

PURCHASE AND SALE AGREEMENT

BETWEEN

GRANITE STATE GAS TRANSMISSION, INC.

AND

NORTHERN UTILITIES, INC.

FOR

PRESSURE REGULATION FACILITIES

IN

MAINE AND NEW HAMPSHIRE

**PURCHASE AND SALE AGREEMENT  
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## PURCHASE AND SALE AGREEMENT

THIS AGREEMENT, dated as of this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between GRANITE STATE GAS TRANSMISSION, INC., a New Hampshire corporation with an office in Portsmouth, New Hampshire (hereinafter referred to as "Granite State"), and NORTHERN UTILITIES, INC., a New Hampshire corporation with an office in Westborough, Massachusetts (hereinafter referred to as "Northern").

### WITNESSETH:

WHEREAS, Granite State owns and operates an interstate natural gas transmission system, portions of which are located in various counties in Maine and New Hampshire; and

WHEREAS, Northern is a local distribution company that owns and operates a natural gas distribution system that serves customers in various counties in Maine and New Hampshire; and

WHEREAS, Northern intends to purchase from Granite State and Granite State intends to sell to Northern certain of Granite State's natural gas pressure regulation equipment and related facilities as identified herein; and

WHEREAS, Granite State intends to retain ownership of and to continue to operate and maintain the metering equipment and appurtenant facilities as identified herein;

NOW, THEREFORE, in consideration of the premises and of the respective covenants, representations and warranties herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby covenant and agree as follows:

## 1. DEFINITIONS

1.1 “Assets” as defined herein, shall consist of all of Granite State’s right, title and interest in and to the following and shall include all of Granite State’s associated real property rights subject to any and all encumbrances and restrictions contained in applicable land documents, to the extent the same are necessary to the continued operation of the Assets subject to the provisions of Section 2.2 of this Agreement:

- (a) All of Granite State’s pipeline facility segments at the measuring and regulating stations identified in Exhibit “A” attached hereto and made a part hereof (the “M&R Stations”) that are located downstream of the demarcation locations shown on Exhibits “B” and “C” attached hereto, except for and excluding meters together with the by-pass piping, by-pass valves and by-pass regulators related to such meters - said demarcation location at (i) each M&R Station located in Maine is more particularly designated and shown in the schematic drawing(s) of the pertinent facility attached hereto as Exhibit “B” and made a part hereof by this reference, and (ii) each M&R Station located in New Hampshire is more particularly designated and shown in the schematic drawing(s) of the pertinent facility attached hereto as Exhibit “C” and made a part hereof by this reference; and
- (b) All attendant pressure control devices and equipment appurtenant thereto at the M&R Stations identified in Exhibit A attached hereto and made a part hereof that are located downstream of the demarcation location stated on Exhibit A and more particularly designated and shown on Exhibits B and C, except for and excluding proprietary software, flow computers, electronic measurement devices, and meters, together with the by-pass

pipings, by-pass valves and by-pass regulators related to such meters; and,

- 1.2 "Business Day" shall mean any day which is not a Saturday, Sunday or legal holiday.
- 1.3 "Closing" shall mean the date on which legal title to the Assets shall be conveyed and delivered by Granite State to Northern and on which Northern shall pay to Granite State the Purchase Price.
- 1.4 "Effective Date" shall mean the date upon which Closing shall occur.
- 1.5 "Effective Time" shall mean 10:00 a.m., Eastern Time, on the Effective Date.
- 1.6 "FERC" shall mean the Federal Energy Regulatory Commission.
- 1.7 "Knowledge" shall mean actual knowledge without independent investigation.
- 1.8 "NGA" shall mean the Natural Gas Act, 15 U.S.C.A. §717, et seq.
- 1.9 "Records" shall mean any non-privileged documents in Granite State's possession of which Granite State has Knowledge and which were created, maintained or held during the life of the Assets as necessary for the operation thereof.
- 1.10 "Purchase Price" shall mean the total consideration paid by Northern to Granite State for the Assets as set forth in Section 2.3 of this Agreement.

## 2. PURCHASE AND SALE OF ASSETS

- 2.1 Upon and subject to the terms, conditions, representations and warranties set forth in this Agreement, Granite State agrees to sell, assign and convey the Assets to Northern and Northern agrees to purchase and accept the Assets. The sale and purchase shall take place at Closing.
- 2.2 Conveyance of Granite State's interests in the Assets shall be subject to the limitations and restrictions, if any, contained in the documents in the chain of title whereby Granite State obtained its interest, any and all limitations or restrictions of record and any and all limitations or restrictions imposed by applicable laws, regulations or court or administrative orders. The transfer documents shall reflect Granite State's reservation of all rights necessary for the operation of facilities that Granite State will continue to own or operate at each M&R Station after Closing.
- 2.3 The Purchase Price for the Assets shall be the net book value of the Assets as shown upon the accounting records maintained by Granite State on the Effective Date. As of March 31, 2008, such net book value was \$1,128,704.44. A memorandum setting forth the dollar amount of the Purchase Price will be signed by the parties at Closing. Payment shall be made by intercompany transfer of funds to Granite State.

## 3. PROCEEDS, EXPENSES AND TAXES

- 3.1 Subject to the rights that have been retained by Granite State for the continued operation, maintenance or removal of its facilities, ownership, operation and risk of loss of the Assets shall pass from Granite State to Northern as of the Effective Time. If Granite State at any time subsequent

to the Effective Date should receive any revenues or other proceeds attributable to any service provided through or by the Assets after the Effective Time, Granite State shall promptly remit all such revenues or proceeds to Northern. If Northern at any time subsequent to the Effective Date should receive any revenues or other proceeds attributable to any service provided through or by the Assets prior to the Effective Time, Northern shall promptly remit all such revenues or proceeds to Granite State.

- 3.2 Northern shall be responsible for the payment of all costs and expenses, including expenses for relocations, both reimbursable and non-reimbursable, and all operating and capital expenses, attributable to the Assets after the Effective Time. In the event Granite State has received advance monies for reimbursable relocations of the Assets, Granite State shall promptly remit the advance monies to Northern net of costs expended by Granite State prior to the Effective Time, and Northern shall be obligated to conduct or complete such relocations.
- 3.3 Any prepaid expenses paid by Granite State prior to the Effective Date, other than insurance, and attributable to the period on and after the Effective Date shall be prorated at the Closing in an equitable manner.
- 3.4 Any and all excise or transfer taxes due and payable as a result of the transfer of the Assets shall be paid by Granite State, and all sales taxes relating to the transfer of Assets and any recording fees shall be paid by Northern.
- 3.5 Granite State shall pay property taxes related to the Assets for the calendar year in which Closing occurs. For purposes of all federal, state and local income and franchise and all other taxes assessed against the Assets for the calendar year in which the transfer occurs, it is the express

3.6 Granite State will incur no liability, contingent or otherwise, for brokers' or finders' fees relating to the transactions contemplated by this Agreement. Northern shall indemnify, hold harmless and defend Granite State for any and all claims for brokers' or finders' fees in accordance with the terms of Section 9 of this Agreement.

3.7 For purposes of the Closing and the transfer documents to be executed at Closing, the Purchase Price shall be allocated among the Assets as determined by Granite State, based upon the manner in which such Assets have been maintained in the ordinary course of business by Granite State for accounting purposes.

#### 4. OPERATIONS AND FACILITIES

4.1 Pending Closing, Granite State and Northern agree to operate and maintain the Assets in accordance with the terms of the "Operating Agreement" dated November 1, 2007, approved by the State of Maine

Public Utilities Commission and filed with the State of New Hampshire Public Utilities Commission.

- 4.2 Granite State will keep in full force and effect its existing property and liability insurance on the Assets, subject to self-retention limits, until Closing.
- 4.3 Northern, at Northern's sole expense, shall install, or cause to be installed, line markers designating its ownership of the Assets within sixty (60) days of the Effective Date.
- 4.4 Northern shall register ownership of the Assets with the One Call System within thirty (30) days of the Effective Date or within the time period required by such One Call system, whichever is earlier.
- 4.5 After Closing, Granite State and Northern will each have the right to use existing access roads and routes for purposes of ingress to and egress from their respective facilities located at the M&R Stations identified herein. Granite State and Northern will share the costs incurred to maintain such common use access roads and routes in a condition reasonably suitable for use by commercial vehicles and trucks on an equal basis, including without limitation the cost of additional graveling, maintenance of drainage ditches and structures, and snow and ice removal, and each agrees to promptly reimburse the other for its share of those costs upon receipt of a written invoice from the other setting forth the actual cost incurred; provided, however, that:
  - (a) neither party shall be required to reimburse the other for any single maintenance expenditure that exceeds \$1,000.00 in total cost which is incurred without its prior approval and consent; and

- (b) neither party shall be required to reimburse the other for the cost of repairs necessitated by damage to such common access roads and routes caused by the other party's negligence or use of heavy construction equipment on such roads and routes (it being understood that, in such circumstances, the party that caused the damage shall be solely responsible for the cost of all repairs required to restore the common use access road or route to the condition specified above).

Such common use access roads and routes are currently graveled and otherwise unimproved, and neither Granite State nor Northern shall be obligated to pave or otherwise improve those roads and routes; provided, however, that if any safety signals, signs, guardrails or other improvements are hereafter required by applicable law, then the cost thereof shall be shared equally by Granite State and Northern. In instances where the M&R Stations identified herein, and/or the common access roads and routes associated therewith, are fenced or gated, Granite State and Northern shall each have the right to inter-lock its own lock with that of the other party on any gates – so as to retain access to their respective facilities.

- 4.6 After Closing, Granite State shall retain such easements and rights as are reasonably necessary and convenient for Granite State to operate, maintain, repair, replace, and remove any facilities that it then owns which are located on lands or easements transferred to Northern.

## 5. DISCLAIMER OF ALL WARRANTIES

EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, GRANITE STATE DISCLAIMS AND NEGATES, AND NORTHERN HEREBY WAIVES, ANY REPRESENTATION OR WARRANTY, WHETHER STATUTORY, EXPRESS OR

IMPLIED, ORAL OR WRITTEN AND OF ANY KIND OR NATURE, INCLUDING, BUT NOT LIMITED TO, THOSE RELATING TO:

- a. THE CONDITION, PERFORMANCE, VALUE, QUANTITY OR QUALITY OF THE ASSETS.
- b..THE PROSPECTS (FINANCIAL AND OTHERWISE), RISKS, LEGAL OBLIGATIONS AND OTHER INCIDENTS OF OWNERSHIP OF THE ASSETS.
- c. THE ENVIRONMENTAL CONDITION OF THE ASSETS OR THE ABSENCE OF HAZARDOUS MATERIALS OR LIABILITY OR POTENTIAL LIABILITY ARISING UNDER ENVIRONMENTAL LAWS AND OWNERSHIP OF THE ASSETS.
- d. THE SURFACE AND SUBSURFACE OR OTHER CONDITIONS OF THE ASSETS
- e. THE OWNERSHIP OR OPERATION OF THE ASSETS OR ANY PART THEREOF.
- f. THE TITLE OF THE ASSETS.
- g. THE MERCHANTABILITY, USAGE, OR SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE ASSETS.
- h. THE WORKMANSHIP OF THE ASSETS OR ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT.
- i. THE SUITABILITY OF THE ASSETS FOR OPERATION FOR THEIR INTENDED USE.

NORTHERN ACCEPTS AND ASSERTS THAT: (A) THE ASSETS ARE BEING CONVEYED ON AN "AS IS, WHERE IS BASIS AND WITH ALL FAULTS" AND (B) THERE ARE NO WARRANTIES THAT EXTEND BEYOND THE FACE OF THIS AGREEMENT. NORTHERN FURTHER ACKNOWLEDGES THAT THIS WAIVER IS CONSPICUOUS.

## 6. ENVIRONMENTAL MATTERS

6.1 Northern agrees that it has undertaken an adequate review of environmental conditions with respect to the Assets and that it has satisfied itself with respect to its understanding of the safety and environmental conditions, and other potential conditions, associated with the Assets. Northern further agrees that it takes the Assets "as is" with respect to any and all safety and environmental conditions associated with the Assets.

## 6.2 MUTUAL RELEASES AND INDEMNITIES

(a) As of the date of closing, Northern hereby releases Granite State, its employees, directors, officers, parent corporations, shareholders, and its agents and agrees to indemnify, defend and hold Granite State, its employees, directors, officers, parent corporations, shareholders, and its agents harmless from and against any and all costs, expenses, losses, actions, suits, claims, judgments, penalties, fees, fines, attorneys fees and costs, and other liability whatsoever under Environmental Protection Laws arising from or related to the operation of the Assets from and after the Effective Date, including claims for contamination or structural damage that is present or may occur in or on the Assets, claims resulting in bodily injury and death, as well as claims for damages to the Assets, including loss of use of such property, that may be sustained by any person; provided that Northern shall not be required to indemnify, hold harmless and defend Granite State pursuant to this paragraph to the extent that such claims are attributable to the negligence or willful misconduct of Granite State. Notwithstanding any statements herein to the contrary, the provisions of this paragraph apply solely to matters occurring subsequent to the effective date.

- (b) As of the date of closing, Granite State hereby releases Northern, its employees, directors, officers, parent corporations, shareholders, and its agents and agrees to indemnify, defend and hold Northern, its employees, directors, officers, parent corporations, shareholders, and its agents harmless from and against any and all costs, expenses, losses, actions, suits, claims, judgments, penalties, fees, fines, attorneys fees and costs, and other liability whatsoever under Environmental Protection Laws arising from or related to the operation of the Assets prior to the Effective Date, including claims for contamination or structural damage that is present or may occur in or on the Assets, claims resulting in bodily injury and death, as well as claims for damages to the Assets, including loss of use of such property, that may be sustained by any person; provided that Granite State shall not be required to indemnify, hold harmless and defend Northern pursuant to this paragraph to the extent that such claims are attributable to the negligence or willful misconduct of Northern.
- 6.3 For purposes of this Section 6, the term "Environmental Protection Laws" shall have the following meaning: all applicable present and future federal, state, municipal and other governmental statutes, ordinances, regulations, orders, requirements, including, but not limited to CERCLA, and all present and future requirements of common law, concerning public health, safety or the environment.
- 6.4 Other than specifically provided in this Section 6, as of the Effective Date, Northern shall assume responsibility for maintaining compliance with and liability for the performance of any and all obligations imposed under any and all federal, state or local environmental laws and regulations, including, but not limited to, 40 C.F.R. Part 761, as they relate to the Assets.

## 7. REPRESENTATIONS AND WARRANTIES BY GRANITE STATE

7.1 Granite State represents and warrants to Northern that the statements contained in this Section 7 are correct and complete as of the date of this Agreement and shall be correct and complete as of the Effective Date (as though made then and as though the Effective Date were substituted for the date of this Agreement throughout this Section 7), except as set forth in Granite State's disclosure schedule, Schedule I, accompanying this Agreement and initialed by the Parties ("Granite State's Disclosure Schedule"). Granite State's Disclosure Schedule will be arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Section 7.

- (a) Granite State is a duly organized, validly existing corporation in good standing under the laws of the State of New Hampshire, with full corporate power and authority to engage in the business in which it is now engaged.
- (b) Granite State has the corporate authority to execute and deliver this Agreement and to perform its obligations under this Agreement. The execution, delivery and performance of this Agreement by Granite State has been duly authorized by all necessary corporate action and no additional corporate approvals or authorizations are required in connection with Granite State's execution, delivery, and performance of this Agreement and neither the execution and delivery of this Agreement nor the consummation of the transaction herein contemplated will violate the Articles of Incorporation or other governing documents of Granite State or will result in any

breach or default under any agreement or other instrument to which Granite State is a party.

- (c) To Granite State's knowledge, neither the execution and delivery of this Agreement nor the consummation of the transaction herein contemplated will violate any statute or regulation applicable to Granite State in any material respect, or any order or decree of any court or governmental authority applicable to Granite State.
- (d) Other than as set forth in Schedule I attached hereto and made a part hereof, as supplemented at Closing, Granite State (i) has no knowledge of any actions, suits or administrative proceedings or investigations pending against Granite State that relate to the Assets and is not in default with respect to any order, injunction or decree of any court or governmental department, commission, board or agency relating to the Assets; (ii) has no knowledge of any outstanding written claims or written demands relating to injuries to persons or damage to property arising out of Granite State 's ownership, operation or maintenance of the Assets; and (iii) has not received any written notice from any governmental body or official thereof, nor has Granite State any knowledge of any material violation by Granite State of any law, order or regulation relating to the ownership, maintenance and operation of the Assets.
- (e) Neither Granite State nor any of its directors, officers, employees or agents has retained or employed any broker or finder or incurred any liability for any financial advisory fees, brokerage fees, finder's fees or commissions in connection with this Agreement or the transactions contemplated hereunder.

## 8. REPRESENTATIONS AND WARRANTIES BY NORTHERN

8.1 Northern represents and warrants to Granite State that the statements contained in this Section are correct and complete as of the date of this Agreement and will be correct and complete as of the Effective Date (as though made then and as though the Effective Date were substituted for the date of this Agreement throughout this Section 8), except as set forth in the except as set forth in Northern's disclosure schedule, Schedule II, accompanying this Agreement and initialed by the Parties ("Northern's Disclosure Schedule"). Northern's Disclosure Schedule will be arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Section 8.

- (a) Northern is a duly organized, validly existing corporation in good standing under the laws of the State of New Hampshire, with full corporate power and authority to engage in the business in which it is now engaged.
- (b) Northern has the corporate authority to execute, deliver and perform this Agreement. The execution, delivery and performance of this Agreement by Northern has been duly authorized by all necessary corporate or organizational action and no additional corporate or organizational approvals or authorizations are required in connection with Northern's execution, delivery, and performance of this Agreement. Neither the execution and delivery of this Agreement nor the consummation of the transaction herein contemplated will violate the Articles of Incorporation or other governing documents of Northern or will result in any breach or default under any agreement or other instrument to which Northern is a party.

- (c) There are no pending or threatened legal actions or suits with respect to Northern or its properties and assets which in any way affect consummation of the transactions contemplated hereby or Northern's ability to fulfill its obligations under this Agreement, and Northern is not subject to any judgment, order, decree, seizure or lien which would adversely affect the transactions contemplated hereby.
- (d) Neither the execution and delivery of this Agreement, nor the consummation of the transaction herein contemplated, will violate any statute or regulation applicable to Northern, or any order or decree of any court or governmental authority applicable to Northern.
- (e) Northern has obtained or will be solely responsible for obtaining any permits, licenses or consents required by any governmental authority or other entity, including without limitation any railroad company, state highway department or federal national park or recreation department, in connection with the use and occupancy of the Assets, whether necessary due to the non-transferability of or increase in the required payments for any permit, license or consent, or for any other reason.
- (f) Northern is familiar with the Assets and with the types of and nature of substances and materials (including chemicals, naturally occurring or otherwise) that are customarily used when operating the Assets, or that otherwise commonly come in contact with the Assets in connection with the operation and maintenance thereof.
- (g) Neither Northern nor any of its directors, officers, employees or agents has retained or employed any broker or finder or incurred

any liability for any financial advisory fees, brokerage fees, finder's fees or commissions in connection with this Agreement or the transactions contemplated hereunder.

## 9. RETENTION OF LIABILITY AND INDEMNIFICATION

- 9.1 Except as otherwise provided in Section 6, Granite State will retain liability only for those existing claims, actions, suits, penalties, liabilities, administrative proceedings and/or investigations referred to in and listed in Schedule I attached hereto and designated as "Retained by Granite State", and Northern shall assume responsibility for any and all other claims, actions, suits, penalties, liabilities, administrative proceedings or investigations, whether or not such claims, actions, suits, penalties, liabilities, administrative proceedings or investigations existed at, or relate to periods prior to, closing, including but not limited to any and all claims listed in Schedule I but not designated as "Retained by Granite State".
- 9.2 Northern shall indemnify, defend, and hold Granite State, its employees, directors, officers, parent corporations, agents, and shareholders harmless from and against any and all losses, claims, demands, suits, judgments, fines or penalties, whether groundless or not: (1) that accrue, occur and/or relate to times after the Effective Date and that arise from the presence, operation, maintenance, abandonment or removal of the Assets (except to the extent attributable to the negligence or willful misconduct of Granite State), (2) that arise from Northern's failure to comply with Northern's obligations as set forth herein in Section 6, "Environmental Matters," (3) that result from any material breach by Northern of Northern's representations, warranties, covenants or agreements under this Agreement not specifically waived in writing by Granite State, (including but not limited to Northern's failure to pay brokers' or finders' fees pursuant to Section 3.6 of this Agreement, and/or (4) that result from any

material breach by Northern of any covenants or agreements which survive Closing as set forth in this Agreement.

- 9.3 Granite State shall indemnify, defend, and hold Northern, its employees, directors, officers, agents, and shareholders harmless from and against any and all losses, claims, demands, suits, judgments, fines or penalties, brought by third parties, whether groundless or not: (1) that accrued or occurred at times prior to the Effective Date if such losses, claims, demands, suits, judgments, fines or penalties arise from Granite State's sole gross negligence or willful misconduct in regard to the Assets, (2) that arise from Granite State's failure to comply with Granite State's obligations as set forth herein in Section 6, "Environmental Matters," (3) that result from any material breach by Granite State of Granite State's representations, warranties, covenants or agreements under this Agreement not specifically waived in writing by Northern, and/or (4) that result from any material breach by Granite State of any covenants or agreements which survive Closing as set forth in this Agreement.

If a claim involves a claim by a third party against Northern for which Granite State has an indemnification obligation, Granite State may, at its sole discretion, assume, at its expense, the defense of such claim. Granite State's obligations under this Section 9.3 shall terminate with respect to matters arising in New Hampshire on the date that is three (3) years after the Effective Date and with respect to matters arising in Maine on the date that is six (6) years after the Effective Date, except with respect to its obligations relating to matters arising under Section 6, "Environmental Matters," hereof, if any, which shall terminate in accordance with the terms of that section, and provided that Granite State's obligations, if any, under this Section 9.3 shall continue after the expiration of the applicable three-year or six-year period with respect to claims that were asserted during such one-year period and as to which

Northern made a proper claim for indemnification by Granite State under this Section 9.3 during the applicable period or within 30 days from the end of such period. Any claim for indemnification shall only be deemed a proper claim for indemnification under this section if such claim complies with the provisions of Section 9.4 of this Agreement.

- 9.4 A party seeking indemnification shall assert a claim for indemnification under this Section 9 by giving prompt notice in writing to the indemnifying party of the facts and circumstances giving rise to such claim. Each notice of indemnification shall include a statement of the facts and circumstances giving rise to the claim and the provisions of this Agreement on which such claim is based and, in the case of any notice of indemnification with respect to a third-party claim, shall be accompanied by copies of any demands, notices, complaints, filings, or other documents received from such third party. Such statement of facts and circumstances shall be sufficiently detailed to demonstrate that the indemnified party is reasonably likely to incur adverse consequences as a result of the claim for which indemnification is sought.

## 10. CONDITIONS PRECEDENT TO THE OBLIGATIONS OF GRANITE STATE

All obligations of Granite State under this Agreement are subject to fulfillment of each of the following conditions prior to or at Closing. In the event that any of such conditions are not met prior to or at Closing, Granite State may: (1) waive such condition in writing in whole or in part, or (2) terminate this Agreement in accordance with Section 15 herein.

- 10.1 All of the representations and warranties made by Northern under Section 8 hereof shall be true and correct as of the Effective Date as if made as of that date.

- 10.2 Northern shall have performed and complied in all material respects with all agreements, provisions and conditions required by this Agreement to be performed or complied with by Northern prior to or at Closing.
- 10.3 Prior to or at Closing: (1) Granite State shall have received all necessary regulatory and corporate approvals, if any, that are required in order for Granite State to consummate the transaction contemplated under the Agreement; and (2) Northern shall have received all necessary regulatory and corporate approvals, if any, that are required in order for Granite State to consummate the transaction contemplated under the Agreement.
- 10.4 Prior to and at Closing, neither Granite State nor Northern shall have knowledge of any bona fide suit, action, or other proceeding or investigation before any court or before any governmental agency or submission by any governmental agency of information relating to the subject matter of the transaction contemplated under this Agreement or any other bona fide material claim or demand, pending (1) in which the consummation of this Agreement or the transaction contemplated hereby may be restrained, prohibited, invalidated, set aside or delayed in whole or in part, or (2) in which damages are sought in connection with the consummation of this Agreement.
- 10.5 All actions to be taken by Northern in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be satisfactory in form and substance to Granite State.

11. CONDITIONS PRECEDENT TO THE OBLIGATIONS OF NORTHERN

All obligations of Northern under this Agreement are subject to fulfillment of each of the following conditions set forth in this Section 11, prior to or at Closing. In the event that any of such conditions are not met prior to or at Closing, Northern may (1) waive such condition in writing in whole or in part, or (2) terminate this Agreement in accordance with Section 15, "Termination" herein.

- 11.1 All of the representations and warranties made by Granite State under Section 7, "Representations and Warranties by Granite State" hereof shall be true and correct as of the Effective Date as if made as of that date.
- 11.2 Granite State shall have performed and complied in all material respects with all agreements, provisions and conditions required by this Agreement to be performed or complied with by Granite State prior to or at Closing.
- 11.3 Prior to or at Closing: (1) Granite State shall have received all necessary regulatory and corporate approvals, if any, that are required in order for Granite State to consummate the transaction contemplated under the Agreement; and (2) Northern shall have received all necessary regulatory and corporate approvals, if any, that are required in order for Granite State to consummate the transaction contemplated under the Agreement.
- 11.4 Prior to or at Closing, neither Granite State nor Northern shall have knowledge of any bona fide suit, action or other proceeding or investigation before any court or before any governmental agency or submission by any governmental agency of information relating to the subject matter of the transaction contemplated under this Agreement or any other bona fide material claim or demand, pending (1) in which the consummation of this Agreement or the transaction contemplated hereby may be restrained, prohibited, invalidated, set aside or delayed in whole or in part, or (2) in which damages are sought in connection with the consummation of this Agreement.

11.5 All actions to be taken by Granite State in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be satisfactory in form and substance to Granite State.

## 12. CLOSING

12.1 Subject to the provisions of Section 15 of this Agreement, Closing shall take place at a time and place to be mutually agreed upon between the parties, but no later than sixty (60) days after the later of receipt by Granite State and Northern of final FERC or other regulatory approvals upon terms reasonably acceptable to Granite State and Northern..

12.2 At the Closing, the following events shall occur, each being a condition precedent to the others and each being deemed to have occurred simultaneously with the others:

- (a) Granite State shall execute, acknowledge and deliver to Northern conveyance documents and such other instruments of transfer and assignment necessary to convey to Northern the Assets in the manner contemplated by this Agreement.
- (b) Granite State shall deliver to Northern possession of the Assets and Northern shall take possession of the Assets (such possession to be subject to the rights expressly reserved to Granite State under the terms of this Agreement and the conveyance and other transfer documents to be executed hereunder) as of the Effective Time.

- (c) In exchange for the Assets conveyed herein, Northern shall deliver to Granite State the Purchase Price, or any unpaid portion thereof, in the manner specified in Section 2.3.
- (d) Granite State and Northern shall prepare a settlement statement, which will show all known costs and expenses owed or due at Closing, subject to the preparation, if needed, of a reconciliation statement to be prepared in accordance with Section 13.1, "Obligations After Closing."

### 13. OBLIGATIONS AFTER CLOSING

13.1 If all amounts due and owing cannot be resolved at Closing, within one hundred twenty (120) days after the Closing a reconciliation statement will be prepared and agreed upon by Northern and Granite State, and any funds due as a result of such reconciliation statement shall be paid by the owing party no later than fifteen (15) days from the end of such 120-day period.

13.2 The parties hereby reserve any and all remedies available to them at law or in equity for any breach of this Agreement.

### 14. DOCUMENTATION

14.1 All Records related to the Assets shall be transferred to the custody of Northern on an as agreed to time schedule after Closing.

### 15. TERMINATION

15.1 This Agreement and the transactions contemplated herein may be terminated at any time at or prior to Closing:

- (a) by Granite State, at its option only, if any of the conditions set forth in Section 10, "Conditions Precedent to the Obligations of Granite State" have not been satisfied as provided therein;
- (b) by Granite State, at its option only, if Northern, by its actions or inactions, unduly hinders or delays closing and fails to cure such hindrance or delay within thirty (30) days of notice from Granite State.
- (d) by Northern, at its option only, if any of the conditions set forth in Section 11, "Conditions Precedent to the Obligations of Northern" have not been satisfied as provided therein; or
- (e) by mutual agreement of Granite State and Northern.

15.2 In the event of termination of this Agreement under the conditions specified in Section 15.1, this Agreement shall become void and have no effect, without any liability to any person in respect hereof or of the transactions contemplated hereby on the part of any party hereto, or any of its directors, officers, employees, agents, consultants, representatives, or shareholders.

## 16. PUBLICITY OR RELEASE OF INFORMATION

Whether or not this Agreement is terminated without Closing or a Closing occurs, no party to this Agreement shall publicize, make a press release or otherwise make available to the public or any information medium any statement or announcement concerning the transactions contemplated by this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld, except as such release or announcement may be required by law (e.g., to regulatory agencies), in

which case the party required to make the release or announcement shall allow the other party reasonable time to comment on such release or announcement in advance of such issuance. In addition, whether prior to or after the Effective Time, Northern shall keep confidential the Purchase Price and shall not disclose the Purchase Price to any third party without the prior written consent of Granite State unless (1) the disclosure of the Purchase Price is required by law or is required in order to comply with the obligations of the Parties, or either of them, pursuant to this Agreement, or (2) the Purchase Price becomes public information other than through disclosure by Northern. Notwithstanding the foregoing, the parties understand and acknowledge that Northern shall be entitled to disclose the material terms of this Agreement to its directors and to representatives of its current and prospective shareholders. Provided, however, that this Section 16 shall not be construed to prohibit the Parties from discussing the terms of this agreement with third parties to the extent such discussions are reasonably necessary to effectuate the terms of this Agreement.

#### 17. SEVERABILITY

Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

#### 18. SURVIVAL

All representations and warranties made by the parties hereto in this Agreement shall survive the execution and delivery of this Agreement, but shall not, except as provided herein, survive past the Closing. Notwithstanding the foregoing, Section 3, "Proceeds, Expenses and Taxes," Subsections 4.3 and 4.4 relating to line markers and One Call registration, Subsection 4.5 relating to use and maintenance of access roads and routes, Section 6, "Environmental Matters," Section 9, "Retention of Liability and Indemnification," Section 13, "Obligations After Closing," Section 16, "Publicity or Release of Information," Section 17, "Severability," Section 18, "Survival", and Section

19, "Miscellaneous Provisions" shall survive the Closing. Northern agrees that, so long as any of the covenants or other obligations of Northern under this Agreement that survive the Closing have not been fully satisfied, Northern shall not sell or otherwise dispose of any interest in all or any part of the Assets unless such purchaser or other transferee agrees to be bound by all of such covenants and other obligations, pursuant to the terms of this Agreement. Notwithstanding the foregoing, nothing contained herein shall relieve Northern of any liability for the performance of any such covenants or other obligations.

## 19. MISCELLANEOUS PROVISIONS

19.1 It is the intent of Northern to purchase and of Granite State to sell all of Granite State's interest in the pipeline segments, facilities and related properties constituting the Assets described herein, except as excluded or limited in Section 2, "Purchase and Sale of Assets." In the event that any interest owned by Granite State in such properties is omitted or incorrectly described herein, the parties agree to execute the documents necessary to effect the intent stated herein. Conversely, the parties intend that Granite State will retain or otherwise reserve to itself that portion of its interest in all property relating to the Assets (including, but not limited to, partial or joint interests in real property, a portion of which may be properly included in the Assets) that is not required in connection with the operation of the Assets. In the event that any interest owned by Granite State in such properties is incorrectly transferred to Northern, the parties agree to execute the documents necessary to effect the intent stated herein.

19.2 Except to the extent otherwise provided herein, each party hereto shall pay its own expenses incidental to the preparation of this Agreement, the carrying out of the provisions of this Agreement, and the consummation of the transaction contemplated hereby.

19.3 Each party will cooperate with the other party in its efforts to obtain any regulatory authorization necessary to consummate the transactions contemplated under this Agreement.

19.4 All notices, requests, demands, consents, waivers or other communications hereunder shall be in writing and deemed duly given two business days after sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as follows:

If to Northern, to:

Attn: Stephen H. Bryant, President  
Northern Utilities, Inc.  
300 Friberg Parkway  
Westborough, MA 01581-5039  
#(508) 836-7075 (facsimile)

If to Granite State, to:

Attn: Sheree L. Parks-Downey, Director Asset Mgt.  
NiSource Gas Transmission  
1700 MacCorkle Avenue, S.E.  
Charleston, WV 25314  
#(304) 357-2438 (facsimile)

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

- 19.5 All section headings are for convenience only and in no way shall modify or restrict any of the provisions thereof.
- 19.6 This Agreement shall be governed by and interpreted in accordance with the domestic laws of the State of New Hampshire, without giving effect to any choice or conflict of law provision or rule (whether State of New Hampshire or other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New Hampshire.
- 19.7 Any of the terms, provisions, covenants, representations, warranties or conditions hereof may be waived only by a written instrument executed by the party waiving compliance. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect the right to enforce the same for any subsequent nonperformance. No waiver by any party of any condition, or of the breach of any term, provision, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of the breach of any other term, provision, covenant, representation or warranty.
- 19.8 This Agreement shall be binding upon and inure to the benefit of and be enforceable by the Parties named herein and their respective successors and permitted assigns. No Party may: (1) prior to closing, assign either this Agreement or any rights, interests or obligations hereunder or (2) either prior to or subsequent to closing, assign any of the rights and obligations that survive closing, without the prior written approval of the other Party, such consent not to be unreasonably withheld; provided that such consent shall not be required for Granite State to assign this

Agreement or any rights, interests or obligations hereunder to its parent corporation or any of said parent corporation's affiliates (other than Northern). Any assignment in contravention of this sub-Section shall be void ab initio.

- 19.9 The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean, "including without limitation".
- 19.10 This Agreement shall not entitle any person other than Granite State and Northern or their respective successors and assigns permitted hereby to any claim, cause of action, remedy or right of any kind.
- 19.11 This Agreement and the exhibits and schedules hereto collectively constitute the entire agreement between Granite State and Northern pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, of the parties relating to the subject matter hereof except as specifically set forth in this Agreement, and neither Granite State nor Northern shall be bound by or liable for any alleged representation, promise, inducement, or statements of intention not so set forth. In the event of a conflict between the terms and provisions of this Agreement and the terms and provisions of any exhibit hereto, the terms and provisions of this Agreement shall govern and control; provided, however, that the inclusion in any of the exhibits hereto of terms and provisions not

addressed in this Agreement shall not be deemed a conflict, and such additional provisions shall be given full force and effect, subject to the provisions of this Section 19.11.

19.12 This Agreement may be executed in several counterparts, each of which is an original. This Agreement and any counterparts so executed shall be deemed to be one and the same instrument. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

19.13 Neither Party to this Agreement shall be liable to the other for a breach of or failure to perform any of the provisions of this Agreement if and to the extent that such breach or failure to perform is caused by any events or circumstances beyond such party's reasonable control, such as acts of God, acts of civil or military authorities, fires, strikes, floods, wars, riots or the like.

19.14 No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Granite State and Northern. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

19.15 Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

IN WITNESS WHEREOF, Granite State and Northern have caused this Agreement to be executed by their respective duly authorized representatives to be the act and deed of each respective corporation as of the date first above written.

WITNESSES: GRANITE STATE GAS TRANSMISSION, INC.

By: \_\_\_\_\_

\_\_\_\_\_  
Typed Name

Its: \_\_\_\_\_

(Title)

WITNESSES: NORTHERN UTILITIES, INC.

By: \_\_\_\_\_

\_\_\_\_\_  
Typed Name

Its: \_\_\_\_\_

(Title)

## EXHIBITS

Exhibit "A" (Schedule of M&R Stations)

Exhibit "B" (Schematic Drawings Showing Demarcation Points  
at M&R Stations Located in the State of Maine)

Exhibit "C" (Schematic Drawings Showing Demarcation Points  
At M&R Stations Located in the State of New Hampshire)

## SCHEDULES

Schedule I (Granite State's Disclosure Schedule)

Schedule II (Northern's Disclosure Schedule)

## SCHEDULE I

Actions, suits or administrative proceedings or investigations pending against Granite State, relating to the Assets; orders, injunctions or decrees of any court or governmental department, board or agency relating to the Assets that Granite State is in default with; outstanding written claims or written demands relating to injuries to persons or damage to property arising out of Granite State's ownership, operation or maintenance of the Assets; written notice from any governmental body or official thereof, or known material violation of any law, order or regulation relating to the ownership, maintenance and operation of the Assets; and liens or encumbrances against the Assets known by Granite State:

### RETAINED BY GRANITE STATE

Granite State will retain any liabilities for the following claims, actions, suits, or administrative proceedings or investigations:

- (1) that certain suit now pending in the Circuit Court of Rockingham County, New Hampshire, styled Carol Freeman and Norman Freeman, Sr., Trustees v. Granite State Transmission, Inc., and designated as action no. 06-E-0621; and
- (2) the regulator failure that occurred at Granite State's Moody Road M&R Station in Saco, Maine, on April 5, 2007, and the regulator failure that occurred at Granite State's Blueberry Road M&R Station on September 15, 2007, and related matters.

### ASSUMED BY NORTHERN

The following claims, actions, suits, or administrative proceedings or investigations are known by Granite State to exist but shall be assumed by Northern at Closing: None.

## SCHEDULE II

Northern reports that, as of the present date, there are no exceptions to the representations and warranties made by Northern in Section 8 of this Agreement.