

Edgar Filing: NORTHEAST UTILITIES - Form 8-K

NORTHEAST UTILITIES
Form 8-K
April 06, 2005

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549-1004

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) March 31, 2005

NORTHEAST UTILITIES

(Exact name of registrant as specified in its charter)

| | | |
|---|-----------------------------|---|
| ----- MASSACHUSETTS ----- | 1-5324 ----- | 04-2147929 ----- |
| (State or other jurisdiction of of organization) | (Commission File Number) | (I.R.S. Employer Identification No.) |

ONE FEDERAL STREET, BUILDING 111-4, SPRINGFIELD
MASSACHUSETTS 01105

(Address of principal executive offices) (Zip Code)

(860) 665-5500
(Registrant's telephone number, including area code)

Not Applicable

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01 - ENTRY INTO A MATERIAL DEFINITIVE CONTRACT

On March 31, 2005, Northeast Utilities (the "Company") entered into an employment agreement with Charles W. Shivery, the Company's Chairman, President and Chief Executive Officer. The employment agreement supersedes and replaces Mr. Shivery's prior employment agreement. The term of employment under the employment agreement has an effective term of March 31, 2005 through December 31, 2006, unless terminated prior to such date in accordance

Edgar Filing: NORTHEAST UTILITIES - Form 8-K

with the employment agreement, and is automatically renewed for successive one-year terms unless prior notice of non-renewal is given in accordance with the employment agreement.

The employment agreement provides for an annual base salary of not less than \$840,000, which base salary is to be reviewed annually by the Company for adjustment. Mr. Shivery is entitled to participate in the retirement plans and welfare benefit plans generally made available to the Company's senior level executives. Under the agreement, Mr. Shivery is also eligible to participate in the Company's Supplemental Executive Retirement Plan for Officers (the "Supplemental Plan") both as to the Make-Whole Benefit and the Target Benefit. In addition, the employment agreement provides Mr. Shivery with retiree health benefits and a special retirement benefit calculated as if three years of service were added to his actual service.

Mr. Shivery is also entitled to participate in any short-term incentive compensation programs established by the Company for its senior level executives generally, with Mr. Shivery's "target opportunity" and "maximum opportunity" under any such program to be equal to at least 100% and 200%, respectively, of his base salary, and in any long-term incentive compensation programs established by the Company for its senior level executives generally, with his "target opportunity" and "maximum opportunity" under any such program to be equal to at least 250% and 500%, respectively, of his base salary.

In addition, the employment agreement includes a covenant limiting Mr. Shivery's ability to compete with the Company within the Company's "service area," as defined, for a period of two years after his termination of employment for any reason.

The employment agreement contains change of control provisions which provide that upon involuntary termination after a change in control, as defined, and upon executing a covenant not to sue, Mr. Shivery is eligible to receive (a) a cash payment of three-times annual salary plus short-term incentives at target, (b) employee benefits coverage for three years, (c) vesting of senior officer pension benefits calculated with the addition of three years of age and six years of service, (d) vesting of all restricted shares, restricted share units, and stock options with 36 months after termination to exercise, (e) retiree health benefits, and (f) a gross-up payment to compensate for the excise tax, if any, imposed under Section 4999 of the Internal Revenue Code.

Under the employment agreement, upon termination without cause and not upon a change in control, or upon non-renewal of the employment agreement, and upon executing a covenant not to sue, the employment agreement provides that Mr. Shivery would be eligible to receive (a) a cash payment of two-times annual salary plus short-term incentives at target, (b) employee benefits coverage for two years, (c) vesting of senior officer pension benefits calculated with the addition of two years of age and five years of service, (d) vesting of all restricted shares, restricted share units, and stock options with 36 months after termination to exercise, and (e) retiree health benefits.

Mr. Shivery has the right to terminate his employment under the employment agreement, subject to the confidentiality and non-compete covenants of the agreement, upon thirty days' notice to the Company. In the event of a termination for cause, all payments under the employment agreement will cease, except for the amount of base salary already accrued, and no Target Benefit and no special retirement benefit will be due under the Supplemental Plan, but Mr. Shivery would remain entitled to the Make-Whole Benefit under the Supplemental Plan and any other benefits in accordance with the terms of any applicable plans and programs of the Company.

[SIGNATURE PAGE TO FOLLOW]

Edgar Filing: NORTHEAST UTILITIES - Form 8-K

SIGNATURE

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

NORTHEAST UTILITIES
(Registrant)

Date: April 6, 2005

By: /s/ Gregory B. Butler
Name: Gregory B. Butler
Title: Senior Vice President, Secretary
and General Counsel