NORTHEAST UTILITIES
Form 8-K
February 11, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 8, 2011**

NORTHEAST UTILITIES

(Exact name of registrant as specified in its charter)

Massachusetts

001-5324

04-2147929

(State or other jurisdiction

of organization)

(Commission File Number)

(I.R.S. Employer

Identification No.)

One Federal Street, Building 111-4

Springfield, Massachusetts

01105

(Address of principal executive offices)

(Zip Code)

Registrant s telephone number, including area code: **(860) 665-5000**

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

..

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

..

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

..

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 5

Corporate Governance and Management

Item 5.02

Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e)

Approval of 2011 Annual Incentive Program

On February 8, 2011, the Compensation Committee (the Committee) of the Board of Trustees of Northeast Utilities (the Company) approved the 2011 Annual Incentive Program under the Northeast Utilities Incentive Plan. The named executive officers of the Company to be identified in the proxy statement for the Company s 2011 Annual Meeting (the NEOs) are eligible to participate in this program.

The 2011 Annual Incentive Program provides the NEOs with an opportunity to receive incentive compensation in cash based on the Company s and each NEO s performance during 2011. The 2011 Annual Incentive Program consists of a corporate goal for all NEOs plus individual goals with various weightings for each NEO. The 2011 corporate goal is to achieve an adjusted net income target consisting of net income adjusted to exclude the effect of certain nonrecurring income and expense items or events, including direct and incremental impacts on net income arising from the proposed merger with NSTAR. Individual goals for 2011 include various financial, operational, customer experience, leadership, workforce effectiveness and strategic metrics that are drivers of overall corporate performance. Actual annual incentive payments may equal up to two times target for superior Company and individual performance. If the proposed merger with NSTAR occurs before the end of 2011, then corporate goal performance up to the date of merger, as well as individuals performance both before and after the merger, will be considered in determining awards. In any case, no amount will be paid unless adjusted net income for 2011, excluding any earnings impact from the merger, equals or exceeds 80% of the adjusted net income target. No amounts have been paid under the 2011 Annual Incentive Program. Awards under the 2011 Annual Incentive Program, if any, will be paid in cash during the first quarter of 2012. If a participant is terminated involuntarily on account of a change in control of the Company during 2011, then the participant s award will be based on actual performance against program goals, but prorated for time worked during 2011. Any award will be paid at the same time awards are paid to other participants.

Approval of 2011-2013 Long-Term Incentive Program

Also on February 8, 2011, the Committee approved the 2011   2013 Long-Term Incentive Program under the Northeast Utilities Incentive Plan. The NEOs are also eligible to participate in this program. The 2011   2013 Long-Term Incentive Program is designed to reward demonstrated performance and leadership, motivate future superior performance, align the interests of each NEO with those of our stakeholders and encourage a long-term commitment to the Company. Grants under the Company s 2010   2012 long-term program consisted of 25% restricted share units, equivalent to one common share per unit (RSUs), 37.5% performance shares and 37.5% performance cash. In 2011, the Committee changed the components of the long-term incentive program to strengthen the connection between compensation and performance by eliminating the performance cash component. For the 2011   2013 Long-Term Incentive Program, the grant value consisted of 25% RSUs and 75% performance shares, reflecting the Committee s desire to balance the roles of total shareholder return and our corporate financial performance in our compensation programs. The ultimate percentages will vary depending upon the amounts realized in each category.

The RSU component helps align the interests of the NEOs and the shareholders through share performance and share ownership. The RSU grant is equal in value to 25% of the total individual long-term incentive grants. RSU grants are subsequently converted from dollars into equivalent common shares of the Company by dividing the amount of each award by the average closing price for the Company s common shares during the last ten trading days in January in the year of grant. RSU holders are eligible to receive credit for reinvested dividend equivalent units on outstanding RSUs held by them to the same extent that dividends are declared and paid on our common shares. Reinvested dividend equivalent units are accounted for as additional RSUs that accrue and are distributed simultaneously with the common shares issued upon vesting of the underlying RSUs.

These RSUs are payable to participants without regard to performance goals and will vest in three equal installments on February 25 of each of 2012, 2013 and 2014. Upon vesting, the Company will distribute common shares (net of tax withholding and other required deductions) in respect of the newly-vested RSUs unless the participant elected during 2010 to defer distribution until a later date. Pursuant to an agreement with the Company s CEO, the Company will defer the distribution of common shares upon the vesting of RSUs granted to him under the 2011 2013 program until after his departure from the Company.

Performance shares reward performance based on the extent to which the Company achieves performance goals in four metrics during each year of the program. Similar to the Company s prior long-term programs, the four metrics for the 2011 2013 program include cumulative adjusted net income, average adjusted return on equity, average credit rating, and relative total shareholder return as compared to a group of comparable utility companies. The weighting of the total shareholder return metric is 40% and the weightings of the remaining three are 20% each.

Performance shares are equal in value to 75% of the total individual long-term incentive grants. Performance share grants are converted from dollars into equivalent common shares of the Company by dividing the amount of each award by the average closing price for the Company s common shares during the last ten trading days in January in the year of grant. Similar to RSUs, holders of performance shares are eligible to receive credit for reinvested dividend equivalent units on outstanding performance shares held by them to the same extent that dividends are declared and paid on our common shares. Reinvested dividend equivalent units are accounted for as additional common shares that accrue and are distributed (net of tax withholding and other required deductions) simultaneously with the common shares issued at the end of the performance period. The Committee will determine actual performance share awards, if any, which will be issued after the end of 2013, the final year in the program. The actual number of performance shares awarded will vary based on the extent to which the Company achieves performance goals in the four metrics during the three years of the program.

Upon the completion of the Company s merger with NSTAR, all outstanding 2011 2013 performance shares will be converted to RSUs assuming a target level of performance. These RSUs

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will vest according to the schedule that applies to the RSU component already granted as part of the 2011 2013 Long-Term Incentive Program.

Section 8

Other Events

Item 8.01

Other Events.

On February 8, 2011, the Company issued a news release announcing that the Board of Trustees had approved an increase in the quarterly dividend to $0.275 per share payable on March 31, 2011 to shareholders of record at the close of business on March 1, 2011. A copy of the news release is attached as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

On February 8, 2011, the Board of Trustees approved a special grant of 76,406 RSUs to Charles W. Shivery, President, Chairman and Chief Executive Officer of the Company. This grant was made in addition to the 2011 2013 Long-Term Incentive Program grant to recognize the critical role Mr. Shivery has had, and will play, in the successful leadership of NU through the close of the proposed merger with NSTAR and as nonexecutive Chairman of the Board during the post-merger integration period. Mr. Shivery will be eligible to receive credit for reinvested dividend equivalent units on outstanding RSUs held by him to the same extent that dividends are declared and paid on our common shares. Reinvested dividend equivalent units are accounted for as additional RSUs that accrue and are distributed simultaneously with the common shares issued upon vesting of the underlying RSUs. The RSUs will vest eighteen months after the closing of the merger with NSTAR, coinciding with Mr. Shivery s commitment to remain as nonexecutive Chairman of the Board through that date. If Mr. Shivery dies or becomes disabled prior to the vesting date, then the RSUs will vest as of the date of death or disability. If Mr. Shivery does not serve on the Board through eighteen months after the merger closes, or the merger does not close, then the RSUs will be forfeited.

Section 9

Financial Statements and Exhibits

Item 9.01

Financial Statements and Exhibits.

(d)

Exhibits.

Exhibit Number	**Description**
99.1	News release, dated February 8, 2011, issued by Northeast Utilities announcing dividend increase.

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SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NORTHEAST UTILITIES

(Registrant)

February 10, 2011

By:

<u>/s/ JAY S. BUTH</u>

Jay S. Buth

Vice President-Accounting and Controller