Stock Awards at Assumed Share Value (\$)(1)	Number of Performance Shares at Target	Value of Performance Shares at Assumed Share Value at Target (\$)(1)	Total (\$)
<i>Executive Officers</i>								
Thomas J. May	289,000	34.3282	2,133,330	70,400	2,936,384	102,400	4,271,104	9,340,818
James J. Judge	64,667	34.3618	475,189	15,767	657,642	23,350	973,929	2,106,759
Douglas S. Horan	62,667	34.3324	462,329	14,583	608,257	21,350	890,509	1,961,095
Werner J. Schweiger	62,667	34.3324	462,329	14,583	608,257	21,350	890,509	1,961,095
Joseph R. Nolan, Jr.	29,667	34.3500	218,349	7,633	318,372	11,300	471,323	1,008,045
Christine M. Carmody	23,000	34.5636	164,367	5,550	231,491	7,350	306,569	702,426
Robert J. Weafer, Jr.	16,000	34.3883	117,147	3,917	163,378	5,750	239,833	520,358
<i>Non-employee Trustees</i>								
Gary L. Countryman								
Thomas G. Dignan, Jr.								
James S. DiStasio								
Charles K. Gifford								
Matina S. Horner								
Paul A. La Camera								
William C. Van Fasen								
Gerald L. Wilson								

(1) Excludes value of dividends accrued since the date of grant.

(2) Exclusive of retention grants as described in the section entitled NSTAR Retention Plan on page 90.

**Severance Arrangements for NSTAR Executive Officers**

NSTAR executive officers do not have employment agreements and do not participate in a formal severance program. Each NSTAR executive officer is party to a Change in Control Agreement, which provides severance benefits in the event of a qualifying termination of employment (an involuntary termination other than for cause or a resignation by the executive officer for good reason) within 24 months following a change in control. Each of Mr. Judge, Mr. Schweiger, Ms. Carmody and Mr. Nolan have acknowledged that the contemplated terms of his or her employment with the combined company, and similar terms and conditions, do not constitute good reason for a voluntary termination under the terms of their respective Change in Control Agreements. In the event of a qualifying termination of employment, the Change in Control Agreements provide that the executive officers of NSTAR are entitled to the following:

a lump sum severance payment equal to three times (two times in the case of Mr. Weafer) the executive officer's base salary at the higher of the rate in effect immediately prior to the date of termination or in effect immediately prior to the change in control plus an amount equal to three times (two times in the case of Mr. Weafer) the higher of the actual bonus paid to the executive officer under

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the NSTAR annual incentive bonus plan for the most recently completed fiscal year or the executive officer's target bonus award under the annual incentive bonus plan for the fiscal year in which the termination occurs;

a bonus payment in an amount equal to the target annual bonus payment for the year of termination, prorated for the number of days the executive officer was employed during such year;

any unexercised options then outstanding will remain exercisable until the earlier of five years following such termination and the latest date on which such option could have been exercised;

immediate vesting and payment of SERP and deferred compensation benefits;

an additional payment equal to the incremental increase assuming two or three additional years of service under the SERP and NSTAR pension plan;

continued subsidized participation in welfare benefit plans for three years (two years in the case of Mr. Weafer); and

for certain executive officers, a gross-up payment for any golden parachute excise taxes for which the executive officer may be liable in respect of the benefits received by the executive officer that are contingent upon the completion of the merger.

Pursuant to Ms. Carmody's agreement, the lump sum severance payment and payment of the value of three additional years of service under the SERP as provided under the agreement are limited to 2.99 times the sum of her most recent annual base salary and annual bonus during the period prior to the date of termination.

Based on compensation and benefit levels as of November 15, 2010 and assuming that the merger is consummated on October 31, 2011, and that each executive officer's employment is terminated by the combined company without cause or by the executive officer for good reason at that time, the executive officers would be entitled to receive the following cash severance payments and other benefits under their Change in Control Agreements. The actual amounts payable will vary depending on the timing of the completion of the merger and any qualifying termination and the applicable amount of salary and bonus earned by the executive officers.

Name	Severance Payment (\$)	Pro-Rata Bonus Payment (\$)	Value of Continued Welfare Benefits (\$)	Present Value of Additional Non- Qualified Retirement Benefits (\$)	280G Gross-Up Payment(1) (\$)	Total (\$)
Thomas J. May	8,610,000	891,178	243,303	420,039		10,164,520
James J. Judge	3,078,000	237,870	98,823	1,499,023	2,225,600	7,139,315
Douglas S. Horan	2,865,000	222,378	72,090	167,765		3,327,233
Werner J. Schweiger	2,865,000	222,378	97,755	1,179,054	2,419,130	6,783,317
Joseph R. Nolan, Jr.	1,872,000	125,181	93,918	769,831	1,204,587	4,065,517
Christine M. Carmody	1,518,920	106,067	39,294		853,671	2,517,951
Robert J. Weafer, Jr.	930,000	91,616	44,142	149,329		1,215,087