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NORTHEAST UTILITIES SYSTEM  
Form DEF 14A  
March 25, 2002

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
SCHEDULE 14A

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

- Filed by the Registrant  [X]  
Filed by a Party other than the Registrant  [ ]  
Check the appropriate box:  
 [ ] Preliminary Proxy Statement  
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RULE 14A-6(E) (2))  
 [X] Definitive Proxy Statement  
 [ ] Definitive Additional Materials  
 [ ] Soliciting Material Pursuant to (S) 240.14a-11(c) or (S) 240.14a-12

Northeast Utilities, Inc

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(Name of Registrant as Specified In Its Charter)  
Northeast Utilities, Inc.

-----  
(Name of Person(s) Filing Proxy Statement)

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(4) Date Filed:  
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[LOGO] NORTHEAST LOGO

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2002 ANNUAL MEETING OF SHAREHOLDERS  
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Dear Shareholder:

It is my pleasure to invite you to attend the 2002 Annual Meeting of Shareholders of Northeast Utilities on Tuesday, May 14, 2002, at 10:30 a.m., at The Event Center at C.R. Sparks, Bedford, New Hampshire (directions are on the reverse side).

Information concerning the matters to be acted upon at the meeting is provided in the accompanying Notice of Annual Meeting and Proxy Statement. In addition, our meeting agenda will include a discussion of the operations of Northeast Utilities system companies and a question and answer period.

Whether or not you plan to attend the meeting, it is important that you complete, date, sign and return your proxy in the enclosed envelope as soon as possible. This will ensure that your shares will be represented at the meeting in accordance with your wishes.

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

Very truly yours,

/s/ MICHAEL G MORRIS  
Michael G. Morris  
Chairman of the Board, President and  
Chief Executive Officer

March 25, 2002

[MAP] BEDFORD

From I-93 (coming from the South; e.g. Boston / Andover / Salem):  
Pass New Hampshire, Exit #5. Take left Exit onto I-293 North. Cross bridge over Merrimack River and stay left, continue on 101 West. Pass Everett Turnpike Exit "Toll Road"--DO NOT TAKE THIS EXIT! Take next Exit, Route 3 (Daniel Webster Highway). Turn left at light--Macy's is directly in front of you. Follow road to first light, then turn left onto Kilton Road. C.R. Sparks Restaurant is on your left.

From I-93 (coming from the North; e.g. Concord / Bow / I-89):  
Take I-93 South to I-293 South. Take Exit 101 West. Take next immediate Exit, Route 3 (Daniel Webster Highway). Turn left at light--Macy's is directly in front of you. Follow road to first light, then turn left onto Kilton Road. C.R. Sparks Restaurant is on your left.

From Route 3 South/Daniel Webster Highway (coming from the South; e.g.

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Merrimack):

Follow Route 3 until you pass under Route 101. Pass light at Macy's. Go to next light, then turn left onto Kilton Road. C.R. Sparks Restaurant is on your left.

From Route 101 West (coming from the West; e.g. Bedford Center / Goffstown):  
Take Route 101 East. Exit at Route 3 (Daniel Webster Highway) to Meetinghouse Road. Bear left and follow to light. Turn left, pass Macy's. Go to next light, then turn left onto Kilton Road. C.R. Sparks Restaurant is on your left.

From the Everett Turnpike (coming from the South; e.g. Merrimack / Nashua / Massachusetts):  
Pass Bedford Toll. Take 2nd Exit, 101 West (Bedford/Milford). Pass Everett Turnpike Exit "Toll Road"--DO NOT TAKE THIS EXIT! Take next Exit, Route 3 (Daniel Webster Highway). Turn left at light--Macy's is directly in front of you. Follow road to first light, then turn left onto Kilton Road. C.R. Sparks Restaurant is on your left.

### NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held on May 14, 2002

To the Shareholders of Northeast Utilities:

The Annual Meeting of Shareholders of Northeast Utilities will be held on Tuesday, May 14, 2002, at 10:30 a.m., at The Event Center, Bedford, New Hampshire, for the following purposes:

1. To elect Trustees for the ensuing year;
2. To ratify the selection of Deloitte & Touche LLP as independent auditors for 2002; and
3. To transact any other business that may properly come before the meeting or any adjournment thereof.

Only shareholders of record at the close of business on March 15, 2002 are entitled to receive notice of and to vote at the meeting or any adjournment thereof. You are cordially invited to be present at the meeting and to vote. Whether or not you plan to attend the meeting, please complete, date and sign the enclosed proxy card and return it in the envelope enclosed for that purpose.

By order of the Board of Trustees,

/s/ GREGORY BUTLER

107 Selden Street  
Berlin, Connecticut

Gregory B. Butler  
Vice President, Secretary  
and General Counsel

Mailing Address:

Post Office Box 270  
Hartford, Connecticut  
06141-0270  
March 25, 2002

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### IMPORTANT

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

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United States.

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## PROXY STATEMENT

The accompanying proxy is solicited on behalf of the Board of Trustees of Northeast Utilities for use at the Annual Meeting of Shareholders to be held on May 14, 2002, and at any adjournment thereof.

Please read this proxy statement and fill in, date, sign and return the enclosed form of proxy. The proxy may be revoked at any time before it is voted by filing a letter with the Secretary of Northeast Utilities or by a duly executed proxy card bearing a later date. Properly executed proxies not revoked will be voted according to their terms.

Only holders of common shares of record at the close of business on March 15, 2002 (the record date) are entitled to receive notice of and to vote at the meeting or any adjournment thereof. On the record date, there were 133,672,283 common shares outstanding. Each such share is entitled to one vote on each matter to be voted on at the Annual Meeting of Shareholders.

The principal office of Northeast Utilities is located at 174 Brush Hill Avenue, West Springfield, Massachusetts. The general offices of Northeast Utilities and its subsidiaries are located at 107 Selden Street, Berlin, Connecticut (mailing address: Post Office Box 270, Hartford, Connecticut 06141-0270). This proxy statement and the accompanying proxy card are being mailed to shareholders commencing March 25, 2002.

An affirmative vote of a majority of the common shares outstanding as of the record date will be required to elect the nominees named below.

### 1. ELECTION OF TRUSTEES

Unless a shareholder specifies otherwise, the enclosed proxy will be voted to elect the nominees named below as Trustees to serve until the next Annual Meeting and until their successors have been elected and shall have qualified. Each nominee has been previously elected as a Trustee by shareholders and is currently serving as a Trustee except for Messrs. Richard H. Booth and James F. Cordes, who were elected to the Board in 2001 to fill vacancies. Mr. William J. Pape II, who was first elected a Trustee by shareholders in 1974, retired from the Board in 2001 and is not a candidate for re-election. Mr. John F. Turner, who was first elected a Trustee by shareholders in 1995, resigned from the Board in 2001 to accept a position with the Federal government.

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

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The Board of Trustees recommends that shareholders vote FOR election of the nominees listed below.

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Set forth below is each nominee's name, age, date first elected as a Trustee, and a brief summary of the nominee's business experience during the past five years.

[PHOTO] RICHARD H. BOOTH  
(55 years) 2001

RICHARD BOOTH

President and Chief Executive Officer and a Director of HSB Group, Inc. and Chairman, President and Chief Executive Officer and a Director of Hartford Steam Boiler Inspection & Insurance Company since January 2000. From 1994 until 2000, Executive Vice President and a Director of Phoenix Home Life Mutual Insurance Company. Mr. Booth is a Director of CuraGen Corporation, 454 Corporation, and Aberdeen American Monthly Income Trust Limited. He is a member of the Boards of St. Francis Hospital, the Connecticut Business and Industry Association and the Greater Hartford Arts Council as well as the Governor's Council on Economic Competitiveness and Technology and an executive committee member of the World Affairs Council. He is a member of the American Institute of Certified Public Accountants, the Connecticut Society of CPAs, the Hartford Society of Financial Analysts, the Hartford Chapter of the American Society of Chartered Life Underwriters and the Financial Analysts Federation.

[PHOTO] COTTON MATHER CLEVELAND  
(49 years) 1992

COTTON  
MATHER  
CLEVELAND

President of Mather Associates, New London, New Hampshire (a firm specializing in leadership and organizational development for corporate and nonprofit organizations). From 1991 until 1998, founding Executive Director of Leadership New Hampshire. Ms. Cleveland is a Director of The National Grange Mutual Insurance Company and of the Ledyard National Bank and serves on the Board of the New Hampshire Center for Public Policy. She is the moderator of the Town of New London, New Hampshire. She has served on the University System of New Hampshire Board of Trustees as Chair, Vice Chair and a member and served on the Bank of Ireland First Holdings Board of Directors from 1986 to 1996. She was formerly Co-Chair of the Governor's Commission on New Hampshire in the 21st Century and an Incorporator for the New Hampshire Charitable Foundation.

[PHOTO] SANFORD CLOUD, JR.  
(57 years) 2000

SANFORD

President and Chief Executive Officer of The National Conference for Community and Justice, New York, New York. From 1993 to 1994, he was a partner in the law firm of Robinson and Cole, Hartford, Connecticut. Previously Vice President of Aetna Life and Casualty Company and served for two terms as a state senator of Connecticut. Mr. Cloud is a Director of The Phoenix Companies, Inc. and Tenet Healthcare Corporation and Chairman of the Board of Ironbridge Mezzanine Fund, L.P.

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[PHOTO] JAMES F. CORDES  
(61 years) 2001

JAMES CORDES

Formerly Executive Vice President of The Coastal Corporation and President of the Natural Gas Group of The Coastal Corporation (retired 1997). Mr. Cordes was responsible for Coastal's interstate and intrastate

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natural gas pipelines and storage facilities, natural gas and electricity marketing and risk management activities. He joined American Natural Resources Company, headquartered in Detroit, in 1977 after twelve years with Northern Natural Gas Corporation. He was elected President of ANR Pipeline in 1983 and was named President of American Natural Resources Company in 1985. He was elected Senior Vice President and a Director of The Coastal Corporation after its merger with ANR in 1985. He was named Executive Vice President of Coastal in 1986. Mr. Cordes is also a Director of Comerica Incorporated and Comerica Bank, Texas, and has served as a Director and member of the Executive Committees of the Houston Symphony and the Detroit Symphony. He is a past chairman of the Interstate Natural Gas Association of America and has served as a Director and member of the Executive Committee of the American Gas Association.

[PHOTO]

E. GAIL DE PLANQUE  
(57 years) 1995

E GAIL  
DE PLANQUE

President, Strategy Matters, Inc., and Director, Energy Strategies Consultancy, Ltd. From 1991 to 1995, Dr. de Planque was a Commissioner with the United States Nuclear Regulatory Commission. In 1967, Dr. de Planque joined the Health and Safety Laboratory of the United States Atomic Energy Commission. She served at the Laboratory, now known as the Environmental Measurements Laboratory, until December 1991, as Deputy Director beginning in 1982 and as Director in 1987. Dr. de Planque is a Fellow and past President of the American Nuclear Society, a member of the National Academy of Engineering and the National Council on Radiation Protection and Measurements, a Director of British Nuclear Fuels, plc., a Director of British Nuclear Fuels, Inc. and a Director of Landauer, Inc. She is a member of the Texas Utilities Electric Operations Review Committee; the Diablo Canyon Independent Safety Committee; the External Advisory Committee, Amarillo National Resource Center for Plutonium; the visiting Committee for the Department of Nuclear Engineering, Massachusetts Institute of Technology; and a consultant to the United Nation's International Atomic Energy Agency.

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[PHOTO]

JOHN H. FORSGREN  
(55 years) 2000

JOHN FORSGREN

Vice Chairman of NU since May 2001 and Executive Vice President and Chief Financial Officer of NU since February 1996. Previously Managing Director of the Chase Manhattan Bank from 1995 to 1996 and Senior Vice President of The Walt Disney Company from 1990 to 1994. Mr. Forsgren is a Director of NEON Communications, Inc. and The Circle Trust Company and a member of the Board of Regents of Georgetown University.

[PHOTO]

RAYMOND L. GOLDEN  
(64 years) 1999

RAYMOND GOLDEN

Independent Consultant. Previously served as Chairman Emeritus of BT Wolfensohn, New York, New York, a business unit of BT Alex Brown Incorporated. From August 1996 to December 1997, he was Chairman of BT Wolfensohn. Prior to that, he served as President of Wolfensohn & Company. Mr. Golden serves as a Trustee on the National Wildlife Federation Endowment and the Board of the Jewish Federation of Palm Beach County, Florida.

[PHOTO]

ELIZABETH T. KENNAN

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(64 years) 1980

ELIZABETH KENNAN

President Emeritus of Mount Holyoke College, South Hadley, Massachusetts. Previously President of Mount Holyoke College. Dr. Kennan is a Director of The Putnam Funds and Talbots. She is a member of the Trustees of the Reservations, the Board of Centre College and is Chairman of Cambus Kenneth Bloodstock, Inc.

[PHOTO]

MICHAEL G. MORRIS

(55 years) 1997

MICHEAL MORRIS

Chairman of the Board, President and Chief Executive Officer of NU. Previously President and Chief Executive Officer of Consumers Power Company from 1994 to 1997 and Executive Vice President and Chief Operating Officer of Consumers Power Company from 1992 to 1994. Mr. Morris is a Director of the Institute of Nuclear Power Operations, the Nuclear Energy Institute, the Edison Electric Institute, the Association of Edison Illuminating Companies, the American Gas Association, Nuclear Electric Insurance Limited, Connecticut Business & Industry Association, the Webster Financial Corporation, and the Spinnaker Exploration Co. Mr. Morris is also a Regent of Eastern Michigan University.

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[PHOTO]

ROBERT E. PATRICELLI

(62 years) 1993

ROBERT PATRICELLI

Chairman, President and Chief Executive Officer of Women's Health USA, Inc. (provides women's health care services), and of Evolution Health, LLC (provides employee benefit services), both of Avon, Connecticut. From 1987 to 1997, he was Chairman, President and Chief Executive Officer of Value Health, Inc., Avon, Connecticut. Previously Executive Vice President of CIGNA Corporation and President of CIGNA's Affiliated Businesses Group. He has held various positions in the federal government, including White House Fellow in 1965; counsel to a United States Senate Subcommittee; Deputy Undersecretary of the Department of Health, Education and Welfare; and Administrator of the United States Urban Mass Transportation Administration. Mr. Patricelli is a Director of Curagen Corporation, the Connecticut Business & Industry Association, and The Bushnell, and a Trustee of Wesleyan University.

[PHOTO]

JOHN F. SWOPE

(63 years) 1992

JOHN SWOPE

Previously President and Chief Executive Officer, Public Broadcasting Service, Alexandria, Virginia from 1999 to March 1, 2000. Retired in 1997 as of counsel to the law firm of Sheehan Phinney Bass + Green, Professional Association, Manchester, New Hampshire. Previously President of Chubb Life Insurance Company of America, Concord, New Hampshire (retired December 1994). Mr. Swope is a Director of the Public Broadcasting Service, PBS Enterprises and the New Hampshire Business Committee for the Arts. He is President of The Currier Gallery of Art and a Trustee of Tabor Academy.

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### BOARD COMMITTEES AND RESPONSIBILITIES

The Board of Trustees of Northeast Utilities has Audit, Compensation, Corporate Affairs, Corporate Governance, Executive, Finance and Nuclear Committees. The Board of Trustees does not have a Nominating Committee. The Board of Trustees has adopted a written charter for each such Committee.

The Audit Committee meets independently with the internal and independent auditors of Northeast Utilities and its subsidiaries to review the auditors' activities, procedures and recommendations. Following each meeting, the Committee reports to the full Board. The Committee recommends annually the appointment of Northeast Utilities' independent auditors for the coming year. The Audit Committee met five times in 2001. The members of the Committee are Messrs. Swope (Chair), Booth (Vice Chair), and Golden and Drs. de Planque and Kennan, none of whom is an employee of Northeast Utilities or its subsidiaries. A report from the Audit Committee is included in this proxy statement.

The Compensation Committee reviews and adjusts, as appropriate, the compensation policies of Northeast Utilities and its subsidiaries and establishes and implements an evaluation process for the Chief Executive Officer in conjunction with the Corporate Governance Committee. Following each meeting, the Committee reports to the full Board. The Compensation Committee met nine times in 2001. The members of the Committee are Messrs. Patricelli (Chair), Swope (Vice Chair), Cloud and Golden, Ms. Cleveland, and Drs. de Planque and Kennan, none of whom is an employee of Northeast Utilities or its subsidiaries. A report from this Committee with respect to executive compensation is included in this proxy statement.

The Corporate Affairs Committee reviews the policies and practices of Northeast Utilities and its subsidiaries on public issues in areas such as health, safety, environment and equal employment opportunity. Following each meeting, the Committee reports to the full Board. The Corporate Affairs Committee met twice in 2001. The members of the Committee are Ms. Cleveland (Chair), Messrs. Cloud (Vice Chair), Golden and Swope, and Dr. Kennan, none of whom is an employee of Northeast Utilities or its subsidiaries.

The Corporate Governance Committee recommends criteria for new Trustees and identifies prospective Board candidates. The Committee also evaluates the Board's performance and, in conjunction with the Compensation Committee, establishes and implements an evaluation process for the Chief Executive Officer. Following each meeting, the Committee reports to the full Board. The Corporate Governance Committee met four times in 2001. The members of the Committee are Dr. Kennan (Chair), Ms. Cleveland (Vice Chair) and Messrs. Cloud and Cordes, none of whom is an employee of Northeast Utilities or its subsidiaries.

The Executive Committee is empowered to exercise all the authority of the Board, subject to certain limitations set forth in Northeast Utilities' Declaration of Trust, during the intervals between meetings of the Board. The Executive Committee met twice in 2001. The members of the Executive Committee are Mr. Morris (Chair), Dr. Kennan (Vice Chair), Messrs. Patricelli and Swope and Dr. de Planque. Other than Mr. Morris, no Committee member is an employee of Northeast Utilities or its subsidiaries.

The Finance Committee assists the Board in fulfilling its fiduciary responsibilities relating to financial plans, policies and programs for Northeast Utilities and its subsidiaries. Following each meeting, the Committee reports to the full Board. The Finance Committee met six times in 2001. The members of the Finance Committee are Messrs. Golden (Chair), Morris (Vice Chair), Booth, Cloud, Cordes, Forsgren and Patricelli and Dr. Kennan. Other



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than Messrs. Forsgren and Morris, no Committee member is an employee of Northeast Utilities or its subsidiaries.

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The Nuclear Committee provides the Board with an independent basis for overseeing the safety and effectiveness of the nuclear program of the Northeast Utilities system. More recently, specific attention has been given to operation of Seabrook Unit 1; decommissioning activities of Connecticut Yankee Atomic Power Station; management's attention to nuclear safety; progress in resolving issues with the Nuclear Regulatory Commission, the Institute of Nuclear Power Operations and other independent evaluations of nuclear operations; and progress in resolving employee and community concerns. Following each meeting the Committee reports to the full Board. The Nuclear Committee met ten times in 2001. The members of the Committee are Dr. de Planque (Chair), Ms. Cleveland (Vice Chair), Messrs. Cordes and Swope, and Dr. Kennan, none of whom is an employee of Northeast Utilities or its subsidiaries.

In 2001, the Board of Trustees held 19 meetings and the Board and Committees of the Board held a total of 57 meetings. All of the nominees for Trustee attended 75 percent or more of the aggregate number of meetings of the Board and the Committees of which they were members.

### COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table provides, as of February 27, 2002, information with respect to persons who are known to Northeast Utilities to beneficially own more than five percent of the common shares of Northeast Utilities. Northeast Utilities has no other class of voting securities.

Name and Address of Beneficial Owner -----	Amount and Nature of Beneficial Ownership	Percent of Class
-----	-----	-----
FMR Corp..... 82 Devonshire Street Boston, MA 02109 Barrow, Hanley, Mewhinney & Strauss, Inc..... One McKinney Plaza 3232 McKinney Avenue, 15th Floor Dallas, TX 75204-2429	13,190,520 (1)          11,952,148 (2)	9.86%          8.94%

- 
- (1) According to a Statement on Schedule 13G dated February 14, 2002, FMR Corp., through its subsidiaries Fidelity Management & Research Company, Fidelity Management Trust Company and various investment adviser and investment company subsidiaries, is the beneficial owner of 13,190,520 common shares of Northeast Utilities. According to the Schedule 13G, FMR Corp. has sole voting power for 897,880 shares and sole dispositive power for 13,190,520 shares. These shares include 93,600 shares beneficially owned by Fidelity International Limited, an independent former subsidiary of Fidelity Management & Research Company, as to which FMR Corp. does not claim beneficial ownership.
- (2) According to an Amendment to Schedule 13G dated February 8, 2002, Barrow, Hanley, Mewhinney & Strauss, Inc. is the beneficial owner of 11,952,148 common shares of Northeast Utilities. According to the Schedule 13G, Barrow, Hanley, Mewhinney & Strauss, Inc. has sole voting power for

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8,035,848 shares, shared voting power for 3,916,300 shares and sole dispositive power for 11,952,148 shares.

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### COMMON STOCK OWNERSHIP OF MANAGEMENT

The following table provides information as of February 27, 2002, as to the beneficial ownership of the common shares of Northeast Utilities by each Trustee and nominee for Trustee, each of the five highest paid executive officers of Northeast Utilities and its subsidiaries, and all Trustees, nominees for Trustee and executive officers as a group. Unless otherwise noted, each Trustee, nominee and executive officer has sole voting and investment power with respect to the listed shares.

Name ----	Amount and Nature of Percent Beneficial Ownership of Class	
Richard H. Booth.....	4,750	(1) (2)
Cotton Mather Cleveland.....	15,982	(3) (2)
Sanford Cloud, Jr.....	15,487	(4) (2)
James F. Cordes.....	10,250	(1) (2)
E. Gail de Planque.....	15,971	(3) (2)
John H. Forsgren.....	149,132	(5) (2)
Raymond L. Golden.....	16,710	(6) (2)
Cheryl W. Grise.....	78,813	(7) (2)
Elizabeth T. Kennan.....	17,100	(3) (2)
Bruce D. Kenyon.....	133,710	(8) (2)
Michael G. Morris.....	890,925	(9) (2)
Robert E. Patricelli.....	22,451	(3) (2)
Gary D. Simon.....	114,081	(10) (2)
John F. Swope.....	20,101	(3) (2)
All Trustees and Executive Officers as a Group (16 persons).....	1,570,155	(11) 1.17%

- 
- (1) Includes 3,750 shares that could be acquired by the beneficial owner pursuant to currently exercisable options.
  - (2) As of February 27, 2002, each Trustee and executive officer of Northeast Utilities beneficially owned less than one percent of the Northeast Utilities common shares outstanding.
  - (3) Includes 11,250 shares that could be acquired by the beneficial owner pursuant to currently exercisable options.
  - (4) Includes 6,250 shares that could be acquired by Mr. Cloud pursuant to currently exercisable options.
  - (5) Includes 141,035 shares that could be acquired by Mr. Forsgren pursuant to currently exercisable options and 5,382 restricted shares as to which Mr. Forsgren has sole voting and no dispositive power.
  - (6) Includes 8,750 shares that could be acquired by Mr. Golden pursuant to currently exercisable options.
  - (7) Includes 56,626 shares that could be acquired by Mrs. Grise pursuant to currently exercisable options, 4,844 restricted shares as to which Mrs. Grise has sole voting and no dispositive power, and 265 shares held by Mrs. Grise's husband as custodian for her children, with whom she shares voting and dispositive power.
  - (8) Includes 66,705 shares that could be acquired by Mr. Kenyon pursuant to currently exercisable options, 501 shares held by Mr. Kenyon under the Northeast Utilities Employee Share Purchase Plan II, as to which Mr. Kenyon

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has sole voting but no dispositive power, and 1,212 shares held in an ESOP as to which Mr. Kenyon has sole voting power but no dispositive power.

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### COMMON STOCK OWNERSHIP OF MANAGEMENT (continued)

- (9) Includes 816,258 shares that could be acquired by Mr. Morris pursuant to currently exercisable options, 1,262 shares held by Mr. Morris under the Northeast Utilities Employee Share Purchase Plan II, as to which Mr. Morris has sole voting but no dispositive power, 23,407 restricted shares as to which Mr. Morris has sole voting and no dispositive power, and 922 shares held in an ESOP as to which Mr. Morris has sole voting power but no dispositive power.
- (10) Includes 108,090 shares that could be acquired by Mr. Simon pursuant to currently exercisable options, and 564 shares held in an ESOP as to which Mr. Simon has sole voting power but no dispositive power.
- (11) Includes 49,158 shares that could be acquired by executive officers other than those named in the table above pursuant to currently exercisable options, and 1,371 shares held by them in an ESOP as to which they have sole voting power but no dispositive power.

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### EXECUTIVE COMPENSATION

The following tables present the cash and non-cash compensation received by the Chief Executive Officer and the next four highest paid executive officers of Northeast Utilities, in accordance with rules of the SEC:

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compen- sation (\$) (Note 1)	Awards	Payouts	All Other Compensati (\$) (Note 3)	
					Restricted Stock Award(s) (\$) (Note 2)	Securities Underlying Options/Stock Appreciation Rights (#)	Long Term Incentive Program Payouts (\$)	
Michael G. Morris Chairman of the Board, President and Chief Executive Officer	2001	900,000	869,805	--	--	220,000	--	27,000
	2000	830,770	1,200,000	--	--	140,000	--	27,326
	1999	783,173	1,253,300	92,243	348,611	118,352	--	23,210
John H. Forsgren Vice Chairman, Executive Vice President and Chief Financial Officer	2001	524,423	200,000	--	--	98,000	--	5,100
	2000	444,615	450,000	--	--	36,000	--	5,100
	1999	429,904	400,000	--	122,682	32,852	87,003	12,888
Bruce D. Kenyon	2001	515,000	150,000	--	--	34,000	--	15,450

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President--	2000	504,616	475,000	--	--	20,000	--	16,274
Generation	1999	500,000	--	--	77,690	20,804	462,500	15,000
Group								
Cheryl W. Grise	2001	338,654	180,000	--	--	76,000	--	10,119
President--	2000	279,616	290,000	--	--	23,000	--	8,795
Utility Group	1999	244,712	250,000	--	73,612	19,712	--	82,247
Gary D. Simon	2001	236,539	70,000	--	--	14,000	--	7,096
Senior Vice	2000	231,539	200,000	--	--	18,000	--	6,946
President--	1999	226,635	200,000	--	61,333	16,424	--	4,982
Enterprise								
Development								
and Analysis of								
Northeast								
Utilities Service								
Company								

Option/SAR Grants in Last Fiscal Year

Name	Individual Grants				Grant Date
	Number of Securities Underlying Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price (\$/sh)	Expiration Date	Present Value (\$)
Michael G. Morris	120,000	14.47%	21.03	2/27/2011	1,006,800 (N)
	100,000	12.06%	20.06	6/28/2011	803,000 (N)
John H. Forsgren	33,000	3.98%	21.03	2/27/2011	276,870 (N)
	65,000	7.84%	20.06	6/28/2011	521,950 (N)
Bruce D. Kenyon	34,000	4.10%	21.03	2/27/2011	228,745 (N)
Cheryl W. Grise	26,000	3.14%	21.03	2/27/2011	218,140 (N)
	50,000	6.03%	20.06	6/28/2011	401,500 (N)
Gary D. Simon	14,000	1.69%	21.03	2/27/2011	117,460 (N)

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Aggregated Options/SAR Exercises In Last Fiscal Year and FY-End Option/SAR Values

Name	Shares With Respect to Which SARs Were Exercised (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options/SARs at Fiscal Year End (#)		Value of Unexercised In-the-Money Options/SARs at Fiscal Year-End (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Michael G. Morris	--	--	698,475	344,451	4,256,831	83,783
John H. Forsgren.	50,471	326,800	107,085	132,950	155,390	29,483
Bruce D. Kenyon..	38,253	260,312	41,772	54,268	65,323	18,670
Cheryl W. Grise..	24,490	166,654	33,724	97,904	52,402	17,690
Gary D. Simon....	--	--	73,198	50,226	170,384	61,713

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### Notes to Summary Compensation and Option/SAR Grants and Exercises Tables:

- (1) Other annual compensation for Mr. Morris consists of 1999 relocation expense reimbursements.
- (2) The aggregate restricted stock holdings by the five individuals named in the table were, at December 31, 2001, 15,263 shares with a value of \$269,087. Awards shown for 1999 vested one-third on February 23, 2000, one-third on February 23, 2001, and one-third on February 23, 2002. No restricted shares were awarded to these individuals during 2001. Dividends paid on restricted stock are either paid out or reinvested into additional shares.
- (3) "All Other Compensation" for 2001 consists of employer matching contributions under the Northeast Utilities Service Company 401k Plan, generally available to all eligible employees (\$5,100 for each named officer) and matching contributions under the Deferred Compensation Plan for Executives (Mr. Morris--\$21,900, Mrs. Grise--\$5,019, Mr. Kenyon--\$10,350, and Mr. Simon--\$1,996). "All Other Compensation" for Mr. Simon for 2000 consists of \$5,100 in 401k employer matching contributions and \$1,846 in deferred compensation matching contributions, and for 1999 consists of \$4,800 in 401k matching contributions and \$182 in deferred compensation matching contributions.
- (4) These options were granted on February 27, 2001 under the Incentive Plan. All options granted vest one-third on February 27, 2002, one-third on February 27, 2003 and one-third on February 27, 2004. Valued using the Black-Scholes option pricing model, discounted by 5.71% to reflect the risk of forfeiture, with the following assumptions: Volatility: 25.96 percent (36 months of monthly data); Risk-free rate: 5.23 percent; Dividend yield: 0.94 percent; Exercise date: February 27, 2011.
- (5) These options were granted on June 28, 2001 under the Incentive Plan. All options granted vest one-third on June 28, 2002, one-third on June 28, 2003 and one-third on June 28, 2004. Valued using the Black-Scholes option pricing model, discounted by 5.71% to reflect the risk of forfeiture, with the following assumptions: Volatility: 26.38 percent (36 months of monthly data); Risk-free rate: 5.63 percent; Dividend yield: 1.12 percent; Exercise date: June 28, 2011.

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### PENSION BENEFITS

The tables on the following pages show the estimated annual retirement benefits payable to an executive officer of Northeast Utilities upon retirement, assuming that retirement occurs at age 65 and that the officer is at that time not only eligible for a pension benefit under the Northeast Utilities Service Company Retirement Plan (the Retirement Plan) but also eligible for either the make-whole benefit or the make-whole benefit plus the target benefit under the Supplemental Executive Retirement Plan for Officers of Northeast Utilities System Companies (the Supplemental Plan). The Supplemental Plan is a non-qualified pension plan providing supplemental retirement income to system officers. The make-whole benefit under the Supplemental Plan, available to all officers, makes up for benefits lost through application of certain tax code limitations on the benefits that may be provided under the Retirement Plan, and includes as "compensation" awards under the executive incentive plans and deferred compensation (as earned). The target benefit further supplements these benefits and is available to officers at the Senior Vice President level and higher who are selected by the Board of Trustees to participate in the target benefit and who remain in the employ of Northeast Utilities companies until at least age 60 (unless the Board of Trustees sets an

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earlier age).

Mr. Forsgren and Mrs. Grise are currently eligible for a make-whole plus a target benefit. Messrs. Kenyon and Simon are eligible for the make-whole benefit but not the target benefit.

Mr. Kenyon's Employment Agreement provides specially calculated retirement benefits, based on his previous arrangement with South Carolina Electric and Gas, which supplement his make-whole benefit under the Supplemental Plan. If Mr. Kenyon retires with at least three years of service with the Company, he will be deemed to have two extra years of service for purpose of his special retirement benefit. If after achieving three years of service he voluntarily terminates employment following a "substantial change in responsibilities resulting from a material change in the business of Northeast Utilities", he will be deemed to have an additional year of service for purpose of his special retirement benefit, and if he retires with at least three years of service with the Company, he will receive a lump sum payment of \$500,000. Mr. Kenyon has met these service-related milestones.

Mr. Morris's Employment Agreement provides that upon retirement after reaching the fifth anniversary of his employment date (or upon disability or termination without cause or following a change of control, as defined) he will be entitled to receive a special retirement benefit calculated by applying the benefit formula of the CMS Energy/Consumers Energy Company (CMS) Supplemental Executive Retirement Plan to all compensation earned from the Northeast Utilities system (the Company) and to all service rendered to the Company and CMS. If Mr. Morris retires after age 60, his special retirement benefit will be no less than that which he would have received had he been eligible for a make-whole benefit plus a target benefit under the Supplemental Plan.

Mr. Forsgren's Employment Agreement provides for supplemental pension benefits based on crediting up to ten years additional service and providing payments equal to 25 percent of salary for up to 15 years following retirement, reduced by four percentage points for each year that his age is less than 65 years at retirement. In addition, if Mr. Forsgren retires after age 58, he will be eligible for a make-whole plus a target benefit under the Supplemental Plan based on crediting three extra years of service, unreduced for early commencement.

ANNUAL BENEFIT FOR OFFICERS ELIGIBLE FOR MAKE-WHOLE BENEFIT

Final Average Compensation	Years of Credited Service				
	15	20	25	30	35
\$ 200,000.....	\$ 43,605	\$ 58,139	\$ 72,674	\$ 87,209	\$101,744
250,000.....	54,855	73,139	91,424	109,709	127,994
300,000.....	66,105	88,139	110,174	132,209	154,244
350,000.....	77,355	103,139	128,924	154,709	180,494
400,000.....	88,605	118,139	147,674	177,209	206,744
450,000.....	99,855	133,139	166,424	199,709	232,994
500,000.....	111,105	148,139	185,174	222,209	259,244
600,000.....	133,605	178,139	222,674	267,209	311,744
700,000.....	156,105	208,139	260,174	312,209	364,244
800,000.....	178,605	238,139	297,674	357,209	416,744

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900,000.....	201,105	268,139	335,174	402,209	469,244
1,000,000.....	223,605	298,139	372,674	447,209	521,744
1,100,000.....	246,105	328,139	410,174	492,209	574,244
1,200,000.....	268,605	358,139	447,674	537,209	626,744

ANNUAL BENEFIT FOR OFFICERS ELIGIBLE FOR  
MAKE-WHOLE PLUS TARGET BENEFIT

Final Average Compensation	Years of Credited Service				
	15	20	25	30	35
\$ 200,000.....	\$ 72,000	\$ 96,000	\$120,000	\$120,000	\$120,000
250,000.....	90,000	120,000	150,000	150,000	150,000
300,000.....	108,000	144,000	180,000	180,000	180,000
350,000.....	126,000	168,000	210,000	210,000	210,000
400,000.....	144,000	192,000	240,000	240,000	240,000
450,000.....	162,000	216,000	270,000	270,000	270,000
500,000.....	180,000	240,000	300,000	300,000	300,000
600,000.....	216,000	288,000	360,000	360,000	360,000
700,000.....	252,000	336,000	420,000	420,000	420,000
800,000.....	288,000	384,000	480,000	480,000	480,000
900,000.....	324,000	432,000	540,000	540,000	540,000
1,000,000.....	360,000	480,000	600,000	600,000	600,000
1,100,000.....	396,000	528,000	660,000	660,000	660,000
1,200,000.....	432,000	576,000	720,000	720,000	720,000

The benefits presented in the tables above are based on a straight life annuity beginning at age 65 and do not take into account any reduction for joint and survivorship annuity payments. Final average compensation for purposes of calculating the target benefit is the highest average annual compensation of the participant during any 36 consecutive months compensation was earned. Final average compensation for purposes of calculating the make-whole benefit is the highest average annual compensation of the participant during any 60 consecutive months compensation was earned. Compensation for these benefits takes into account the annual compensation shown in the Summary Compensation Table and long term incentive compensation but does not include employer matching contributions under the 401k Plan. In the event that an officer's employment terminates because of disability, the retirement benefits shown above would be offset by the amount of any disability benefits payable to the recipient that are attributable to contributions made by Northeast Utilities and its subsidiaries under long term disability plans and policies.

As of December 31, 2001, the executive officers named in the Summary Compensation Table had the following years of credited service for purposes of the Supplemental Plan: Mr. Kenyon--7, Mr. Forsgren--5, Mrs. Grise--21, and Mr. Simon--3. Mr. Morris had 23 years of service for purposes of his special retirement benefit. In addition, Mr. Forsgren had 10 years of service for purposes of his supplemental pension benefit and would have 25 years of service for such purpose if he were to retire at age 65.

TRUSTEE COMPENSATION

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During 2001, each Trustee who was not an employee of Northeast Utilities or its subsidiaries was compensated at an annual rate of \$20,000 cash plus 500 common shares of Northeast Utilities, and received \$1,000 for each meeting attended of the Board or its Committees. Effective January 1, 2002, the annual payment of 500 shares was increased to 1,000 shares. A non-employee Trustee who participates in a meeting of the Board or any of its Committees by conference telephone receives \$675 per meeting. Also, a non-employee Trustee who is asked by either the Board of Trustees or the Chairman of the Board to perform extra services in the interest of the Northeast Utilities system may receive additional compensation of \$1,000 per day plus necessary expenses. The Chairs of the Audit, the Compensation, the Corporate Affairs, the Corporate Governance, the Finance and the Nuclear Committees were compensated at an additional annual rate of \$3,500. In addition to the above compensation, Dr. Kennan is paid at the annual rate of \$30,000 for the extra services performed as Lead Trustee. The Chair of the Nuclear Committee receives an additional retainer at the rate of \$25,000 per year.

Under the terms of the Northeast Utilities Incentive Plan (Incentive Plan) adopted by shareholders at the 1998 Annual Meeting, each non-employee Trustee is eligible for stock-based grants. During 2001 each such Trustee was granted non-qualified options to purchase 2,500 common shares of Northeast Utilities. Receipt of shares acquired on exercise of these options may be deferred pursuant to the terms of the Northeast Utilities Deferred Compensation Plan for Executives. In February 2002 each non-employee Trustee was granted non-qualified options to purchase 2,500 common shares.

Prior to the beginning of each calendar year, each non-employee Trustee may irrevocably elect to have all or any portion of their retainers and fees paid in the form of common shares of Northeast Utilities. Pursuant to the Northeast Utilities Deferred Compensation Plan for Trustees, each Trustee may also irrevocably elect to defer receipt of some or all cash and/or share compensation.

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

Section 16(a) of the Securities Exchange Act of 1934 requires Trustees and certain officers of Northeast Utilities and persons who beneficially own more than ten percent of the outstanding common shares of Northeast Utilities to file reports of ownership and changes in ownership with the Securities and Exchange Commission (SEC) and the New York Stock Exchange. Based on review of copies of such forms furnished to Northeast Utilities, or written representations that no Form 5 was required, Northeast Utilities believes that for the year ended December 31, 2001, all such reporting requirements were complied with in a timely manner except that Mrs. Grise and Mr. Kenyon each reported the exercise of stock appreciation rights in September, 2001 on their Form 5 for 2001 rather than on a Form 4 for September 2001.

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### EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT ARRANGEMENTS

Northeast Utilities has entered into an employment agreement with Mr. Morris and Northeast Utilities Service Company (NUSCO) has entered into employment agreements with each of the other named executive officers except Mr. Simon. Mr. Simon participates in the Special Severance Program for Officers of Northeast Utilities Companies. The agreements and the Special Severance Program are also binding on Northeast Utilities and on each majority-owned subsidiary of Northeast Utilities.



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Each agreement obligates the officer to perform such duties as may be directed by the NUSCO Board of Directors or the Northeast Utilities Board of Trustees, protect the Company's confidential information, and refrain, while employed by the Company and for a period of time thereafter, from competing with the Company in a specified geographic area. Each agreement provides that the officer's base salary will not be reduced below certain levels without the consent of the officer, and that the officer will participate in specified benefits under the Supplemental Executive Retirement Plan or other supplemental retirement programs (see Pension Benefits, above) and/or in certain executive incentive programs at specified incentive opportunity levels.

Each agreement provides for a specified employment term and for automatic one-year extensions of the employment term unless at least six months' notice of non-renewal is given by either party. The employment term may also be ended by the Company for "cause", as defined, at any time (in which case no supplemental retirement benefit, if any, shall be due), or by the officer on thirty days' prior written notice for any reason. Absent "cause", the Company may remove the officer from his or her position on sixty days' prior written notice, but in the event the officer is so removed and signs a release of all claims against the Company, the officer will receive one or two years' base salary and annual incentive payments, specified employee welfare and pension benefits, and vesting of stock appreciation rights, options and restricted stock.

Under the terms of the agreements and the Special Severance Program, upon any termination of employment following a change of control, as defined, between (a) the earlier of the date shareholders approve a change of control transaction or a change of control transaction occurs and (b) the earlier of the date, if any, on which the Board of Trustees abandons the transaction or the date two years following the change of control, if the officer signs a release of all claims against the Company, the officer will be entitled to certain payments including a multiple (not to exceed three) of annual base salary, annual incentive payments, specified employee welfare and pension benefits, and vesting of stock appreciation rights, options and restricted stock. Certain of the change of control provisions may be modified by the Board of Trustees prior to a change of control, on at least two years' notice to the affected officer(s).

Besides the terms described above, the agreements of Messrs. Morris, Kenyon and Forsgren provide for a specified salary, cash, restricted stock and/or stock options upon employment, special incentive programs and/or special retirement benefits. See Pension Benefits, above, for further description of these provisions. The agreements of Mr. Forsgren and Mrs. Grise were supplemented during 2001 to provide for special deferred compensation of \$520,000 and \$500,000, respectively, vesting in even installments (adjusted to reflect investment performance) on June 28, 2002, 2003 and 2004, so long as such officer remains in the employ of Northeast Utilities Service Company, and vesting sooner in the event of a change of control of the Company or involuntary termination without cause.

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

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The Compensation Committee of the Board of Trustees (the Committee) is the administrator of executive compensation for the executives of the Northeast Utilities system (the Company) with authority to establish and interpret the terms of the Company's executive salary and incentive programs. The goal of the Committee's executive compensation program for 2001 was to provide a competitive compensation package to enable the Company to attract and retain key executives with an eye towards the future in a more competitive environment. To help achieve this, the Committee drew upon information from a variety of sources, including compensation consultants, utility and general industry surveys, and other publicly available information, including proxy statements. The Committee further sought to align executive interests with those of Northeast Utilities' shareholders and with Company performance by continuing with the use of share-based incentives as a significant part of executives' compensation.

### Base Salary

The Committee sets the annual base salary for each executive officer except for the Chief Executive Officer (CEO), whose base salary is set by the Board of Trustees following a recommendation by the Committee pursuant to an evaluation process developed by the Committee in conjunction with the Corporate Governance Committee of the Board of Trustees. The Committee periodically adjusts officers' base salaries to reflect considerations such as changes in responsibility, market sensitivity, individual performance and internal equity. In 2001 the Committee reviewed the average salary growth of officers, as reported by several national surveys, with the goal of maintaining the current competitive salary positions. The CEO's base salary was not increased in 2001 based on the market review that supported a higher proportion of incentive compensation in the CEO's total compensation.

### Annual Incentive Awards

The Committee again implemented an Annual Incentive Program during 2001. The Annual Incentive Program was designed to calculate actual aggregate payouts based on the Company's performance against a net income goal and pre-established individual goals. Individual awards were made in cash in February 2002, except that for certain senior officers including the CEO, half of the award was made in the form of restricted NU common shares. The CEO received an award under this program of \$434,903 and 23,407 restricted shares, having an aggregate value equal to 97 percent of base pay. This total amount was less than target for incentive compensation, given the Company's shortfall in the fulfillment of its net income goals.

### Long-Term Incentive Grants

Long-term stock-based incentive grants were made in February through June 2001 to each executive officer and other officers and certain key employees of the Company. The Committee targeted these awards, which were made entirely in the form of stock options, such that total incentive awards for the officer group would be at the 50th percentile of general industry. The CEO's grant was targeted at 259 percent of base salary based upon the Committee's dual goals of market competitiveness and alignment with shareholder interests. The CEO received options to purchase 120,000 shares at a price of \$21.03 in February 2001 and options to purchase 100,000 shares at a price of \$20.06 per share in June 2001.

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The Committee believes that its compensation program adequately responds to issues raised by the deductibility cap placed on executive salaries by Section 162(m) of the Internal Revenue Code because of the use of stock options and qualified performance-based compensation in Company incentive programs.

Respectfully submitted,

Robert E. Patricelli, Chair  
John F. Swope, Vice Chair  
Cotton Mather Cleveland  
Sanford Cloud, Jr.  
E. Gail de Planque  
Raymond L. Golden  
Elizabeth T. Kennan

Dated: February 25, 2002

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### SHARE PERFORMANCE CHART

The following chart compares the cumulative total return on an investment in Northeast Utilities common shares with the cumulative total return of the S&P 500 Stock Index and the S&P Electric Companies Index over the last five fiscal years, in accordance with the rules of the SEC, assuming \$100 invested on January 1, 1997 in Northeast Utilities (NU) common shares, S&P 500 Index and S&P Electric Companies Index with all dividends reinvested. Total return of NU common shares assumes reinvestment of all dividends on payment date. Values shown are as of December 31 of each year.

[CHART]

	1997	1998	1999	2000	2001
	----	----	----	----	----
NU Common	93	126	162	195	145
S & P Electric Companies	126	146	118	203	174
S & P 500	133	171	208	189	165

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### 2. RATIFICATION OF THE SELECTION OF AUDITORS

The firm of Deloitte & Touche LLP, independent public accountants, has been recommended by the Audit Committee to the Board of Trustees to serve as independent auditors of Northeast Utilities and its subsidiaries for 2002, and the Board of Trustees recommends that shareholders ratify the selection by the Board of Trustees of Deloitte & Touche LLP to audit the accounts of Northeast Utilities and its subsidiaries for 2002. Representatives of Deloitte & Touche LLP and Arthur Andersen LLP are expected to be present at the meeting. They will have the opportunity to make a statement, if they desire to do so, and to respond to appropriate questions raised at the meeting.

The Board of Trustees recommends that shareholders vote FOR this proposal.

### RELATIONSHIP WITH INDEPENDENT AUDITORS

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Prior to 2002, Arthur Andersen LLP had been the independent accounting firm that audits the financial statements of Northeast Utilities and its subsidiaries since 1977. In March 2002, following an evaluation of several auditing firms, Deloitte & Touche LLP was selected by the Board to audit the accounts of Northeast Utilities and its subsidiaries for 2002.

Audit services performed by Arthur Andersen LLP for fiscal year 2001 consisted of an audit and report on the financial statements of Northeast Utilities and its principal subsidiaries with respect to filings with government agencies such as the Securities and Exchange Commission, the Federal Energy Regulatory Commission, and the Connecticut Department of Public Utility Control.

The Audit Committee has considered whether the provision of non-audit services by Arthur Andersen LLP is compatible with maintaining auditor independence.

During fiscal year 2001, Northeast Utilities retained Arthur Andersen LLP to provide services in the following categories and amounts:

Audit fees.....	\$1,045,000
Financial information systems design and implementation fees	0
All other fees:	
Audit-related fees*.....	\$ 515,900
Other fees, primarily tax consultations.....	447,100
	-----
Total all other fees.....	\$ 963,000
	=====

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 \* Audit-related fees include benefit plan financial statement audits, financings-comfort letters and consents, accounting consultation, agreed-upon procedures and advisor to internal controls committee.

### REPORT OF THE AUDIT COMMITTEE

The Audit Committee is responsible for oversight of the relationship of Northeast Utilities with its independent accountants on behalf of the Board of Trustees. As part of its responsibilities, the Audit Committee has received the written disclosures and the letter from the independent accountants required by the Independence Standards Board, has discussed these matters and the independent accountant's independence with the independent accountants as required pursuant to generally accepted auditing standards, and has reviewed and discussed the audited financial statements of Northeast Utilities for the year ended December 31, 2001 with management. The Audit Committee is aware of the recent increased scrutiny of financial statement disclosures of publicly held companies and related disclosure guidance issued by the Securities and Exchange Commission. The Audit Committee has discussed the appropriateness and adequacy of disclosures in the financial statements with management and the independent auditors in light of this guidance. Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Trustees that the audited financial statements be included in Northeast Utilities' Annual Report on Form 10-K for the year ended December 31, 2001 for filing with the Securities and Exchange Commission.

Respectfully submitted,

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John F. Swope, Chair  
Richard H. Booth, Vice Chair  
E. Gail de Planque  
Raymond L. Golden  
Elizabeth T. Kennan

Dated: February 26, 2002

### 3. OTHER MATTERS

The Board of Trustees knows of no matters other than the foregoing to come before the meeting. However, if any other matters come before the meeting, the persons named in the enclosed proxy will vote in their discretion with respect to such other matters.

#### ANNUAL REPORT

Northeast Utilities' Annual Report to Shareholders for the year ended December 31, 2001, including financial statements, is being mailed with or prior to this proxy statement. An additional copy of the Annual Report will be mailed to any shareholder upon request.

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#### COST OF SOLICITATION OF PROXIES

The cost of soliciting proxies on behalf of the Board of Trustees will be borne by Northeast Utilities. In addition to the use of the mails, proxies may be solicited by personal interview, telephone or telegraph, by Trustees, officers or employees of Northeast Utilities or Northeast Utilities Service Company, by employees of The Bank of New York, Transfer Agent and Registrar, or by an independent company, Morrow & Co., Inc., which has been retained to assist in the solicitation of proxies from banks, brokerage firms, nominees and individual shareholders for a fee of \$12,000 plus reimbursement for expenses. Arrangements will be made to reimburse brokerage firms, nominees, custodians and fiduciaries for expenses incurred in forwarding solicitation materials to the beneficial owners of common shares held as of March 15, 2002.

#### SHAREHOLDER PROPOSALS FOR 2003 ANNUAL MEETING

To be included in the proxy statement and form of proxy for the 2003 Annual Meeting of Shareholders, proposals by shareholders must be received no later than December 1, 2002, and must satisfy the conditions established by the SEC. Shareholder proposals submitted to be considered at the 2003 Annual Meeting without inclusion in next year's proxy materials must be received no later than February 14, 2003. If Northeast Utilities is not notified of a shareholder proposal by February 14, 2003, then proxies held by management may provide the discretion to vote against such proposal, even though such proposal is not discussed in the proxy statement. Proposals should be addressed to O. Kay Comendul, Assistant Secretary, Northeast Utilities, Post Office Box 270, Hartford, Connecticut 06141-0270.

By order of the Board of Trustees,

/s/ GREGORY BUTLER

Gregory B. Butler  
Vice President, Secretary  
and General Counsel

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ANNUAL REPORT ON FORM 10-K

Northeast Utilities will provide shareholders with a copy of its 2001 Annual Report on Form 10-K to the SEC, including the financial statements and schedules thereto, without charge, upon receipt of a written request sent to:

O. Kay Comendul  
Assistant Secretary  
Northeast Utilities  
Post Office Box 270  
Hartford, Connecticut 06141-0270

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PROXY

PROXY

NORTHEAST UTILITIES

Proxy for Annual Meeting of Shareholders - May 14, 2002

The undersigned appoints MICHAEL G. MORRIS and ELIZABETH T. KENNAN, and either of them, proxies of the undersigned, with power of substitution, to act for and to vote all common shares of the undersigned at the Annual Meeting of Shareholders of Northeast Utilities to be held on May 14, 2002, and any adjournment thereof, upon the matters set forth in the notice of said meeting as indicated below. The proxies are further authorized to vote, in their discretion, upon such other business as may properly come before the meeting or any adjournment thereof.

When properly executed, this proxy will be voted as specified by the undersigned. Unless otherwise instructed, this proxy will be voted FOR proposals 1 and 2.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF TRUSTEES

(Continued and to be dated and signed on the reverse side.)

DETACH PROXY CARD HERE

[ ] (Please sign, date and return this proxy in the enclosed postage prepaid envelope.) [X] Votes must be indicated (x) in Black or Blue ink.

The Board of Trustees recommends a vote FOR proposals 1 and 2.

1. Election of the eleven Trustees Nominated

FOR ALL [ ] WITHHOLD FOR ALL [ ] EXCEPTIONS [ ]

To vote for all nominees, mark the "FOR" box. To withhold voting for a particular nominee(s), mark the "FOR ALL EXCEPT AS MARKED" box and strike a line through the name of the nominee(s) in the list below. To withhold voting on all nominees, mark the "WITHHELD" box.

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Nominees: Richard H. Booth, Cotton Mather Cleveland, Sanford Cloud, Jr., James F. Cordes, E. Gail de Planque, John H. Forsgren, Raymond L. Golden, Elizabeth T. Kennan, Michael G. Morris, Robert E. Patricelli and John F. Swope.

2. Ratification of Deloitte & Touche LLP as independent auditors for 2002.

FOR  
[ ]

AGAINST  
[ ]

ABSTAIN  
[ ]

To change your address, please mark this box. [ ]

Signature: \_\_\_\_\_ Date: \_\_\_\_\_