



GAS One NSTAR Way, Westwood, MA 02090

May 2005

Dear Local 369 Member:

The following provides a brief overview of the status of NSTAR employee benefits due to the current strike.

Pension Plan

The accrual of Pension benefits is discontinued during the strike and the strike does not qualify as a distribution event which means that you cannot receive benefits under the Plan unless you retire or terminate employment and are vested and eligible to receive Pension benefits. If you intend to retire or terminate employment during the strike, you may contact the NSTAR Pension Service Center at 866-678-2711. The Pension web site is not accessible during the strike.

Savings Plan

Company and employee contributions to your Savings Plan account are discontinued for the period relating to the strike. You may continue to transfer all or a portion of your account balances between investment options as you deem appropriate.

The strike does not qualify as a distribution event which means that you will generally not be able to take a distribution from the Plan unless you are age 59 ½, become totally disabled as defined by Social Security, retire or terminate employment. You may be eligible for an in-service withdrawal from your Savings Plan account, but this may result in potential taxes and penalties on any such withdrawal as well as a suspension in contributions to the Plan.

Loan repayments through payroll deduction are discontinued for the period relating to the strike. In addition, you will not be permitted to take any new loans from your Savings Plan account during the strike. With respect to outstanding loans, it is important to note that amounts borrowed from the Savings Plan are generally not currently included as income. However, failure to repay a Savings Plan loan in accordance with its terms may result in a loan default and you may incur potential taxes and penalties on the unpaid loan balance. If you have an outstanding loan, you may be able to make your loan payments to Fidelity through a coupon arrangement. Fidelity will send information to your home address relating to the coupon arrangement if that process becomes necessary. You may call Fidelity at 800-890-4015 if you have questions regarding your Savings Plan account.

Health Insurance Plans

Your coverage under the medical, dental and vision care plans is discontinued on the first day of the strike, subject to reinstatement under the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA). Under COBRA, you are eligible to purchase continued medical, dental and vision coverage (if enrolled in these plans on the day before the strike) for a period of eighteen months beginning the first day of the strike. Ceridian, NSTAR's COBRA Administrator, will send you a package to your home address regarding your right to continue health care coverage. This package will provide information about your COBRA rights and will include the costs to continue your coverage, as well as an explanation of how to elect this coverage. If you timely elect COBRA and make the required payment on time, your coverage will be reinstated retroactively to the first day of the strike, and you will not have a break in coverage.

Group Life Insurance Plans

Your group life insurance coverage is discontinued effective the first day of the strike. This includes coverage under the Basic Life, Supplemental Life, Dependent Life, Accidental Death and Dismemberment, Personal and Family Accident Insurance, Business Travel Accident and Felonious Assault Plans.

Dependent Care Plan

Coverage under the Plan is discontinued effective the first day of the strike. Although contributions have stopped, you may submit eligible expenses incurred up to the day before the strike and you will be reimbursed to the extent of your balance in the plan; expenses incurred during the strike are not eligible for reimbursement under the plan.

MetPay

Deductions are discontinued effective the first day of the strike. NSTAR will notify Metropolitan of the strike so that coupon payment arrangements can be implemented.

Other Employee Benefits Issues

Employee benefits under other programs, unless required by statute, are discontinued effective the first day of the strike. If you have questions, you may call NSTAR at 781-441-8099.

Bernard B. Peloquin
Director of Total Compensation