

Summary Plan Description

# *NUSCO Retirement Plan*



Northeast  
Utilities System

# Table of Contents

About the NUSCO Retirement Plan.....	3
Overview.....	4
Plan Basics.....	5
Plan Eligibility, Vesting, Cost, and Funding.....	6
Retirement Eligibility.....	6
Pension Benefit Formula.....	7
Spouse’s Benefit.....	9
Working Past Age 65.....	10
K-Vantage.....	10
Initiating Your Pension Benefit.....	10
Adjustments for Early Benefit Commencement.....	11
Payment Options.....	13
Calculating Optional Forms of Payment.....	14
Reemployment before Your Pension Starting Date.....	16
Reemployment after Your Pension Starting Date.....	17
Death Benefits.....	17
Death Benefits after Your Pension Starting Date.....	19
Employee Contributions to the Plan.....	20
Leaves of Absence and Long-Term Disability.....	20
Merged Plans.....	20
Cost of Living Adjustments.....	21
Benefit Claims Procedures.....	22
Retiree Life Insurance Conversion to Provide Additional Pension Payments.....	23
Assignment of Benefits.....	23
If the Plan is Amended or Terminated.....	23
Insured Benefits.....	24
Tax Treatment of Pension Payments.....	24
Participants Rights and Protections Under ERISA.....	25
Administrative and ERISA Information.....	26
Key Terms.....	27



# About the NUSCO Retirement Plan

This document is the Summary Plan Description (“SPD”) for the Northeast Utilities Service Company Retirement Plan (“the Plan” or the “NUSCO Retirement Plan”) and is designed to provide an overview of the Plan’s key features.

The information in the SPD applies to all participants eligible to participate in the Plan and describes the main features of the Plan as of July 1, 2008. If you terminated employment or retired prior to July 1, 2008, your benefits will be determined based upon the terms of the Plan at the time of your retirement or other termination of employment with the Company.

If you have benefits that were accrued while you were an employee of Public Service Company of New Hampshire, Yankee Energy, or Niagara Mohawk prior to merger of their sponsored plans into the Plan, a portion of your benefits may be based on the terms of the pension plan of that company that existed prior to its merger with the Plan.

This document does not cover every provision of the Plan. Many complex topics have been simplified to present a more understandable Plan description. Your rights and benefits under the Plan are governed by the formal Plan document. If there is a discrepancy or inconsistency between this document and the Plan document, the Plan document will govern to the extent permitted by law.

You may obtain a copy of the Plan and related documents by contacting the Northeast Utilities Human Resources Service Center (the “HR Service Center”) at 860-665-5660 or toll-free at 1-800-841-8684. Northeast Utilities Service Company (“NUSCO”) is the sponsor of the Plan and through its Board of Directors reserves the right at any time to change in any way or terminate any benefit under the Plan, to the extent allowed by law and in accordance with bargaining unit contract language.

## Participating Companies

As of July 1, 2008, NUSCO, as the Plan sponsor, and the following Northeast Utilities System companies participate in the Plan:

- NUSCO (the Plan sponsor)

- The Connecticut Light and Power Company
- Public Service Company of New Hampshire
- Western Massachusetts Electric Company
- Yankee Gas Services Company
- Select Energy, Inc.

Collectively, NUSCO and the Participating Companies will be referred to as the “Company.”

Your participation in the Plan will not be affected if you switch employment between or among NUSCO and the participating companies (see exception for *Merged Plans* and *K-Vantage*).

## Information Sources

Active employees, retirees, and survivors interested in more information or in commencing a benefit should contact the **Northeast Utilities Human Resources Service Center** at 860-665-5660 or toll-free at 1-800-841-8684 (800-TDD-TDD4 or 833-8334 for hearing impaired) Monday through Friday, 8 a.m. to 5 p.m., except on certain holidays.

Northeast Utilities  
HR Service Center  
107 Selden Street  
Berlin, CT 06037

For questions regarding a pension benefit check; or to report an address change, a missing payment, or a death; or to request a change in tax withholding or a copy of your Form 1099-R, contact **Aetna** toll-free at 1-800-952-2700 Monday through Friday, 8 a.m. to 5 p.m., except certain holidays.

Aetna, Inc.  
Large Case Pensions  
151 Farmington Avenue  
Hartford, CT 06156

**The Retirement Income Modeler (PREPARE)** is a financial planning modeling tool to help active employees project post-retirement income from various sources such as:

- Your pension benefit from the Plan
- Your benefit from the NUSCO 401k Plan
- Your Social Security benefits, IRAs, other employer plans and annuities.

The information provided by the Retirement Income Modeler is an estimate that assumes that Plan provisions will continue unchanged in the future while incorporating certain variables you specify—such as when you will terminate employment with the Company and future salary changes.

Although every effort is made to assure the reliability of these estimates, errors can occur. An error can be due to incorrect personal information that is stored in the Plan's database or because the Retirement Income Modeler does not correctly reflect the special provisions that may apply to your circumstances.

The Plan's actual payments must be based on verified personal data and actual Plan provisions—even if the resulting benefit is less than the estimated amount communicated to you. The benefit estimate or other information provided by the Retirement Income Modeler or by the HR Service Center does not alter your benefit entitlement under the terms of the Plan.

The Retirement Income Modeler is accessible from NU's employee Web site, NUnet.

## Overview

The NUSCO Retirement Plan is a defined benefit pension plan. Your benefit in the Plan, once vested, is designed to provide you with a monthly payment after your termination of employment to commence at normal retirement age (age 65) or as early as age 55.

Your benefit is determined by applying an actuarial formula that takes into account your Final Average Earnings, your Credited Service with the Company, and your Covered Compensation.

Prior to the commencement of your benefit, the Plan offers you a choice among various monthly benefit payment options: a straight life annuity with and without a ten-year guaranteed payment, several contingent annuity options, and two level income options that seek to provide you with a level payment when considered with your anticipated Social Security benefits.

If you are married, the automatic payment required under the Plan is an annuity for your life with a contingent annuity to your spouse—if he or she

survives you. The amount of the contingent annuity may be greater if you terminate employment after you are retirement eligible and eligible for the Spouse's Benefit. You may waive the automatic payment in favor of another form of payment or another beneficiary—with your spouse's written, notarized consent.

Your eligibility or right to benefits under the Plan should not be interpreted as a guarantee of employment. The Company's employment decisions are made without regard to the benefits it offers as part of your total compensation.

A careful reading of this SPD will help you understand how the Plan works. You may obtain additional information through the Information Sources described earlier.

## Plan Basics

The Plan is a defined benefit pension plan and is funded wholly by the Company with an exception for service before 1969 when employee contributions were required to participate in the Plan. The Plan initially determines your benefit as an annuity payable for your life beginning the first day of the month after you attain age 65—although earlier commencement dates and additional annuity-type payment options are available. Lump sum payment is not an available option under the Plan.

The Plan's formula for determining the amount of your pension benefit includes:

- Your Final Average Earnings
- Your Credited Service in years and months
- Your Covered Compensation

Assuming you are vested in your Plan benefit at the time you terminate employment, you elect when you want your monthly annuity payments to begin (generally, not earlier than age 55), and how you want your benefit to be paid. Payments can be made electronically to your bank account or paid by check.

Tax laws require that payments to vested, married participants provide an automatic life annuity to the participant with a 50 percent survivor annuity to his or her spouse. The married participant may waive the automatic form of payment and elect a different form of payment or a different beneficiary—provided written, notarized spousal consent accompanies the waiver.

A Pre-Retirement Survivor Annuity is provided to the surviving spouse of vested married participants, if the participant dies before his or her Pension Starting Date.

The Plan provides a special spousal survivor benefit (the Spouse's Benefit) for the benefit of married retirees. The spousal survivor benefit would be paid to the retiree's surviving spouse and is equal to one third of the amount of the retiree's age 65 straight life annuity. Single participants receive an automatic straight life annuity, but may select any other form of payment available under the Plan.

### When Plan Participation Ends

Generally, your participation in the Plan will end when you terminate employment before you are vested and do not return to service within a prescribed time. You also stop participating in the Plan when you die, although you may leave a survivor's benefit.

### Your Responsibilities as a Plan Participant

As a Plan participant, you are responsible for understanding your benefits and how to apply for them. Additionally, you need to keep Northeast Utilities informed of your current address and your marital status. As an employee, you can go to NU's employee Web site, NUNet, to obtain an estimate of your pension benefit under the Plan and to prepare for your retirement.

Even after your employment ends, you should plan for your financial security and be aware of the benefit that is due to you under the Plan. You may wish to discuss your retirement financial needs with your accountant or a financial planner to understand how your pension benefit fits with your other retirement income and when you should start receiving your pension benefit.

If you have questions about the Plan or the amount due to you under the Plan, or you wish to apply for benefit commencement, contact the HR Service Center at 860-665-5660 or toll-free at 1-800-841-8684.

### Administrative and ERISA Information

This Plan is subject to rules of the federal government, including the Employee Retirement Income Security Act of 1974 (ERISA). (See pages 25 and 26.)

### Key Terms

For your convenience, a list of defined terms has been included at the end of this document.

## Plan Eligibility, Vesting, Cost, and Funding

- **Eligibility.** You will automatically participate in the Plan if you are a non-bargaining, full-time or part-time employee whose employment or last re-employment date was before January 1, 2006 (and collective bargaining employees on dates determined by agreement), provided you are not a K-Vantage Employee. If you are currently a K-Vantage Employee but had participated in this Plan and opted to participate in K-Vantage, you are an inactive participant in this Plan with a vested or unvested Plan benefit (see *K-Vantage*).

Non-bargaining employees re-hired on or after January 1, 2006 (and collective bargaining employees on dates determined by agreement) will become active participants again if they already received or have started to receive benefits under the Plan, and they elect to actively participate in the Plan and suspend pension benefit payments during reemployment (see *Re-Employment before Your Pension Starting Date*).

The Administrator, in his or her sole discretion, determines your status as an eligible employee. Subject to the Plan's administrative review procedures, the Administrator's determination in this regard is final, binding, and conclusive.

- **Vesting.** Once you are vested, your benefit belongs to you. You are vested in the Plan after you complete five years of vesting service or when you reach age 65, whichever comes first. If you leave the Company before you are vested, you receive no Plan benefits—unless you are reemployed by the Company within prescribed time limits (see *Reemployment before Your Pension Starting Date*), in which case your future vesting service will usually be added to your prior vesting service.
- **Cost.** The Company pays the full cost of this Plan (other than for benefits that accrued before 1969).
- **Funding.** NUSCO and each participating Company will make contributions to the trust that funds the Plan, if required, and as determined by the Plan actuary, to provide for the payment of both current and future Plan benefits. Plan contributions are made and invested in an irrevocable pension trust established to hold the assets of the Plan. The investment of the Plan assets is the responsibility of the Treasurer, with the advice and consent of the Pension Committee.

## Retirement Eligibility

You are retirement-eligible under the Plan if you terminate employment from the Company after:

- Attaining age 55 after completing ten years of Credited Service;
- Attaining age 65; or
- Under special circumstances, as defined by the Administrator, attaining age 50 but not 55 as a non-bargaining employee provided that you are

then Involuntarily Terminated from employment for reasons other than cause, and your age plus Credited Service equals or exceeds 65 years on your termination date.

If you are not retirement-eligible on your termination of employment but you are vested in your Plan benefit, you will be treated as a Vested Terminated Participant.

# Pension Benefit Formula

Your pension benefit is determined by a three-tiered actuarial formula that takes into account your Final Average Earnings, your Credited Service, and your Covered Compensation. This formula applies for Retirement Dates (or for Vested Terminated Participants, for terminations of employment) on and after January 1, 2004.

Your annual pension benefit under the Plan is converted to a monthly amount payable to you starting at age 65. If you elect to begin your benefit before age 65 (for example, as a retiree at age 55 with ten or more years of Credited Service) or elect

a different payment option, your actual pension annuity may be reduced.

If you were first employed from 1995 through 2001, you may have been subject to a different benefit formula, which was amended on December 31, 2001.

Your accrued benefit under the Plan will be determined after taking into account the different benefit formulas that may have applied to your Credited Service, which may have been different from the formula below. In no case will a change to a benefit formula reduce the benefit you had accrued before the change.

**Tier 1**

Up to 25 Years of Credited Service

1.25% of your Final Average Earnings up to Covered Compensation,

+

1.5% of your Final Average Earnings in excess of Covered Compensation

X

Your years and months of Credited Service up to 25 Years

**PLUS**

**Tier 2**

For 26 through 35 Years of Credited Service

1.35% of your Final Average Earnings up to Covered Compensation

+

1.5% of your Final Average Earnings in excess of Covered Compensation

X

Your years and months of Credited Service from your 26th through your 35th years of Credited Service

**PLUS**

**Tier 3**

For all Years of Credited Service over 35

1.35% of your Final Average Earnings

X

Your years and months of Credited Service over 35 years

**EQUALS**

**YOUR ANNUAL AGE 65 PLAN BENEFIT**

## Example

### Pension Plan Benefit

Pat is 55 years old, has 30 years of Credited Service, and her annual Final Average Earnings are \$72,000. Her covered compensation based on her year of birth is \$56,484/year. Pat's Plan benefit, expressed as a Straight Life Annuity, would be calculated as follows:

<b>Tier 1</b>	1.25% x \$56,484 (Final Average Earnings up to Covered Compensation)	\$706.05
	1.50% x \$15,516 (Final Average Earnings in excess of Covered Compensation)	\$232.74
	Subtotal for Tier 1	\$938.79
	Pat's years of Credited Service (up to 25)	25
	<b>Pat's Tier 1 annual pension at age 65 (\$938.79 x 25)</b>	<b>\$23,469.75</b>
<b>Tier 2</b>	1.35% x \$56,484 (Final Average Earnings up to Covered Compensation)	\$762.53
	1.50% x \$15,516 (Final Average Earnings in excess of Covered Compensation)	\$232.74
	Subtotal for Tier 2	\$995.27
	Pat's years of Credited Service from 26 through 30	5
	<b>Pat's Tier 2 annual pension at age 65 (\$995.27 x 5)</b>	<b>\$4,976.35</b>
	<b>Total annual pension (\$23,469.75 + 4,976.37)</b>	<b>\$28,446.10</b>

### Actuarial Formula Terms

These terms can help you understand the Plan's actuarial formula used to determine your pension benefit. Refer to Key Terms further in this document for more information.

- **Final Average Earnings** means the highest average of your 60 consecutive months of Pensionable Earnings preceding your final month of Credited Service, disregarding pay periods that you are a K-Vantage Employee or during which you do not receive any Pensionable Earnings.
- **Credited Service** is all of your service while actively participating in this Plan, with the exception of years lost following a Break in Service or special rules applicable to former participants in the Yankee Plan or

other merged plans, or that apply to collective bargaining employees pursuant to the terms of their collective bargaining agreements.

The Plan follows the "elapsed time" method of measuring service. Generally, this means that all service is counted between your employment date and your end of employment—except where you have a Break in Service. Credited Service is not counted for periods during which an employee participates in K-Vantage other than for vesting and in determining early commencement reduction factors. (See *K-Vantage*.)

- **Covered Compensation** is the average of the Social Security Taxable Wage Base in effect for

each calendar year during the 35 years ending with the calendar year in which you attain your Social Security retirement age. In determining your Covered Compensation as of a certain year, the Social Security Taxable Wage Base for any subsequent year is assumed to be the same as for the determination year. The amount is based on your date of birth and the Covered Compensation table that is updated annually by the IRS.

The Plan's formula provides more pension per dollar of Pensionable Earnings above Covered Compensation than below Covered Compensation. This formula reflects the fact that the Plan is designed to supplement your Social Security benefits and make up only a part of your total retirement income. You can learn more about your Social Security benefits by calling the Social Security Administration or by accessing [www.ssa.gov](http://www.ssa.gov).

- **Pensionable Earnings** refers to the following monthly compensation paid to you up to the month prior to your month of retirement or termination from the Company: base pay; cash awards received by nonbargaining unit employees

(bargaining as negotiated) under any incentive pay plans of the Company that apply to broad groups (except for any executive incentive plans); special salary adjustment distributions; shift differentials; Sunday premium pay; on-call pay; overtime pay (which is included at straight-times rates); and other monthly payments derived from base pay or hours worked according to uniform rules of the Administrator.

Pensionable Earnings are not reduced by pre-tax contributions made to the 401k Plan or to the Flexible Benefits Plan. Pensionable Earnings are reduced by pre-tax contributions made to the Deferred Compensation Plan for Executives. Pensionable Earnings may not exceed an annual limit published by the Internal Revenue Service. The IRS limit is \$19,167 a month for terminations occurring in 2008 (\$230,000 per year). This amount is adjusted for inflation each year and announced by the IRS.

## Spouse's Benefit

The Spouse's Benefit is a special benefit payable to your eligible surviving spouse in the event of your death. The benefit is generally equal to one-third of the amount of the Straight Life Annuity that was, or would be, payable to you as of your pension starting date. If your benefit is provided as a Contingent Annuity option with your eligible spouse as contingent annuitant (beneficiary), then the Spouse's Benefit will be taken into account in the calculation of that death benefit. In order to be eligible for this benefit, you must terminate employment as a retiree or die as an employee while retirement-eligible.

Also, you must be married to the same spouse on your pension starting date and at the time of your death. In addition, you must have been married for at least one year at the time of your death. If your spouse is more than 10 years younger than yourself, the amount of the Spouse's Benefit will be reduced to account for the age difference.

## Working Past Age 65

If you work for the Company after you reach age 65, you will continue to earn Credited Service under the Plan. You will not begin to receive any pension benefit payments until the first day of the month on or after the date you leave the Company. The HR

Service Center will send you a notice under these circumstances. The notice will indicate that, although you will continue to earn Credited Service while you work for the Company past age 65, your Plan benefit will not commence until you actually retire.

## K-Vantage

If you have an accrued benefit in this Plan and become a K-Vantage Employee, you will retain an accrued benefit in the Plan that takes into account your Credited Service and Final Average Earnings as of the date you became a K-Vantage Employee.

You can commence this Plan benefit on the first day of the month after your 65th birthday, or on an early commencement date on or following your retirement or earlier termination from the Company.

Your continued service with the Company following the effective date of your K-Vantage participation will not count as Credited Service under the Plan and your final average earnings will be frozen as of the date you become a K-Vantage

Employee. However, your continued service with the company will be taken into account along with your prior Credited Service in determining your vesting service under the Plan and your eligibility for early commencement discounts (such as the Rule of 85).

Your continued service will also count in determining eligibility for participation in other plans sponsored by NUSCO, such as the NUSCO Retiree Health Plan and factors used in determining the amount of contributions for coverage under that benefit plan.

## Initiating Your Pension Benefit

If you are retirement-eligible, you must notify your immediate supervisor in writing of your intent to retire. This notice should be provided 90 days before your intended retirement date unless you are age 65 and older, which only requires a 30-day notice period. A copy of the notice must also be provided to the HR Service Center. The notice requirement may be waived by the Administrator if your supervisor agrees.

Your decision to retire from the Company does not require you to commence your pension benefit before you reach age 65, and you may choose to delay benefit commencement until a later pension starting date so that your benefit will be reduced less for early commencement.

When you are ready to initiate your pension benefit payments, you will need to contact the HR Service Center at 860-665-5660 or toll-free at 1-800-841-8684.

Pension benefit payments are generally paid on the first day of each month and, based on your election, can be automatically deposited into your bank account or paid by check.

If you are married and select a form of payment other than the 50% Contingent Annuity, your spouse must be provided at least 90 days to consider whether he or she consents to your waiver of the automatic form of payment—although the full period will be waived if the form is completed sooner.

## Adjustments for Early Benefit Commencement

Generally, if you elect to begin receiving your pension benefit payments earlier than age 65, your pension benefit payments will be reduced to reflect the longer anticipated payment period. However, your pension payments will not be reduced if you are retirement-eligible and receive your pension benefit on or after:

- You retire from the Company after attaining age 55, provided that your age and Credited Service total 85 years or more at such time (the Rule of 85), or
- You start your pension benefit after attaining age 60 and you have 30 or more years of Credited service when you terminated employment (Rule of 90). This benefit is useful only if you are a nonbargaining employee who is Involuntarily Terminated after age 50 but before age 55 and, therefore, do not qualify for the Rule of 85.

If you do not satisfy either of these rules, your early commencement of pension payments will result in a reduction in the amount payable to you. The reduction, if any, depends on your age when you start your benefit and whether you are a retiree or a vested terminated participant upon your termination of employment. The chart below sets forth the early commencement reduction factors. No reduction adjustment is made if you work beyond age 65.

A prorated adjustment will be made for months before your attainment of any particular age in the chart.

### Early Commencement Factor Table

Age at Pension Starting Date	Factors for Vested Terminated Participants	Factors for Retirees		
	(A)	(B)	(C)	(D)
	All Years of Credited Service	Retirees who do not qualify for Rule of 90 or Rule of 85	Retirees who qualify for the Rule of 90	Retirees who qualify for the Rule of 85
65	1.00000	1.00	1.00	1.00
64	.89536	.98	1.00	1.00
63	.80411	.96	1.00	1.00
62	.72420	.94	1.00	1.00
61	.65393	.92	1.00	1.00
60	.59191	.90	1.00	1.00
59	.53698	.87	.87	1.00
58	.48817	.84	.84	1.00
57	.44466	.81	.81	1.00
56	.40576	.78	.78	1.00
55	.37089	.75	.75	1.00
54		.71	.71	
53		.67	.67	
52		.63	.63	
51		.59	.59	
50		.55	.55	

## Example 1

### Retirement-Eligible Participant

#### Early Retirement

#### Rule of 85 Not Applicable

Pat is age 55 with 15 years of Credited Service and terminates employment with the Company on January 31, 2009. Pat is married (her spouse is age 57) and Pat elects, with the consent of her spouse, a Straight Life Annuity (SLA) payment option to begin on February 1, 2009. Pat's accrued pension benefit at age 65 is \$1,000 a month. In this example Pat is retirement-eligible, but does not satisfy the Rule of 85. Reference to the Early Commencement Factor Table, Column B (see page 11) requires application of the early commencement factor of .75. The benefit Pat can collect at age 55 is \$750 a month ( $\$1,000 \times .75$ ). Since Pat's spouse is eligible for the Spouse's Benefit, Pat's spouse will receive a survivor annuity of \$250 a month upon Pat's death ( $1/3$  of \$750).

## Example 2

### Retirement-Eligible Participant

#### Early Retirement

#### Rule of 85 Applies

Dave is age 57 with 30 years of Credited Service. Dave retires from the Company on January 31, 2009, is married and elects, with the consent of his spouse, a Straight Life Annuity (SLA) payment option beginning on February 1, 2009. Dave's accrued pension benefit at age 65 is \$2,400 per month. Since his age (57) and Credited Service (30) total 85 or more, he satisfies the Rule of 85 (see Early Commencement Factor Table, Column D). Therefore, no early commencement factor applies, and Dave receives \$2,400 per month for his life beginning on February 1, 2009. Since Dave's spouse is eligible for the Spouse's Benefit, Dave's spouse will receive a survivor annuity of \$800 a month upon his death ( $1/3$  of \$2,400).

## Example 3

### Vested Terminated Participant

Warren terminates employment with the Company on January 31, 2009 at age 45 with 10 years of Credited Service. Warren's accrued age 65 benefit is \$1,000 a month as of his termination date and the earliest he can commence his pension is age 55. If Warren elects to receive a Straight Life Annuity (SLA) benefit at age 55, the early commencement factor of .37089 applies (see Early Commencement Factor Table, Column A), reducing his age 65 benefit from \$1,000 to \$370.89 a month ( $\$1,000 \times .37089$ ) starting at age 55. Warren can choose to delay commencement of his pension benefit to a later date, but in no event later than the first day of the month after he would attain age 65. If he commences his pension benefit at age 65, he would receive an unreduced pension of \$1,000 a month starting on February 1, 2029, which is the first day of the month following his 65th birthday. As a vested terminated participant, the Spouse's Benefit does not apply to Warren or his spouse.

# Payment Options

The Plan provides the following monthly benefit payment options:

- Straight Life Annuity
- 50% Contingent Annuity
- 66 2/3%, 75%, and 100% Contingent Annuity Options
- Ten-Year Certain and Life Annuity Option
- Level Income Options

These forms of payment have the same relative values and are converted from one form to another by changing the size of your monthly benefit using actuarial factors. For example, in order to “pay for” a Contingent Annuity benefit, the benefit paid to you while you are alive is reduced. If your spouse is eligible for the special one-third Spouse’s Benefit, then there will be less of a reduction in your benefit to pay for a Contingent Annuity benefit. There is no lump sum option. After your pension starting date, neither the payment option nor the contingent annuitant can be changed. However, you may change your beneficiary under the Ten-Year Certain and Life Annuity option if your beneficiary dies before you and within the ten-year guarantee period.

## Straight Life Annuity

When your pension benefit is calculated under the Plan formula, it is calculated as a Straight Life Annuity commencing at age 65. It is also the normal form of payment for a participant who is not married on his or her Pension Starting Date. The Straight Life Annuity provides the largest lifetime monthly benefit payable from the Plan. All other payment options are derived from the Straight Life Annuity and have the same relative value. No survivor benefit is payable except where the Spouse’s Benefit is provided.

## 50% Contingent Annuity Option

The 50% Contingent Annuity is the legally required form of payment for a participant who is married on his or her Pension Starting Date. This option provides a life annuity to the participant and a 50% annuity to the participant’s spouse—if he or she is still living at the participant’s death.

As a married participant, you may waive the 50% Contingent Annuity and instead choose a non-spouse beneficiary or a different form of payment, provided the waiver is accompanied by your spouse’s written, notarized consent on a form supplied through the HR Service Center. If you are a retiree and you are married on your Retirement Date and on your Pension Starting Date, the Spouse’s Benefit will be included in the 50% Contingent Annuity. The 50% Contingent Annuity is also available as an optional form of payment for an unmarried participant or for a married participant who wishes to select a contingent beneficiary other than his or her spouse.

The Spouse’s Benefit, where applicable, cannot be waived or assigned to another beneficiary.

## Additional Contingent Annuity Options (66 2/3%, 75% or 100%)

These options provide a monthly benefit payable to you for your lifetime with 66 2/3%, 75%, or 100% of your monthly amount (as you select) payable to your surviving contingent beneficiary after your death for the remainder of his or her life.

## Ten-Year Certain and Life Annuity Option

This is a life annuity providing that if you die before you have been in pay status for at least ten years, your beneficiary will receive the remainder of the Participant’s guaranteed payment (up to 120 months).

Additionally, if you are married and eligible for the Spouse’s Benefit, your surviving spouse (as beneficiary) would receive the Ten-Year Certain remainder and the Spouse’s Benefit on your death before the ten-year period, and the Spouse’s Benefit after ten years.

## Level Income Options to Age 62 or SSNRA

These forms of payment provide you an opportunity to receive a fairly level stream of payments taking into account your projected Social Security benefits and the estimated start date for those benefits. Payments cannot be adjusted after the Pension Starting Date if you do not start to receive Social Security payments on the estimated date.

You receive a greater Plan benefit before your anticipated Social Security commencement date—with a reduced Plan benefit after that date. You elect before the pension starting date whether you want the Plan benefit to be reduced at age 62 or on your Social Security Normal Retirement Age (ages 65 through 67, as applicable).

## Calculating Optional Forms of Payment

The Straight Life Annuity at age 65 is the benefit calculated under the Plan formula. Optional timing and forms of payment are converted from the Straight Life Annuity after modification in the following manner:

1. Any reduction for Vested Terminated Participants for the 50% Joint and Survivor Annuity coverage is applied.
2. If you are starting your benefits before age 65, the applicable early commencement factor is applied.
3. The result is then converted to the 50% Contingent Annuity for married participants or the optional form of payment you elect applying the actuarial factor for the elected form of payment.
4. The Spouse's Benefit, where applicable, is taken into account.

The result will be the pension benefit payable to you on your pension starting date.

Because the Contingent Annuity and Ten-Year Certain options are guaranteed for two lives, the amount of your pension benefit payment will be reduced when you elect a Contingent Annuity or Ten-Year Certain option instead of the Straight Life Annuity. If you are married and eligible for the Spouse's Benefit, the Spouse's Benefit will be taken into account.

**Note:** You cannot change your designated contingent annuitant once you begin receiving your monthly annuity payments. Your divorce or legal separation cannot change this rule although you may no longer be eligible for the Spouse's Benefit.

### Example

#### Retirement-Eligible Participant Early Retirement with Spouse's Benefit Rule of 85 Applies

To understand how the benefits vary according to the payment option you select, return to Pat's example (see page 8).

As explained earlier, Pat wishes to retire at age 55 with an annual Straight Life Annuity pension benefit of \$28,446.12, payable in monthly increments of \$2,370.51, beginning the first day of the month after she attains age 65. Her spouse is eligible for the Spouse's Benefit. Since Pat meets the Rule of 85 (she is 55 years old and has 30 years of Credited Service), she can begin collecting her accrued age 65 benefit of \$2,370.51 at age 55.

Because Pat is married, the 50% Contingent Annuity is the legally required form of payment, unless Pat's spouse consents to a lesser amount. The monthly amount Pat would receive under the other annuity payment options is shown in the following table.

**Retirement-Eligible Participant  
Early Retirement with Spouse's Benefit  
Rule of 85 Applies**

<b>If Pat elects...</b>	<b>Her monthly benefit would be...</b>	<b>Her spouse's survivor monthly benefit would be...</b>
Straight Life Annuity	\$2,370.51	\$790.17
50% Contingent Annuity Option (automatic contingent annuity for married participants)	\$2,330.21	\$1,165.11
Contingent Annuity Options:		
66 2/3%	\$2,292.28	\$1,528.27
75%	\$2,273.32	\$1,704.99
100%	\$2,221.17	\$2,221.17
Ten-Year Certain option (First 10 Years)	\$2,349.18	\$2,349.18
Ten-Year Certain option (After 10 Years)	\$2,349.18	\$790.17
Level Income Option to Age 62	\$3,072.18	\$790.17
Level Income Option after Age 62	\$1,538.18	\$790.17
Level Income Option to SSNRA <sup>1</sup>	\$3,008.18	\$790.17
Level Income Option after SSNRA	\$963.18	\$790.17

The conversions to the optional forms of payments are based on actuarial tables using the Participant's and Spouse's ages at the Pension Starting Date. Because these figures will vary based on whether a participant is a retiree or a vested terminated participant, and whether or not the retiree is eligible for the Spouse's Benefit, a participant should request a benefit estimate based on different payment options from the HR Service Center. Participants who are Employees also may obtain an estimate by using the Retirement Income Modeler on NU's employee Web site, NUnet.

<sup>1</sup> SSNRA is the Social Security Normal Retirement Age.

# Reemployment before Your Pension Starting Date

If you terminate employment (by retirement or otherwise) and later return to employment with the Company, special rules will apply to determine your eligibility to again participate in the Plan, your vesting, the amount of your Credited Service, and your Pensionable Earnings.

## K-Vantage

If you return to work for the Company after 2005 and before your pension starting date, and you are a nonbargaining employee (and bargaining employees on dates specified in their bargaining agreements) with an accrued benefit in the Plan, you will no longer be eligible to actively participate in the Plan. Instead you will participate in the K-Vantage feature of the 401k Plan.

If you become a K-Vantage Employee, your service will still be counted for vesting in the Plan with respect to your prior accrued benefit (assuming the Break in Service rules have not required your forfeiture of prior service). Your continued service will also count toward determining any early retirement discounts applicable to your prior accrued benefit in the Plan (such as the Rule of 85).

## Vesting Service and Credited Service

If you are vested at the time you terminate employment, or you are a bargaining employee who becomes vested within a year of having a layoff with

right of recall, you will not lose your prior vesting service or Credited Service and will retain your accrued benefit in the Plan. Your accrued benefit will grow as you complete additional Credited Service if you again become an active Plan participant. Different rules apply for service before 1976 or if you have a Break in Service of one year or more.

## Breaks in Service

If you terminate your employment with the Company and have less than five years of Credited Service in the Plan, you will not be entitled to any benefit from the Plan. However, if you return to work before a five-year-long Break in Service, you will retain your previous Credited Service.

A Break in Service on account of a pregnancy, birth, adoption, or placement for adoption will not start until the second anniversary of the separation or leave of absence date.

Different rules may apply if you have already started to receive (or received in a lump sum such as from a special retirement program) your pension benefit under the Plan (see *Reemployment after Your Pension Starting Date*) or if you become a K-Vantage Employee upon your return to service. Another exception exists under the Yankee Home Rule. Different rules apply if your service break occurred before 1985.

## Example

### Break in Service Rules

Deb is first employed by the Company on January 1, 2001 and terminates employment on June 30, 2005, after four years and six months of employment. She is reemployed by the Company on August 1, 2009. Since Deb returned to employment with the Company before a five-year Break in Service, her prior four years and six months of vesting service will be restored. Once she subsequently completes an additional six months of service, for a total of five years of service, she will be vested in her accrued benefit in the Plan.

If she were reemployed after June 30, 2010 (longer than five years following her termination of employment), she would forfeit her prior vesting service in the Plan.

## Reemployment after Your Pension Starting Date

If you have begun to receive your pension benefit payments under the Plan or have already received payment in a lump sum as result of a special program, you will not be eligible for K-Vantage and you will not be automatically eligible to participate in the Plan. You will instead be provided an opportunity to elect to actively participate in the Plan and accrue additional Credited Service.

If you make this election, it will be irrevocable and any pension annuity being made to you will be suspended during your period of reemployment. If your reemployment is not anticipated to last at least six

months or you are not scheduled to work at least 80 hours a month upon reemployment, then you may not elect to actively participate in the Plan.

Upon your subsequent termination, your pension benefit will be recalculated taking into account your total service and updated pensionable earnings. This new benefit—less the actuarial equivalent of prior payments made—will be paid to you in accordance with your original form of payment selection following your subsequent termination. If your original payment was made as a lump sum, then a new election will be required.

## Death Benefits

Generally, if you have not commenced your pension benefit under the Plan and you are vested, a death benefit will be paid to your surviving spouse if you have been married for at least one year on your date of death. No death benefit is payable upon the death of a single employee whose Pension Starting Date has not occurred, to a surviving spouse who has not been married to a vested participant for at least one year, or to the spouse of a vested terminated participant who has waived his or her rights to a death benefit under the Plan.

A death benefit equal to any pre-1969 contributions that a participant was required to make to the Plan will always be payable with interest. Any delay in payment due to delay in notification of your death will be made up on the first payment date.

If you have commenced your pension benefit under the Plan and die, a death benefit is payable to your surviving spouse or other surviving beneficiary only if the form of payment you elected provided a survivorship payment or a guaranteed period of payments (the Ten-Year Certain and Life Annuity payment option). In addition, a death benefit is payable to your surviving spouse under any Contingent Annuity only if you were married to that individual on your pension starting date. The Spouse's Benefit, where applicable, may also be payable.

### Death Benefits During Your Employment

The Plan provides a Pre-Retirement Survivor Annuity to the surviving spouse of a vested Employee who dies while in service. The Employee and his or her spouse must have been married on the date of death and for at least one year before that date to be eligible for this benefit.

Generally, payment of a death benefit under the Plan will reflect a reduction if you die and the payment starts before the date you would have attained age 65. In all cases, the survivor annuity including the Spouse's Benefit, if applicable, may not exceed the amount of the Straight Life Annuity that would have been payable to the Employee had he or she retired from employment.

#### ■ Age 65

If at the time of your death you already had attained age 65, your surviving spouse will receive a death benefit under the 100% Joint and Survivor Annuity, which will include the Spouse's Benefit and will commence on the first day of the month following your death.

#### ■ Age 55 with 10-19 years of Credited Service

If at the time of your death you had attained age 55 (but not 65) and had completed ten or more (but less than 20) years of Credited Service under the Plan, your surviving spouse will receive the death

benefit under a 100% Joint and Survivor Annuity, (50% Joint and Survivor Annuity for Yankee Gas benefit participants), which will include the Spouse's Benefit. The death benefit will be computed as if you had elected to commence your pension benefit on the first day of the month coinciding with or next following the date of your death and died the next day. Early commencement factors for retirees (as set forth in Columns B through D of the Early Commencement Factors table) will apply.

Payment of the Survivor Annuity death benefit will commence on the first day of the month following your death or any later date that your surviving Spouse selects, but not later than you would have attained age 65, or when an unreduced survivor's benefit would be available.

■ **At Least Age 45 with 20 or more years of Credited Service**

If at the time of your death you had attained age 45 and completed 20 or more years of Credited Service under the Plan, the death benefit under a 100% Joint and Survivor Annuity (50% Joint and Survivor Annuity for Yankee Gas benefit participants) will be paid to your surviving spouse commencing the first day of the month following your death.

While the Spouse's Benefit will not be provided with the Joint and Survivor Annuity, there will be no reduction if your surviving spouse begins the benefit prior to the date that you would have attained age 65. Your spouse will receive the Survivor Annuity that would have applied if you elected to retire on the first day of the month coinciding with or next following your date of death and died the next day.

■ **All Other Vested Employees**

If at the time of your death you are vested but had not yet attained age 55 with at least 10 years of Credited Service, or you are vested and had attained age 45 but had less than 20 years of Credited Service under the Plan, your spouse will receive a death benefit under the 50% Joint and Survivor Annuity (without the Spouse's Benefit) as if you had terminated employment on the date of death, survived to age 55, retired with a 50% Joint and Survivor Annuity and died the next day. Payments to your surviving spouse will commence on that future date (or the first day of the month after your

date of death if you had already attained age 55), subject to applicable early commencement reductions. Your surviving spouse may elect any later commencement date, but not later than the date that an unreduced survivor's benefit will be available. Early commencement factors set forth for Vested Terminated Participants (in Column A of the Early Commencement Factor table) will apply.

**Death Benefits after Your Early Retirement Date and Before Your Pension Starting Date**

If you die as a retiree after an Early Retirement Date and before your Pension Starting Date, the Plan provides a death benefit under the 50% Joint and Survivor Annuity to your surviving spouse. You must have been married for at least one year before the date of your death for your surviving spouse to be eligible for this benefit. In addition, the Spouse's Benefit will be taken into account. Your surviving spouse may begin receiving the death benefit under the 50% Joint and Survivor Annuity as early as the first day of the month coinciding with or next following your date of death, and as late as the time you would have attained age 65 or have an unreduced benefit. Adjustments for early commencement for retirees apply as set forth in Columns B through D of the Early Commencement Factor table.

**Death Benefits for Vested Terminated Participants**

If you die as a Vested Terminated Participant before your pension starting date, the Plan provides that your surviving spouse will receive a death benefit under the 50% Joint and Survivor Annuity following your death, calculated as if you had:

- Survived to age 55 (or actual age if you are older than age 55),
- Then retired with a 50% Joint and Survivor Annuity at the earliest retirement age, and
- Died the next day.

No Spouse's Benefit will be included in determining the death benefit, and no death benefit is provided if you are single or have not been married for at least one year on the date of your death. The death benefit to your surviving spouse will commence on either the first day of the month coinciding with or next

following the month that you would have attained age 55, or the first day of the month following your death if you already attained age 55. Your spouse cannot begin to receive benefits until the month when you would have reached age 55, although your surviving spouse may elect any later commencement date, but not later than the first day of the month after you would have attained age 65. The adjustments for early commencement apply as set forth in Column A of the Early Commencement Factor table.

**In addition, you will be charged (by a reduction to your accrued benefit in the Plan) for this automatic survivor annuity coverage from the time of your termination of employment, unless you waive such coverage.**

The charge to your plan benefit is as follows:

Your Age in Each Year of Coverage	Reduction in Plan Benefit for Each Full or Partial Year of Coverage
35 to 44	.1%
45 to 54	.2%
55 and over	.5%

You will be provided with notice of your rights to waive such coverage within a reasonable time following your termination of employment. You

may waive coverage only with the notarized, written consent of your spouse. Waiver of this coverage means that no benefit will be provided to your surviving spouse if you die before your Pension Starting Date.

If you waive coverage and send your waiver form to the HR Service Center within 60 days after you receive notice of your rights to waive coverage, your election to waive coverage will be retroactive to your date of termination. Notice received by the HR Service Center after such 60-day period will be effective prospectively only. You may revoke your waiver at any time before your death (or commencement of pension benefits) by supplying notice to the HR Service Center of such revocation. Your spouse need not consent to such revocation.

If your marital status changes after your termination of employment with a vested benefit, you must notify the HR Service Center of this change.

While survivor benefits under the Plan may commence as early as the first day of the month coinciding with or next following the later of your death or when you would have attained age 55, Plan benefits will be paid as soon as practical after the HR Service Center is notified of your death. No interest will be paid on late pension or death benefits.

## Death Benefits after Your Pension Starting Date

If you are already receiving pension benefits from the Plan, the payment option that you chose determines whether any future benefits are paid to any designated beneficiary. For the Spouse's Benefit, the Spouse's Benefit will be payable to

your spouse upon your death provided you are married to the same spouse at the time of your benefit commencement date and the date of your death, and you have been married to that spouse for at least one year at the time of your death.

## Employee Contributions to the Plan

Prior to 1969, the Plan required participants to contribute to the Plan to pay for part of their pension benefit. If you made such contributions, you may withdraw these contributions (plus interest) before your Pension Starting Date. Such withdrawal, however, will eliminate the amount of Credited Service that is

recognized under the Plan for your pre-1969 service. These contributions (plus interest) will be paid to you or your beneficiary—in addition to any other required death benefit—if you die before receiving at least the amount of these employee contributions.

## Leaves of Absence and Long-Term Disability

In some circumstances—such as leaves under the Family and Medical Leave Act (FMLA) and the Uniformed Services Employment and Reemployment Rights Act (USERRA)—you will continue to earn Credited Service even though you are not performing work for the Company.

This is true for certain approved leaves of absence provided that you return to work within the period during which your re-employment rights are protected by federal law—and for a layoff (applies to bargaining unit employees) of less than one year with a right of reinstatement.

If you become eligible for long-term disability benefits under the Flexible Benefits Plan, you will continue to earn Credited Service and vesting service under the Plan—provided you are not a K-Vantage Employee—until the earlier of your retirement under the Plan, you are no longer being treated as having a long-term disability under the Flexible Benefits Plan, or when the maximum long-term disability benefit under Flexible Benefits Plan has been exhausted. Your Final Average Earnings will be counted up to the day that you no longer performed services for the Company or later date that you no longer received pensionable earnings, as applicable.

## Merged Plans

In some cases, the Plan recognizes service while you were employed by an affiliated company, a prior participating company, or with a company before it was a participating employer.

### PSNH Pension Plan

PSNH and North Atlantic employees who were active participants in the PSNH Pension Plan at the time of that plan's merger into the Plan (January 1, 1993 for non-bargaining unit employees or January 1, 1994 for bargaining unit employees) received Credited Service in the Plan equal to their Credited Service under that plan on December 31, 1992. In addition, bargaining unit employees received Credited Service for their service in 1993 using the PSNH

Pension Plan benefit formula—eliminating any double counting of service credit.

### Yankee Pension Plan

The Yankee Pension Plan was merged into the Plan on January 1, 2003. Except as otherwise provided, Credited Service for all Yankee nonbargaining employees who were active participants in the Yankee Pension Plan at the time of its merger into the Plan was transferred to the Plan and will be used to determine the participant's Plan benefit.

If you were a participant in the Yankee Pension Plan who terminated employment with a Yankee Company before January 1, 2003 and were subsequently re-hired by an Employer other than a Yankee Company, your

benefit under the Plan will be provided in two parts: 1) your accrued benefit under the Yankee Pension Plan as of your termination of employment under that plan, and 2) your accrued benefit under the Plan based on Credited Service with an Employer other than a Yankee Company.

Credited Service under the Yankee Pension Plan and this Plan will not be combined for purposes of determining early commencement reduction factors. Likewise, pensionable earnings will be calculated independently for the Yankee Credited Service and the NU Credited Service.

Compensation recognized under the Yankee Pension Plan will be recognized only to the extent Pensionable Earnings are recognized under this Plan. This change did not reduce the accrued benefit as of January 1, 2003 for any participant transferred from the Yankee Pension Plan.

In addition, early commencement factors for Yankee participants who are nonbargaining employees will be computed in two parts: 1) the participant's accrued benefit as of May 31, 2003 (or earlier termination with a Yankee Company) will be subject to the early commencement factors in effect on that date, and 2) the benefit accrued after that date will be subject to the reduction factors under the Plan.

### **Niagara Mohawk Retirement Plan**

If you were a participant in the Niagara Mohawk Retirement Plan, your benefit under the Plan will be provided in two parts: 1) your accrued benefit under the Niagara Mohawk Retirement Plan as of your termination of employment under that plan, and

2) your accrued benefit under the Plan based on Credited Service under the Plan. Credited Service under the Niagara Mohawk Plan will not count for accrual of benefits under the Plan but will count toward the application of Early Retirement Reduction factors and toward Rule of 85. Your Credited Service under the Plan will also count toward the application of Early Retirement Reduction factors and toward Rule of 86 in calculation of the Niagara Mohawk Plan benefit.

### **Yankee Home Rule**

If you have an accrued benefit in the Yankee Pension Plan but terminated employment with a Yankee Company before January 1, 2003 and then first became employed by a Company other than a Yankee Company, you will have your accrued benefit determined under the Plan in two parts subject to the Break in Service rules: 1) your accrued benefit under the Yankee Pension Plan as of your termination of employment under that plan (but not later than December 31, 2002) will constitute one component ("Yankee Service"), and 2) your accrued benefit under the Plan based on Credited Service on and after January 1, 2003 with a Company other than a Yankee Company ("NU Service") will constitute the other component.

Credited Service under the Yankee Pension Plan and this Plan will not be combined for purposes of determining your accrued benefit under the formula or for determining early commencement reduction factors. Consequently, a Yankee participant could be treated as a retiree for only one part of his or her total accrued benefit.

## **Cost of Living Adjustments**

The Plan does not offer an automatic annual Cost of Living Adjustment (COLA). The NUSCO Board of Directors may amend the Plan to provide a COLA on a discretionary basis.

# Benefit Claims Procedures

## Filing a Claim

If you believe you are being denied a benefit, in whole or in part, to which you are entitled under the Plan, you may file a claim for the benefit in writing with the Plan Administrator at:

Plan Administrator – NUSCO Retirement Plan  
Northeast Utilities Service Company  
P.O. Box 270  
Hartford, CT 06141-0270

The Plan Administrator will review your claim and respond to you within a reasonable period, normally within 90 days after receiving your claim.

If your claim is denied completely or partially, you will receive written notice of the decision. The notice will describe:

- The specific reasons for the denial and the provisions upon which they are based
- Any additional information or material that is needed to validate the claim and the reason that information is required
- The process for requesting an appeal

If the Plan Administrator needs additional time to decide on your claim because of special circumstances, you will be notified within the original 90-day period. You will receive a response no later than 180 days after your claim was received initially.

## Filing a Mandatory Appeal

If your claim has been denied, in whole or in part, you or your designated representative may appeal the decision to the Pension Committee for the Plan. You may file a claim, in writing, to the direction of the Pension Committee at the address above. The Pension Committee has the discretion under the Plan to interpret Plan provisions and construe the terms of the Plan. Such an appeal is required in order for you to preserve your right to bring a civil action in court, as described below. Your written appeal must be made within 60 days after you receive the initial notice of denial. You should include the reasons why you believe the benefit should be paid and information that

supports or is relevant to your request. You may also request reasonable access to, and copies of, information relevant to your claim. If you do not file the appeal within 60 days, your appeal will not be considered.

Within 60 days of receiving a request for review, the Pension Committee will make a decision. If additional time is needed, you will be notified in writing of the special circumstances that require an extension. In any event, you will receive a decision no later than 120 days after receipt of your request for review. The decision will be written in plain language and will refer to the pertinent Plan provisions on which it is based.

If your appeal is denied, in part or whole, you will be informed of the pertinent Plan provisions on which the denial is based, and you or your representative may review any Plan documents, records, or information reviewed in making the determination. You will also be informed of your right to bring a civil action in court to dispute the claim denial.

## Statute of Limitations

After you have received the response of the Mandatory Appeal, you may bring a civil action in federal court under section 502(a) of ERISA. Any lawsuit must be filed no later than one year from the date your Mandatory Appeal was denied.

## Authority of Plan Administrator

The Plan Administrator (and those to whom the Plan Administrator has delegated authority) and the Pension Committee (with respect to appealed claim denials) have the full, exclusive, and discretionary authority to determine eligibility for benefits, to construe and interpret the terms of the Plan in its application to any participant or beneficiary, to reconcile inconsistencies and to decide any and all claim appeals. The Plan Administrator's (and Pension Committee's) or their designee's rules, regulations, interpretations, computations and actions shall be final and binding on all persons.

## Retiree Life Insurance Conversion to Provide Additional Pension Payments

If you are eligible for Company-paid life insurance under the NUSCO Retiree Life Insurance Plan, you may elect to convert the amount of company-paid coverage you have under that plan (up to \$40,000) to an annuity for the purpose of adding to your total pension benefit payments. This payment becomes part

of your accrued benefit in the Plan and will be taken into account in determining any spouse's benefit or other survivor benefit under the Plan. You may make your election prior to retirement or at any time thereafter, including after your pension starting date. The election, once made, is irrevocable.

## Assignment of Benefits

You may not assign your benefits under the Plan to another person, use your benefits as collateral for a loan, or receive any part of your benefits before your early or normal retirement date.

Federal law does permit payment of all or part of your benefits to another person (called an "Alternate Payee") in the case of a Qualified Domestic Relations Order (QDRO) relating to child support, alimony, or marital property rights payment. Generally, your same-sex life partner/spouse cannot be an Alternate Payee unless he or she also is your dependent under the tax law. The Plan Administrator must comply with a QDRO,

provided such order does not require payment of a form of benefit not otherwise provided under the Plan, require increased benefits, or require the payment of benefits, which are required to be paid to another individual under a previous QDRO. You have the right to receive a copy of the Plan's procedures for determining whether a domestic relations order is a QDRO at no charge to you.

Send written requests to:  
Northeast Utilities Service Company  
HR Service Center  
107 Selden Street  
Berlin, CT 06037

## If the Plan is Amended or Terminated

Although the Company expects to continue the Plan indefinitely, the Company may at any time and for any reason amend or terminate the Plan or any of its provisions. No amendment can eliminate your vested accrued benefit in the Plan. If any material changes are made in the future, you will be notified. The Plan may be amended or terminated by action of the NUSCO Board of Directors to the extent allowed by law and in accordance with bargaining unit contract language.

Upon Plan termination, assets of the Plan will be allocated and distributed to participants as provided in the Plan document after providing for administrative expenses. If the Plan is terminated and no successor plan is established, you will be 100 percent vested immediately in your accrued benefit in the Plan, to the extent assets are sufficient to cover your benefit, regardless of your years of vesting service.

## Insured Benefits

Your pension benefits under this Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the Plan terminates without the ability to pay all benefits, the PBGC will step in to pay pension benefits up to a maximum amount set by law. In most cases participants receive the pension benefits they would have received under the Plan.

Generally, the PBGC guarantee covers: 1) normal and early retirement benefits; 2) disability benefits if you become disabled before the Plan terminates; and 3) certain benefits for your survivors.

The PBGC guarantee generally does not cover:

1. Benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates
2. Some or all of benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the time the Plan terminates
3. Benefits that are not vested because you have not worked long enough for the company
4. Benefits for which you have not met all of the requirements at the time the Plan terminates
5. Certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Plan's normal retirement age; and
6. Non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay

Even if some of your benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money the Plan has and how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask the Plan Administrator or contact the PBGC's Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026 or call 202-326-4000. TTY/TDD users may call the Federal Relay Service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000.

Additional information about the PBGC's pension insurance program is available through the PBGC's Web site on the Internet at [www.pbgc.gov](http://www.pbgc.gov).

## Tax Treatment of Pension Payments

Generally, pension benefits are taxable as ordinary income for federal income tax purposes. Many states also tax pension benefits. Aetna, the Plan vendor that administers pension payments, will ask

you to complete Form W-4P before your pension starting date to establish the amount that you would like to withhold for federal income taxes from your pension payments.

# Participant Rights and Protections under ERISA

As a participant in the Plan, you have certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that as a Plan participant, you shall be entitled to:

## Receive Information About Your Plan and Benefits

- Examine, without charge, at the office of the Plan Administrator and at other specified locations, such as worksites and union halls, all documents governing the Plan (including collective bargaining agreements) and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan (including collective bargaining agreements) and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may require a reasonable charge for copies.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.
- Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (age 65) and if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every twelve months. The Plan must provide the statement free of charge.

## Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan,

called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

## Enforce Your Rights

- If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.
- Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest summary annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Administrator-Benefits to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator.
- If you have a claim and an appeal for benefits, which are denied or ignored in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

### Assistance with Your Questions

If you have questions about your benefit under the Plan, contact the HR Service Center at 860-665-5660 or toll-free at 1-800-841-8684. If you have questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the

Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

## Administrative and ERISA Information

### Plan Sponsor

#### Mailing

Northeast Utilities Service Company  
P.O. Box 270  
Hartford, Connecticut 06141-0270

#### Location

Northeast Utilities Service Company  
107 Selden Street  
Berlin, Connecticut 06037

### Employer Identification Number

06-0810627

### Plan Administrator

Vice President - Human Resources

#### Address of Plan Administrator

P.O. Box 270  
Hartford, Connecticut 06141-0270

### Plan Number

001

### Plan Year

Calendar year

### Agent for Service of Legal Process

Secretary of Northeast Utilities Service Company

#### Mailing

Northeast Utilities Service Company  
P.O. Box 270  
Hartford, Connecticut 06141-0270

#### Location

Northeast Utilities Service Company  
107 Selden Street  
Berlin, Connecticut 06037

Service of legal process may also be made upon the Plan Trustee or the Plan Administrator

### Plan Type

Defined benefit pension plan

### Type of Administration

Self-administered

### Source of Financing of Benefits

Contributions go to an irrevocable trust

### Trustee

Mellon Bank, N.A.  
One Mellon Bank Center  
Pittsburgh, Pennsylvania 15258

# Key Terms

The following terms are used in this summary plan description. Terms may appear in capital letters or lower case.

## Accrued Benefit

The amount of your pension benefit that is due to you under the pension formula at any time, expressed as a straight life annuity beginning at age 65.

## Actuarial Factors

Factors calculated by the Plan's actuary that are used to convert your benefits to different forms of payment and starting dates based on your and/or your beneficiary's age. These factors are also based on the applicable mortality table used by the Plan and the applicable interest rate in effect on your pension starting date.

## Administrator or Plan Administrator

The Vice President of Human Resources, who is a named fiduciary of the Plan responsible for Plan administration and, with the Pension Committee, Plan interpretation.

## Alternate Payee

A spouse or former spouse, child or dependent who is due pension benefits attributable to a Qualified Domestic Relations Order.

## Beneficiary

The person whom you designate to receive a survivor benefit under the Plan when you die. Until your pension starting date, your spouse is the only beneficiary entitled to receive a death benefit under the Plan.

## Break in Service

Generally, the period after your termination of employment, by retirement or otherwise, or a leave of absence, during which you do not work for the Company. A Break in Service does not occur for leaves under the Family and Medical Leave Act, the Uniformed Services Employment and Reemployment Rights Act, and layoffs of less than 12 months with right of recall.

## Covered Compensation

Generally, the average of the Social Security taxable wage bases for the 35 calendar years ending with the year in which the participant would attain Social Security normal retirement age. The table is updated annually by the Internal Revenue Service and is available for employees on NU's employee Web site (NUnet) and at [www.nuemployees.com](http://www.nuemployees.com) for former employees.

## Credited Service

Generally, the time from the first day of employment until you leave the company's employment excluding any breaks in service. Years of Credited Service are counted beginning on your first date of employment through each anniversary thereof and are counted in completed months. Excluded from Credited Service are:

- Unauthorized absences
- Unauthorized leaves of absence of over 30 days except military leaves under the Uniformed Services Employment and Reemployment Rights Act or leaves under the Family and Medical Leave Act
- Certain absences from which you do not return
- Layoffs with right of recall, but only after 12 months
- Service before January 1, 1976 for which you elected not to participate in the Plan, and
- Periods for which you are treated as an independent contractor and not as an Employee

### **Early Commencement Date**

A Pension Starting Date prior to the first day of the month following the month in which a participant attains age 65.

### **Early Retirement Date**

The first day of a month earlier than the first day of the month after a participant would attain age 65 and on which the participant qualifies as a Retiree.

### **Employee**

Includes nonbargaining unit employees, and bargaining unit employees to the extent provided in their applicable collective bargaining agreement, provided in all cases that the individual is on the Company's W-2 payroll and excludes any Non-Benefits Employee.

### **50% or 100% Joint and Survivor Annuity**

A death benefit payable to a participant's surviving spouse providing a survivor annuity equal to the survivor benefit under the applicable 50% or 100% Survivor Contingent Annuity Option.

### **Final Average Earnings**

Generally determined by reviewing a participant's monthly Pensionable Earnings for the 60 consecutive months, which produce the highest average monthly amount.

### **401k Plan**

The Northeast Utilities Service Company 401k Plan, as amended from time to time.

### **Involuntary Termination or Involuntarily Terminated**

As determined by the Administrator, means that you are involuntarily terminated from employment with the Company for reasons other than "cause," where "cause" means the participant's conviction of a felony, commission of an act of fraud, embezzlement, or theft in connection with his or her duties, or his or her gross misconduct, gross negligence, or acts or omissions causing intentional, wrongful damage to Company property.

### **K-Vantage Employees**

Employees or former employees who participate in K-Vantage in the 401k Plan because of their hire dates or because they opted out of active participation in the Plan in favor of receiving K-Vantage allocations in the 401k Plan.

### **Married**

Refers to a legal marriage between a participant and his or her Spouse, including (except where not provided under the Plan, for example with QDROs) a marriage, civil union or commitment by affidavit, as applicable, between a participant and his or her Same-Sex Spouse/Life Partner.

### **Non-Benefits Employee or Independent Contractor**

Any worker who has signed an employment agreement, independent contractor agreement, or other agreement with the Company stating that such worker is not eligible to participate in the Plan and any other worker that the Company treats as an independent contractor or designates as a "Non-Benefits Employee," during the period that the worker is so treated or designated. A worker is treated as an independent contractor if payment for such worker's services is memorialized, in whole or part, on a Form 1099 and not on a Form W-2 issued by or on behalf of the Employer. Classification of a worker as an independent contractor by the Administrator shall be final, conclusive, and binding and without regard to characterization of the individual as an employee by any court or administrative agency.

### **Normal Retirement Age**

Age 65.

### **Normal Retirement Date**

The first day of the month coinciding with or after a participant attains age 65.

### **Participant**

An Employee or former Employee (and, in some cases, an Alternate Payee or a Beneficiary) who has an accrued benefit in the Plan.

### **Participating Company**

Any of the employers that, with NUSCO, participates in the Plan for the benefit of its Employees. NUSCO and each participating company are together defined as “the Company.”

### **Pension Committee**

The fiduciaries of the Plan selected by the NUSCO Chief Executive Officer to review the Treasurer’s investment of Plan assets and to decide claims for benefits on appeal.

### **Pension Formula**

The procedure for calculating the amount of money payable from the Plan to a vested participant.

### **Pension Starting Date**

The date that your Plan pension benefit commences.

### **Pre-Retirement Survivor Annuity**

A death benefit payable to a vested employee’s surviving spouse or the spouse of a retiree who has not passed his or her pension starting date, provided that the participant and his or her spouse have been married for at least one year on the date of the employee’s death.

### **PSNH Plan**

The Pension Plan of Public Service Company of New Hampshire, which was merged into the Plan effective January 1, 1993.

### **Qualified Domestic Relations Order (QDRO)**

A domestic relations order from a court of competent jurisdiction that relates to child support, alimony, or marital property rights that is determined to be qualified by the Administrator and that assigns all or part of a participant’s benefit in the Plan to an “alternate payee.”

### **Retiree**

Generally, a participant who terminates employment with the Company when he or she is at least 55 years old with 10 or more years of Credited Service

or who is a non-bargaining Involuntarily Terminated Employee who terminates employment with the Company from ages 50-54 when his or her age and Credited Service add to 65.

### **Retirement Date**

A participant’s Early Retirement Date or Normal Retirement Date.

### **Retirement Eligible**

A participant who is an Employee and satisfies the requirements to become a retiree.

### **Rule of 85**

An early retirement subsidy provided to Retirees providing a pension benefit payable without reduction for early commencement if, upon termination, the participant had achieved age 55 and the sum of the Retiree’s age and years and months of Credited Service on termination of employment add to 85 or more.

### **Rule of 90**

An early retirement subsidy provided to Retirees providing an unreduced accrued pension benefit commencing at age 60 if, upon termination, the participant was considered a retiree and had 30 or more years of service as of his or her termination date.

### **Same-Sex Spouse/Life Partner**

The same-sex spouse of a participant joined with him or her by marriage or by civil union in the state in which the participant lives or the life partner of a participant who is the same sex, as evidenced by him or her by affidavit provided by the HR Service Center. At the time of the publication of this SPD a Same-Sex Spouse/Life Partner will be recognized by the Plan under a civil union license for participants residing in the states of Connecticut and New Hampshire and under a marriage license in the Commonwealth of Massachusetts. For all other states, the Plan will recognize a same-sex spouse/life partner based on a civil union/marriage statute or judicial decision. In absence of such statute, completion of an affidavit on a form provided through the HR Service Center is required.

### **Social Security Normal Retirement Age (SSNRA)**

If you were born prior to 1938, the date that you attain age 65. If you were born after 1938, the date that you attain an age between 65 and 67, as set by the Social Security Administration.

### **Spouse**

Means your legal spouse or, where applicable, your same-sex spouse/life partner.

### **Spouse's Benefit**

Refers to the automatic death benefit payable to a Retiree's surviving spouse on the Retiree's death, that is generally equivalent to one-third of the Straight Life Annuity pension benefit payable to the Retiree. Also refers to the automatic death benefit (in the same amount) payable to the surviving spouse of certain Participants who die while an Employee.

### **Vested**

Refers to a participant's non-forfeitable right to receive an accrued benefit under the Plan.

### **Vested Terminated Participant**

A Vested Participant who separates from service without first becoming a Retiree.

### **Vesting Service**

Determines when a participant becomes vested. Generally, this is the same as Credited Service but may include additional service with an affiliated company or acquired company that is not otherwise included in Credited Service.

### **Yankee Company**

Yankee Energy System, Inc. and subsidiaries, including Yankee Gas Services Company and R. M. Services, Inc.

### **Yankee Participant**

A participant who was employed by a Yankee Company at the time of the merger with the Northeast Utilities System or first became employed by the Northeast Utilities System as a Yankee Company employee after the merger.

### **Yankee Pension Plan**

The Yankee Energy System Inc. Retirement Plan for the employees of Yankee Energy Company and participating subsidiaries, which was merged into the Plan effective January 1, 2003.



