



Annual Funding Notice

NUSCO Retirement Plan

April 2012

Enclosed is the Annual Funding Notice for the Northeast Utilities Service Company (NUSCO) Retirement Plan for the 2011 plan year. The Annual Funding Notice is required under the provisions of the Pension Protection Act of 2006—a federal law requiring that specific information and disclosures concerning the financial status of pension plans be provided to plan participants.

Why am I receiving this notice?

You are receiving this notice because you had an accrued benefit in the NUSCO Retirement Plan on December 31, 2011. This notice includes important financial information and other information about the Plan. This notice applies to all NUSCO Retirement Plan employee participants—whether or not they are vested—as well as to all terminated vested and retired participants, including their beneficiaries or alternate payees, as applicable.

What information does this notice provide?

The notice provides information about the Plan's funded status (the amount of Plan assets available to pay Plan benefits) and information about how Plan assets are invested. It also describes pension law rules and how they protect your pension benefit.

Do I need to take any action?

You do not have to take any action regarding this notice.



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NUSCO Retirement Plan
March 2012

Introduction

This notice includes important information about the funding status of your pension plan—the Northeast Utilities Service Company (“NUSCO”) Retirement Plan (“the Plan”)—and general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”), a federal insurance agency. All traditional pension plans (called “defined benefit pension plans”) must provide this notice every year regardless of their funding status. This notice is for the plan year beginning January 1, 2011 and ending December 31, 2011 (“Plan Year”). **You do not need to take any action on this notice and it is being provided to you for informational purposes only.**

How Well the Plan is Funded

Under federal law, the Plan must report how well it is funded by using a measure called the “Funding Target Attainment percentage.” This percentage is obtained by dividing the Plan’s Net Plan Assets by Plan Liabilities on the Valuation Date for the plan year. In general, the higher the percentage, the better funded the plan. Your Plan’s Funding Target Attainment percentage for the plan year (and each of the two preceding plan years) is shown in the chart below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

	Plan Year Beginning in 2011	Plan Year Beginning in 2010	Plan Year Beginning in 2009
1. Valuation Date	January 1, 2011	January 1, 2010	January 1, 2009
2. Plan Assets			
a. Total Plan Assets	\$1,866,600,079	\$1,966,540,518	\$1,713,250,117
b. Funding Standard Carryover Balance	\$1,217,566	\$1,055,083	\$852,482
c. Prefunding Balance	\$0	\$0	\$0
d. Net Plan Assets (a) - (b) - (c) = (d)	\$1,865,382,513	\$1,965,485,435	\$1,712,397,635
3. Plan Liabilities	\$2,319,736,837	\$2,143,075,347	\$1,702,357,583
4. Funding Target Attainment Percentage (2d)/(3)	80.41%	91.71%	100.58%

*The value of plan liabilities for funding purposes is calculated based on an interest rate assumption. The interest rate is determined in accordance with IRS guidance and fluctuates from year to year. For determining plan liabilities January 1, 2009, the interest rate is 8.19 percent. For determining plan liabilities January 1, 2010, the interest rate is 6.66 percent. For determining plan liabilities January 1, 2011, the interest rate is 6.27 percent. Please note that the change in the plan liability is inversely related to the change in the interest rate.

**A \$45 million contribution was made to the Plan in September 2010 for the plan year beginning January 1, 2009. This contribution is reflected in the January 1, 2010 figures (since the contribution was “made” for the prior plan year). However, this contribution is not reflected in the 2009 figure above (in accordance with IRS rules). An \$86 million contribution was made to the Plan in September 2011 for the plan year beginning January 1, 2010. This contribution is reflected in the January 1, 2011 figures (since the contribution was “made” for the prior plan year). However, this contribution is not reflected in the 2010 or 2009 figures above (in accordance with IRS rules).

Plan Assets and Credit Balances

Total Plan Assets is the value of the Plan's assets on the Valuation Date (line 2a in the chart on page 1). Credit balances were subtracted from Total Plan Assets to determine Net Plan Assets (line 2d) used in the calculation of the Funding Target Attainment Percentage. While pension plans are permitted to maintain credit balances, also called "funding standard carryover balances" or "prefunding balances" (lines 2b and 2c) for funding purposes, they may not be taken into account when calculating a plan's Funding Target Attainment Percentage. A plan might have a credit balance (for example, if in a prior year an employer made contributions to the plan above the minimum level required by law). Generally, the excess contributions are counted as "credits" and may be applied in future years toward the minimum level of contributions a plan sponsor is required to make by law.

Plan Liabilities

Plan Liabilities (line 3 in the chart on page 1) are the liabilities used to determine the Plan's Funding Target Attainment percentage. This figure is an estimate of the amount of assets the Plan needs on the Valuation Date to pay for promised benefits under the Plan.

Year-End Assets and Liabilities

The asset values in the chart above are measured as of the first day of the plan year and are actuarial values. Because market values can fluctuate daily based on factors in the marketplace (such as changes in the stock market), pension law allows plans to use actuarial values that are designed to smooth out those fluctuations for funding purposes. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. As of December 31, 2011, the fair market value of the Plan's assets was \$2,024,991,000. On this same date, the Plan's liabilities were estimated to be \$2,906,924,000.

Participant Information

The total number of participants in the Plan as of the beginning of the plan year (January 1, 2011) was 17,505. Of this number, 5,092 were active participants; 6,148 were retired, separated from service, or beneficiaries receiving benefits; and 4,608 were retired or separated from service and entitled to future benefits. In addition, 1,657 beneficiaries are receiving death benefits under the Plan.

Funding and Investment Policies

Every pension plan must have a procedure for establishing a funding policy to carry out plan objectives. A funding policy relates to the level of assets needed to pay for promised benefits. The funding policy of the Plan is to annually contribute to the trust that holds Plan assets an amount at least equal to the amount that will satisfy the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the Internal Revenue Code of 1986, as amended (the "Code").

Once money is contributed to the Plan, the money is invested by Plan officials, called fiduciaries, who make specific investments in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries responsible for plan investments with guidelines or general instructions concerning investment management decisions. The investment policy of the Plan is to recognize that the assets of the Plan are long-term investments and are invested in broad asset classes to diversify risk and reflect a consideration of the non-investment characteristics of the Plan, including projected future retirements, a change in the number of participants and cash flow. The investment objective of the Plan is to pursue a return on investment that is based on levels of liquidity and investment risk that are prudent and reasonable. The investment strategy establishes

asset allocation targets and permissible ranges within asset classes. These targets and ranges are routinely reviewed and periodically rebalanced.

Under the Plan’s investment policy, the Plan’s assets were allocated among the following categories of investments, as of the end of the plan year. These allocations are percentages of total assets and are presented below to reflect the line item categories that will appear in Schedule H of the annual report filing for the Plan (on Form 5500) to the U.S. Department of Labor for the plan year ended December 31, 2011. That report is due on or before October 15, 2012 (as extended).

Asset Allocations	Percent
Value of interest in master trust investment accounts	99%
Value of funds held in insurance company general account (unallocated contracts)	1%
Total	100%

Additional information regarding Plan investments and asset allocations is set forth in the table below, as referenced in Note 10 to the Combined Notes to Consolidated Financial Statements in the Northeast Utilities Annual Report to Shareholders, Form 10-K, for the fiscal year ended December 31, 2011.

Asset Category	Percent
Equity Securities	
United States	24%
Non-United States	13%
Emerging Markets	3%
Private	12%
Debt Equities	
Fixed Income	20%
High Yield Fixed Income	3.5%
Emerging markets debt	3.5%
Real Assets	8%
Hedge Funds	13%
Total	100%

For information about the Plan’s investment in any of the following types of investments as described in the chart above—common/collective trusts, pooled separate accounts, master trust investment accounts, or 103-12 investment entities—contact the NUSCO HR Service Center, Northeast Utilities Service Company, P.O. Box 270, Hartford, CT 06141-0270, 1-800-841-8684, Monday through Friday, 8 a.m. to 4:30 p.m.

Right to Request a Copy of the Annual Report

A pension plan is required to file an annual report called the Form 5500 with the U.S. Department of Labor that contains financial and other information about the plan. Copies of the annual report are available from the U.S. Department of Labor, Employee Benefits Security Administration’s Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202-693-8673. For 2009 and subsequent plan years, you may obtain an electronic copy of the Plan’s annual report by going to www.efast.dol.gov and using the Form 5500 search function. Or you may obtain a copy of the Plan’s annual report by making a written request to the Plan Administrator (identified on page 5 under “Where to Get More Information”).

Individual information, such as the amount of your accrued benefit under the Plan, is not contained in the annual report. If you are seeking information regarding your benefits under the Plan, you can request an annual estimate of your current accrued benefit or benefit projected to a future date. Such estimate requests can be made by calling the NUSCO HR Service Center at 1-800-841-8684, Monday through Friday, 8:00 a.m. to 4:30 p.m.

The Plan's annual report is also available (in relevant part) on the benefits page of the Northeast Utilities employee intranet, the NUnet, and on the internet at www.nuemployees.com.

Summary of Rules Governing Termination of Single-Employer Plans

If a plan is terminated, there are specific termination rules that must be followed under federal law.

There are two ways an employer can terminate its pension plan. First, the employer can end the plan in a "standard termination" but only after showing the PBGC that the plan has enough money to pay all benefits owed to participants. Under a standard termination, the plan must either purchase an annuity from an insurance company (which will provide you with periodic retirement benefits, such as monthly for life or for a set period of time when you retire) or, if your plan allows, issue one lump-sum payment that covers your entire benefit. Your Plan administrator must give you advance notice that identifies the insurance company (or companies) that your employer may select to provide the annuity. The PBGC's guarantee ends when your employer purchases your annuity or gives you the lump-sum payment.

Second, if the plan is not fully-funded, the employer may apply for a distress termination. To do so, however, the employer must be in financial distress and prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

Benefit Payments Guaranteed by the PBGC

When the PBGC takes over a plan, it pays pension benefits through its insurance program. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The amount of benefits that PBGC guarantees is determined as of the plan termination date. However, if a plan terminates during a plan sponsor's bankruptcy and the bankruptcy proceeding began on or after September 16, 2006, then the amount guaranteed is determined as of the date the sponsor entered bankruptcy.

The PBGC maximum benefit guarantee is set by law and is updated each calendar year. For a plan with a termination date or sponsor bankruptcy date, as applicable in 2012, the maximum guarantee is \$4,653.41 per month, or \$55,840.92 per year, for a benefit paid to a 65-year-old retiree with no survivor benefit. If a plan terminates during a plan sponsor's bankruptcy, and the bankruptcy proceeding began on or after September 16, 2006, the maximum guarantee is fixed as of the calendar year in which the sponsor entered bankruptcy. The maximum guarantee is lower for an individual who begins receiving benefits from PBGC before age 65; the maximum guarantee by age can be found on PBGC's Web site, www.pbgc.gov. The guaranteed amount is also reduced if a benefit will be provided to a survivor of the plan participant.

The PBGC guarantees “basic benefits” earned before a plan is terminated, which includes:

- Pension benefits at normal retirement age;
- Most early retirement benefits;
- Annuity benefits for survivors of plan participants; and
- Disability benefits for a disability that occurred before the date the plan terminated or the date the sponsor entered bankruptcy, as applicable.

The PBGC does not guarantee certain types of benefits:

- The PBGC does not guarantee benefits for which you do not have a vested right, usually because you have not worked for the company for enough years.
- The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements.
- Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.
- Early retirement payments that are greater than payments at normal retirement age may not be guaranteed. For example, a supplemental benefit that stops when you become eligible for Social Security may not be guaranteed.
- Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay are not guaranteed.
- The PBGC generally does not pay lump sums exceeding \$5,000.

In some circumstances, participants and beneficiaries still may receive some benefits that are not guaranteed. This depends on how much money the terminated plan has and how much the PBGC recovers from employers for plan underfunding.

Where to Get More Information

For more information about this notice, you may write or call Ms. Christine Carmody, the Plan Administrator, at Northeast Utilities Service Company, P.O. Box 270, Hartford, CT 06141-0270, or by contacting the NUSCO HR Service Center at 1-800-841-8684, Monday through Friday, 8 a.m. to 4:30 p.m.

For identification purposes, the official Plan number is 001 and the Plan sponsor’s name and employer identification number or “EIN” is 06-0810627. For more information about the PBGC, go to PBGC’s Web site at www.pbgc.gov.

Disclosure Statement and Disclaimer

This notice is intended to comply with the requirements of section 101(f) of ERISA. The disclosures provided in this notice are based on information available and believed to be accurate as of the date this notice is provided. All computations reflected in these disclosures have been performed based on a good faith interpretation of the applicable statutory and regulatory guidance in effect on the date this notice is provided. Such information and computations include, but are not limited to, the measurement of plan liabilities, reported values of plan assets, and allocation of assets. However, actual results for the plan year may change and will not be considered final until filed with the Department of Labor as part of the annual report (the Form 5500). Subsequently, such results will change only by amendment of the annual report for the plan year. See the “Right to Request a Copy of the Annual Report” section for information about how to obtain a copy of the annual report. NUSCO, as Plan sponsor, does not undertake any obligation to update or publicly release any revisions to this notice, and no such revisions will be issued to reflect any changes, including, but not limited to, changes in the manner in which particular calculations are performed, changes in expectations, the adoption of plan amendments or any other events or circumstances occurring after this notice is provided.



**Northeast
Utilities**

HR Service Center
P.O. Box 270
Hartford, CT 06141-0270

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NUSCO Retirement Plan
Annual Funding Notice

Important Benefit Information

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