

**Pennichuck Corporation
Schedule of Acquisition Costs
As of 3/14/2012**

Exhibit JLP-1
Page 1 of 2

	Amounts Estimated in Settlement Agreement	Amounts as of 3/14/2012	Variance
Merger consideration to be paid under the Merger Agreement	<u>137,793,398.00</u>	<u>138,413,922.57</u>	(620,524.57)
Bond issuance costs and fees	1,800,000.00	998,459.86	803,540.14
Transaction costs and fees	5,286,876.00	3,859,504.92	1,427,370.08
Severance costs	2,219,612.00	2,300,112.65	(80,500.65)
Rate Stabilization Fund	5,000,000.00	5,000,000.00	-
Total Estimated Acquisition Costs	<u>152,099,885.00</u>	<u>150,670,000.00</u>	<u>1,529,885.00</u>

Pennichuck Corporation
Schedule of Acquisition Costs
As of 3/14/2012

Exhibit JLP-1
Page 2 of 2

Merger Consideration to be Paid under the Merger Agreement

Payout of outstanding shares at 1/25/12 @\$29/share	4,695,622 shares outstanding	136,173,038.00
Buyout of outstanding Options - \$29/share versus underlying strike value	238,894 options outstanding	2,159,077.71
Payroll taxes related to buyout of options		81,712.28
Payroll processing fee related to buyout of options		94.58

Subtotal **138,413,922.57**

Bond Issuance costs and fees

City of Nashua Expenses

First Southwest (FSW)
Edwards Wildman Palmer LLP
Moody's Rating
Fitch Rating
Terryberry
Murphy & Company
JP Morgan and Co-Underwriters

Bond Financial Advisor	174,922.15
Bond Counsel	155,000.00
Rating Services	53,900.00
Rating Services	48,000.00
Bond Closing Expenses	2,004.02
Bond Closing Expenses - Mailings	3,713.04
Bond Underwriting Fees and Expenses	558,920.65

Subtotal **996,459.86**

Transaction costs and fees:

PNNW Expenses

Boenning & Scattergood - PNNW Underwriter Broker Fee (incl. Fairness Opinion)	1,289,785.00
American Stock Transfer - transfer agent termination fee	38,837.24
Marsh USA - D&O/EPL/Fiduciary "Tail" insurance premiums	251,423.00
NASDAQ termination fee	35,000.00
Marketwire - press release/8K filing	949.50
Legal Fees - McLane, Graf, Raulerson & Middleton	3,630.41
Legal Fees - Nutter McClennen & Fish	11,485.69
RR Donnelly - Section 16 filings	1,279.00

City of Nashua Expenses Related to the Transaction

C.W. Downer - City Underwriter Broker Fees	845,516.43
Flegal Law Office	1,280.00
Geinsight, Inc. - Due Diligence	67,049.81
Melanson Heath & Company - Due Diligence	79,063.46
John L. Patenaude - transaction lead	149,189.64
Peckar & Abramson	6,303.47
R.W. Beck - Due Diligence	78,935.84
Rath, Young & Pignatelli - legal	967,653.50
Sheehan, Phinney, Bass & Green	7,184.71
Contingency	224,938.22
Contingency for Outstanding Invoices	224,938.22

Subtotal **3,859,504.92**

Severance costs

Separation Agreement payouts	Actual and estimated amounts	2,263,012.00
Payroll taxes related to Separation Agreement payouts	Actual and estimated amounts	36,891.51
Payroll processing fee related to Separation Agreement payouts	Actual and estimated amounts	209.14

Subtotal **2,300,112.65**

Rate Stabilization Fund

Funded 1/25/2012	5,000,000.00
------------------	--------------

Subtotal **6,000,000.00**

Total **150,570,000.00**

Ig 3/14/12

PENNICHUCK EAST UTILITY, INC.
COMPUTATION OF REVENUE DEFICIENCY
For the Twelve Months Ended December 31, 2012
City vs Public Ownership

Exhibit JLP-2
Permanent, Step and Combined
Pre vs Post Acquisition

	TEST YEAR	PRO FORMA ADJUSTMENTS	PRO FORMA TEST YEAR	STEP INCREASE PRO FORMA ADJUSTMENTS	COMBINED PRO FORMA & STEP INCREASE PRO FORMA TEST YEAR	Adjustments	Adjusted Amounts	Difference in Rates Pre vs Post Acquisition
Consolidated Rate Base (Sch 3)	\$ 28,516,516	\$ (17,853,815)	\$ 10,662,701	1,493,564	\$ 12,156,265	(2) \$ 6,410,053	\$ 18,566,318	
RATE of Return (1604.08 Sch 1)	3.86%		3.86%		3.79%	(1)	5.96%	
Income Required	\$ 1,101,879		\$ 412,007		\$ 460,722		\$ 1,106,732	
Adjusted Net Operating Income (Sch 1)	\$ 457,874	\$ (403,065)	\$ 54,809	(31,864)	\$ 22,945	(3) \$ 295,999	\$ 318,945	
Deficiency	\$ 644,005		\$ 357,198		\$ 437,777		\$ 787,787	
Tax Factor	60.39%		60.39%		60.39%		60.39%	
Revenue Deficiency	\$ 1,066,410		\$ 591,485	\$ 133,431	\$ 724,916		\$ 1,304,500	\$ 579,584
Water Revenues	\$ 6,235,171	\$ (1,199,216)	\$ 5,035,955		\$ 5,035,955	\$ 898,863	\$ 5,934,818	
ADD: City Bond Fixed Revenue Requirement	\$ -		\$ 898,863		\$ 898,863		\$ -	
Water Revenues with CBFRR	\$ 6,235,171		\$ 5,934,818		\$ 5,934,818			
Proposed Revenue Inc	17.10%		9.97%	2.25%	12.21%		21.98%	9.77%
ADD: NC Capital Surcharge Revenue			\$ 300,353		\$ 300,353		\$ 300,353	
New Revenue Levels			<u>\$ 6,826,656</u>		\$ 6,960,087		<u>\$ 7,539,671</u>	

Notes:

- (1) The return on equity based on 2012 test year capital structure and adding back equity related to assets in (2).
(2) The equity related assets are added back to rate base.
(3) The CBFRR Revenues, equity related depreciation and public company costs are added back to net operating income:

CBFRR Revenues	\$ 898,863
Equity Assets related depreciation	\$ (151,981)
Public Company Costs DW 11-026	\$ (256,736)
	\$ 490,146
Income Tax 39.61%	\$ (194,147)
	<u>\$ 295,999</u>

PENNICHUCK EAST UTILITY, INC.
Rate Impact on Average Single Family Residential Customer
City vs. Public Ownership
Permanent, Step and Combined Increases

Exhibit JLP-3
 Pre vs Post Acquisition

	City Ownership			Public Company			Difference
	Permanent	Step	Combined	Permanent	Step	Combined	
Overall Revenue Requirement/Increase	\$ 591,485	\$ 133,431	\$ 724,916	\$ 1,163,193	\$ 141,307	\$ 1,304,500	\$ 579,584
Water Revenues	\$ 5,934,818			\$ 5,934,818			
Overall Revenue % Increase	9.97%	2.26%	12.21%	19.60%	2.38%	21.98%	9.77%
<u>Current Rates:</u>							
5/8 inch Meter Charge	\$ 16.49						
Volumetric Charge	\$ 5.61						
Average Single Family Residential Usage (CCF)	6.40						
Monthly Usage	\$ 35.90						
Total Month Charge	\$ 52.39						
<u>Customer Impact from New Rates:</u>							
Monthly Impact	\$ 5.22	\$ 1.18	\$ 6.40	\$ 10.27	\$ 1.25	\$ 11.52	\$ 5.11
Annual Impact	\$ 62.68	\$ 14.16	\$ 76.84	\$ 123.23	\$ 14.97	\$ 138.20	\$ 61.36

BOND SUMMARY STATISTICS

Exhibit JLP-4

**City of Nashua, New Hampshire
General Obligation Pennichuck Corporation Acquisition Bonds
** Final Pricing Numbers ****

Dated Date	01/25/2012
Delivery Date	01/25/2012
First Coupon	07/15/2012
Last Maturity	01/15/2042
Arbitrage Yield	4.062888%
True Interest Cost (TIC)	4.093531%
Net Interest Cost (NIC)	4.145095%
All-In TIC	4.118327%
Average Coupon	4.124583%
Average Life (years)	18.096
Duration of Issue (years)	12.373
Par Amount	150,570,000.00
Bond Proceeds	150,570,000.00
Total Interest	112,385,284.17
Net Interest	112,944,204.82
Bond Years from Dated Date	2,724,767,500.00
Bond Years from Delivery Date	2,724,767,500.00
Total Debt Service	262,955,284.17
Maximum Annual Debt Service	8,769,852.00
Average Annual Debt Service	8,773,299.56
Underwriter's Fees (per \$1000)	
Average Takedown	3.374294
Other Fee	0.337738
Total Underwriter's Discount	3.712032
Bid Price	99.628797

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	55,525,000.00	100.000	3.054%	8.401	39,304.15
Term Bond 1	25,260,000.00	100.000	4.226%	18.055	33,848.40
Term Bond 2	69,785,000.00	100.000	4.376%	25.825	115,843.10
	150,570,000.00			18.096	188,995.65

	TIC	All-In TIC	Arbitrage Yield
Par Value	150,570,000.00	150,570,000.00	150,570,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-558,920.65	-558,920.65	
- Cost of Issuance Expense		-450,000.00	
- Other Amounts			
Target Value	150,011,079.35	149,561,079.35	150,570,000.00
Target Date	01/25/2012	01/25/2012	01/25/2012
Yield	4.093531%	4.118327%	4.062888%