

WAIVER AND AGREEMENT

THIS WAIVER AND AGREEMENT, dated as of February 16, 2010 (the "*Agreement*"), to the Indenture (defined below) is among Unitil Energy Systems, Inc., a New Hampshire corporation (the "*Company*"), U.S. Bank National Association, a national banking association, having an office and place of business in Boston, Massachusetts (the "*Trustee*"), and each of the institutions which is a signatory to this Agreement (collectively, the "*Bondholders*").

RECITALS:

A. The Company heretofore executed and delivered to the Trustee, for the benefit of the Bondholders, its Indenture of Mortgage and Deed of Trust dated as of July 15, 1958 (the "*Original Indenture*"), and together with each supplemental indenture to the Original Indenture, including the Twelfth Supplemental Indenture dated as of December 2, 2002, which amended and restated the Original Indenture in its entirety, and the Thirteenth Supplemental Indenture dated as of September 26, 2006, hereinafter the "*Indenture*"), pursuant to which the Company issued its Bonds as described on *Schedule A* hereto (collectively, the "*Bonds*"). Capitalized terms used herein without definition shall have the respective meanings set forth in the Indenture unless the context otherwise requires.

B. The Company has advised the Trustee and the Bondholders of (i) the Company's desire to issue approximately \$15,000,000 in aggregate principal amount of additional First Mortgage Bonds (the "*New Bonds*") under the Indenture, and (ii) Unitil Corporation's commitment to provide an equity contribution of \$5,000,000 to the Company in connection with the issuance of such New Bonds (the "*Equity Contribution*").

C. The Company has further advised the Trustee and the Bondholders that, in connection with the issuance of the New Bonds, the Company anticipates it will not comply with the Earnings Available for Interest Charges test required under Section 4.04 of the Indenture for the issuance of Additional Bonds (the "*EAIC Test*").

D. Further to the foregoing, the Company has requested that the Trustee and the Bondholders prospectively waive compliance with the EAIC Test solely in connection with the issuance by the Company of the New Bonds, and the Trustee and the Bondholders have agreed to provide such waiver on the terms and conditions provided herein.

NOW, THEREFORE, the Company, the Trustee and the Bondholders, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and with due regard for the terms and conditions contained herein, do hereby agree as follows:

SECTION 1. WAIVER.

Subject to the terms and conditions set forth herein, and in reliance upon the agreements, representations and warranties of the Company in Section 2 and Section 3, the Trustee and each Bondholder hereby waive compliance by the Company with the EAIC Test (and any Default or Event of Default related thereto which may occur under the Indenture) solely in connection with the Company's issuance of the New Bonds described herein; *provided* that:

(a) the Equity Contribution is made concurrently with or prior to the issuance of such New Bonds;

(b) the Company complies with all other conditions required under the Indenture in connection with the issuance of the New Bonds;

(c) the ratio of Earnings Available for Interest Charges to Annual Interest Requirements, calculated after giving *pro forma* effect to the Equity Contribution and the issuance of the New Bonds (and as set forth in the Earnings Available for Interest Charges Certificate delivered in connection with the issuance of the New Bonds), is not less than 1.5 to 1;

(d) the representations and warranties of the Company in Section 3 hereof shall be true and correct on and as of the date of the issuance of the New Bonds; and

(e) the issuance of the New Bonds occurs on or before September 30, 2010.

If any of the foregoing agreements or conditions is not complied with, this Agreement shall automatically terminate and be null and void and of no further force or effect, without notice or demand or further act on the part of any party.

This Agreement is limited solely to the issuance of the New Bonds and shall not be deemed a waiver of or consent to any other circumstance of non-compliance, Default or Event of Default which has occurred (known or unknown) or which may hereafter occur by the Company under Section 4.04 of the Indenture or any other term or provision of the Indenture, any Bond or any related agreement, and shall not prejudice or waive any rights or remedies which the Trustee or the Bondholders may have with respect to any breach of or Default or Event of Default arising under any other term or provision of the Indenture, any Bond or any related agreement. In all other respects, the Indenture, the Bonds and all related agreements are ratified and confirmed and remain in full force and effect.

SECTION 2. INTEREST COVERAGE FEE.

(a) If, on the Fee Test Date (hereinafter defined), the ratio of (x) Earnings Available for Interest Charges to (y) Annual Interest Requirements (the "*Interest Coverage Ratio*") is less than 2.0 to 1.0, then from and including the Fee Commencement Date (hereinafter defined)

through the Fee End Date (hereinafter defined), the Company shall pay a fee (the “*Interest Coverage Fee*”) to each Bondholder in an amount equal to 1.0% per annum of the principal amount of the Bonds held by such Bondholder.

As used above:

“*Fee Commencement Date*” means the date of the interim rate order issued by the State of New Hampshire Public Utilities Commission (the “*Commission*”) in the Company’s 2010 rate distribution case (the “*2010 Rate Case*”).

“*Fee Test Date*” means the date of the final rate order (the “*Final Order*”) issued by the Commission in the 2010 Rate Case, calculating the Interest Coverage Ratio after giving *pro forma* effect to the rate relief, if any, granted in such Final Order.

“*Fee End Date*” means the earlier to occur of:

(i) the later of (x) the last day of the fourth complete fiscal quarter ending after the date of the Final Order, or (y) the date on which the Company restores compliance with the Earnings Available for Interest Charges test under Section 4.04 (Additional Bonds Against Property Additions Issuance Tests) of the Indenture; or

(ii) the date the Company obtains an Investment Grade Rating of the relevant series of Bonds from any of Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, Inc. (“*S&P*”), Moody’s Investors Services, Inc. (“*Moody’s*”), Fitch/BCA Duff & Phelps Ltd. (“*Fitch*”) or DBRS, Inc. (“*DBRS*”) (or any of their respective successors).

“*Investment Grade Rating*” means a rating of the relevant series of Bonds of (i) in the case of S&P, “BBB-” or better, (ii) in the case of Moody’s, “Baa3” or better, (iii) in the case of Fitch, “BBB-” or better, or (iv) in the case of DBRS, “BBB low” or better.

(b) The Interest Coverage Fee payable with respect to each Bond shall be fully earned on the date paid, shall accrue and be computed on the basis of a thirty (30) day month and a three hundred sixty (360) day year and shall be paid by wire transfer of immediately available funds on each periodic interest payment date applicable to such Bond in the same manner and, unless otherwise specified in writing by a Bondholder, to the same account as the concurrent periodic interest payment on such Bond is made to such Bondholder. Further to the foregoing, the Company shall pay to the Trustee in immediately available funds no later than the time such applicable periodic interest payment is due, the Interest Coverage Fee for each Bondholder required hereby, and the Company hereby directs the Trustee to promptly, upon receipt thereof, pay each such Interest Coverage Fee to the respective Bondholder in accordance with the preceding sentence. Failure to pay the Interest Coverage Fee required hereby shall constitute a Default under Section 14.01(c) of the Indenture.

(c) The Trustee may assume that no Interest Coverage Fee is due on any interest payment date unless it has received at least ten (10) business days' written notice from the Company that such Interest Coverage Fee is due and the amount thereof.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

By execution of this Agreement, the Company represents and warrants to the Trustee and the Bondholders as follows:

(a) this Agreement has been duly authorized, executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company enforceable against it in accordance with its terms;

(b) the execution, delivery and performance by the Company of this Agreement (i) has been duly authorized by all requisite corporate action and, if required, shareholder action, (ii) does not require the consent or approval of any governmental or regulatory body or agency, and (iii) will not violate any provision of law, statute, rule or regulation or its Articles of Incorporation or By-Laws, any order of any court or any rule, regulation or order of any other agency or government binding upon it, or any provision of any material indenture, agreement or other instrument to which it is a party or by which its properties or assets are or may be bound;

(c) as of the date hereof and after giving effect to this Agreement, no Default or Event of Default has occurred and is continuing, and no Default or Event of Default will occur upon the Company's issuance of the New Bonds;

(d) the facts and circumstances described in the Recitals above are true and correct on the date hereof and no material facts or circumstances have been omitted which are necessary to make the statements therein not misleading;

(e) Since December 31, 2008, (i) except as disclosed in the reports on Forms 10-K, 10-Q and 8-K filed since such date by Unitil Corporation with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "*Exchange Act Reports*"), or otherwise previously disclosed in writing, there has been no material adverse change in the assets, liabilities or financial condition of the Company from that reflected in the balance sheet of the Company as at December 31, 2008 heretofore delivered to the Bondholders, other than changes in the ordinary course of business, and (ii) neither the business, operations or affairs of the Company nor any of its properties or assets have been materially adversely affected by any occurrence or development (whether or not insured against) except as disclosed in the Exchange Act Reports or otherwise previously disclosed in writing.

(f) all the representations and warranties contained in **Exhibit 1** to this Agreement are true and correct on and as of the date hereof.

SECTION 4. EFFECTIVENESS OF AGREEMENT.

This Agreement shall become effective upon receipt and satisfaction of each of the following conditions precedent:

(a) *Execution of Agreement.* Executed counterparts of this Agreement, duly executed by the Company, the Trustee and the holders of at least 75% of the aggregate principal amount of Bonds Outstanding of any particular series, shall have been delivered to the Trustee and the Bondholders.

(b) *Authorization.* A copy of the resolutions of the Board of Directors of the Company authorizing the execution, delivery and performance by the Company of this Agreement, certified by its Secretary or an Assistant Secretary shall have been delivered to the Bondholders;

(c) *Representations and Warranties.* The representations and warranties contained herein (including **Exhibit 1**) shall be true and correct in all material respects as of the date hereof, and the execution and delivery by the Company of this Agreement shall constitute certification by the Company of the same.

(d) *No Default.* No Default or Event of Default under the Indenture or any series of Bonds shall have occurred and be continuing after giving effect to this Agreement, nor shall any Default or Event of Default (not waived hereby) be expected to occur upon the Company's issuance of the New Bonds.

(e) *Waiver Fee.* The Company shall have paid a fee to each Bondholder in an amount equal to 0.10% of the principal amount of the Bonds held by such Bondholder, which fee shall be fully earned on the date paid; said fee shall be paid by wire transfer of immediately available funds in the same manner and, unless otherwise specified in writing by a Bondholder, to the same accounts as the most recent periodic interest payment on such Bonds made to such Bondholder. Further to the foregoing, upon execution of this Agreement, the Company shall pay to the Trustee in immediately available funds, the waiver fee for each Bondholder required hereby, and the Company hereby directs the Trustee to promptly, upon receipt thereof, pay each such waiver fee to the respective Bondholder in accordance with the preceding sentence.

(f) *Additional Information.* Prior to the execution and delivery of this Agreement, each Bondholder shall have received such additional documents, instruments and information as it may reasonably request in connection with the waiver contemplated hereby, including, without limitation financial information (current and *pro forma*) in respect of the Company, in form and substance satisfactory to the Bondholders.

The date on which each of the foregoing conditions precedent has been satisfied is herein referred to as the "*Effective Date*".

SECTION 5. MISCELLANEOUS.

Section 5.1. The Company, the Trustee and the Bondholders hereby waive the requirement, if any, that this Agreement be set forth in a supplemental indenture between the Company and the Trustee.

Section 5.2. The Company agrees to pay upon demand the reasonable fees and expenses of counsel for the Bondholders in connection with the preparation, negotiation and execution of this Agreement.

Section 5.3. Any notices, requests, certificates and other instruments may refer to the Indenture without making specific reference to this Agreement, but nevertheless, all such references shall include this Agreement unless the context otherwise requires.

Section 5.4. This Agreement shall be governed and construed in accordance with the law of the State of New Hampshire.

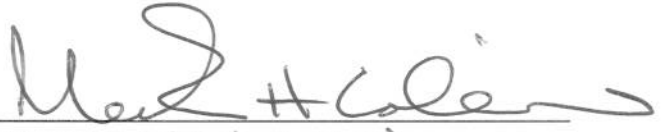
Section 5.5. This Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

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IN WITNESS WHEREOF, the Company, the Trustee and the Bondholders have caused this Agreement to be executed, all as of the day and year first above written.

THE COMPANY:

UNITIL ENERGY SYSTEMS, INC.

By 
Name: MARK H. COLLINS
Title: TREASURER

THE TRUSTEE:

U.S. BANK NATIONAL ASSOCIATION, TRUSTEE

By _____
Name:
Title:

IN WITNESS WHEREOF, the Company, the Trustee and the Bondholders have caused this Agreement to be executed, all as of the day and year first above written.

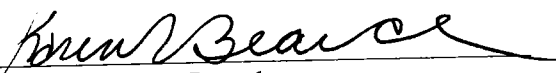
THE COMPANY:

UNITIL ENERGY SYSTEMS, INC.

By _____
Name:
Title:

THE TRUSTEE:

U.S. BANK NATIONAL ASSOCIATION, TRUSTEE

By 
Name: Karen R. Beard
Title: Vice President

MUTUAL OF OMAHA INSURANCE COMPANY
(as holder of Series O Bonds)


By Justin P. Kavan
Name: Justin P. Kavan
Title: Vice President

UNITED OF OMAHA LIFE INSURANCE
COMPANY (as holder of Series O Bonds)

By Justin P. Kavan
Name: Justin P. Kavan
Title: Vice President

PROVIDENT LIFE AND ACCIDENT INSURANCE
CO. (as holder of Series K and Series N
Bonds)

By: Provident Investment Management, LLC
Its: Agent

By  _____

Name: Ben Vance

Title: Managing Director



ALLSTATE LIFE INSURANCE COMPANY OF NEW
YORK (as holder of Series J and Series M
Bonds)

By David D. Puckett

Name: David Puckett

Title: Authorized Signatory

By Jerry D. Zinkula

Name: Jerry D. Zinkula


Title: Authorized Signatory

Accepted as of the date first written above:

BONDHOLDERS:

UNION FIDELITY LIFE INSURANCE COMPANY
(successor by assignment to First Colony Life
Insurance Company) (as holder of Series I
and Series L bonds)

By: MetLife Investment Advisors Company,
LLC, its investment manager

By 
Name: John A. Tanyeri
Title: Director

SCHEDULE A

SUPPLEMENTAL INDENTURES AND BONDS

1. The Twelfth Supplemental Indenture, dated as of December 2, 2002 (the “*Twelfth Supplemental Indenture*”), between the Company and the Trustee, for the benefit of the institutional investors listed below, relating to the following First Mortgage Bonds of the Company:

BOND NO.	BONDHOLDER	SERIES	COUPON	OUTSTANDING PRINCIPAL AMOUNT OF BOND	PERCENTAGE
	Union Fidelity Life Insurance Company (successor by assignment to First Colony Life Insurance Company) (Nominee: HARE & Co)	I	8.49%	\$6,000,000	100%
	Allstate Life Insurance Company of New York	J	6.96%	\$10,000,000	100%
	Provident Life & Accident Insurance Co. (Nominee: Cudd & Co.)	K	8.00%	\$7,500,000	100%
	Union Fidelity Life Insurance Company (successor by assignment to First Colony Life Insurance Company) (Nominee: HARE & Co)	L	8.49%	\$9,000,000	100%
	Allstate Life Insurance Company of New York	M	6.96%	\$10,000,000	100%
	Provident Life & Accident Insurance Co.	N	8.00%	\$7,500,000	100%

2. The Thirteenth Supplemental Indenture, dated as of September 26, 2006 (the “*Thirteenth Supplemental Indenture*”), between the Company and the Trustee, for the benefit of the institutional investors listed below, relating to the following First Mortgage Bonds of the Company:

BOND NO.	BONDHOLDER	SERIES	COUPON	OUTSTANDING PRINCIPAL AMOUNT OF BOND	PERCENTAGE
	Mutual of Omaha Insurance Company and United of Omaha Life Insurance Company	O	6.32%	\$15,000,000	100%

EXHIBIT 1

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Capitalized terms used in this Exhibit which are not defined in the Agreement shall have the meanings set forth in the Company's Bond Purchase Agreement dated as of September 26, 2006.

Section 1. Organization, Standing, Due Authorization. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of New Hampshire and has all requisite corporate power and authority to own and operate its properties, to carry on its business as now conducted, to enter into the Agreement and to carry out the terms hereof. The execution and delivery of the Agreement and the consummation of the transactions contemplated hereby have been duly authorized by the Company's Board of Directors, and no approval of the stockholders of the Company is required in connection therewith.

Section 2. Capitalization. The Company's authorized and outstanding capital stock is as follows:

TITLE OF CLASS	SHARES AUTHORIZED	SHARES OUTSTANDING
Common Stock, no par value	250,000	131,746
Non-Redeemable, Non-Cumulative Preferred Stock, \$100 par value, 6.00% Series	2,250	2,250

All of the Company's outstanding capital stock is validly issued, fully paid and non-assessable.

Section 3. Subsidiaries. Other than holdings of capital stock which, individually and in the aggregate, are immaterial to the business and financial condition of the Company, the Company does not own any shares of capital stock or shares of beneficial interest of any corporation or other entity.

Section 4. Qualification. In all jurisdictions where the Company owns real property or maintains any place of business, it is either qualified to do business and in good standing or such qualification can readily be obtained without substantial penalty and the failure to qualify in jurisdictions where the Company has not done so will not have a Material Adverse Effect.

Section 5. Franchises; Etc. The Company has all franchises, certificates of convenience and necessity, operating rights, licenses, permits, consents, approvals, authorizations and orders of governmental bodies, political subdivisions and regulatory

authorities, free from unduly burdensome restrictions, as are reasonably necessary for the ownership of the properties now owned and operated by it, the maintenance and operation of the properties now operated by it and the conduct of the business now conducted by it.

Section 6. Financial Statements. (a) The Company has heretofore furnished to each Bondholder (i) the Company's financial statements for each of its fiscal years ended December 31, 2006, 2007 and 2008 (the "*Annual Reports*"), containing balance sheets as at the end of such fiscal years and the related statements of earnings, retained earnings and cash flows of the Company for such fiscal years, as certified by Caturano and Company, P.C., independent certified public accountants; and (ii) unaudited financial statements of the Company for the nine months ending September 30, 2009, including a balance sheet as at such date and statements of earnings and retained earnings for such period (together with the Annual Reports, the "*Company Reports*").

(b) Subject to any qualifications set forth in the accompanying reports of independent certified public accountants, all such financial statements are complete and correct (subject, in the case of such unaudited financial statements, to year-end and audit adjustments) and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods covered thereby. Such balance sheets (together with the pertinent notes thereto) fairly present the financial condition of the Company as at the respective dates indicated, and in each case reflect all known liabilities, contingent or otherwise, at such dates, all in accordance with generally accepted accounting principles, and such statements of earnings, retained earnings and cash flows fairly present the results of the operations of the Company for the respective periods indicated.

Section 7. Changes; Etc. Since December 31, 2008: (a) except as disclosed in the reports on Forms 10-K, 10-Q and 8-K filed since such date by Unitil Corporation ("*Unitil*"), owner of all of the outstanding common stock of the Company, with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "*Exchange Act Reports*") or the Company Reports, there has been no material adverse change in the assets, liabilities or financial condition of the Company from that reflected in the balance sheet as at December 31, 2008 referred to in **Section 6** or otherwise previously disclosed in writing, other than changes in the ordinary course of business; (b) neither the business, operations or affairs of the Company nor any of its properties or assets have been materially adversely affected by any occurrence or development (whether or not insured against) except as disclosed in the Exchange Act Reports or the Company Reports or otherwise previously disclosed in writing; and (c), except as otherwise disclosed in writing, the Company has not, prior to the Effective Date, directly or indirectly, declared, paid or made any dividend or distribution on or on account of any shares of capital stock of the Company or any redemption, retirement, purchase or other acquisition of any shares of capital stock of the Company, or agreed to do so, except for the payment of regular cash dividends on its Common Stock and its Non-Redeemable, Non-Cumulative Preferred Stock.

Section 8. Tax Returns and Payments. All tax returns of the Company required by law to be filed have been duly filed, and all taxes, assessments, fees and other governmental charges

upon the Company shown to be due on such returns have been paid. The federal income tax liability of the Company has been finally determined by the Internal Revenue Service (the “IRS”) and satisfied through the fiscal year ended December 31, 2005. The charges, accruals and reserves on the books of the Company in respect of income taxes for all fiscal periods are adequate in the opinion of the Company and, except as disclosed in the Exchange Act Reports or the Company Reports, the Company knows of no unpaid assessment for additional income taxes for any fiscal period or of any basis therefor. As of the date of the Agreement, the IRS is auditing Unitil and its subsidiaries (including the Company) in relation to the fiscal years ended December 31, 2006, 2007 and 2008. The Company does not believe the outcome of the foregoing IRS audit will have a Material Adverse Effect.

Section 9. Title to Properties. (a) The Company has good and marketable title to all the real property and a good and valid ownership interest in all the other assets reflected in the most recent balance sheet referred to in **Section 6** or subsequently acquired, other than real property and other assets subsequently sold or otherwise disposed of in the ordinary course of business, subject in each case to no Liens except (i) the Lien created by the Indenture and (ii) other Liens permitted by the Indenture which do not materially detract from the value of the respective properties subject thereto or materially impair the operations of the Company.

(b) The Properties specifically to be included as mortgaged as set forth in the granting clauses of the Indenture (including the granting clauses included in the Thirteenth Supplemental Indenture), other than properties released from the lien thereof pursuant to the terms thereof, are owned by the Company, located in New Hampshire and constitute substantially all of the Property of the Company except certain Property which is not “Public Utility Property” (as defined in Section 10.04A of the Indenture), which Property has heretofore been duly released from the lien of the Indenture pursuant to Section 10.04A thereof (the “*Excepted Property*”). All of the real estate and other Property which is reflected in the balance sheet of the Company as of December 31, 2008 referred to in **Section 6**, and all of the rights of way, easements, grants, permits, privileges, franchises and other rights necessary to the operation of said Property, are subject to the Indenture as a first lien thereon (subject only to Liens permitted by the Indenture) except properties expressly excluded from said lien of the Indenture by the provisions thereof (including the Excepted Property). The Company has not agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its Property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by the Indenture.

(c) None of the Properties or assets reflected in the balance sheet of the Company as of December 31, 2008 referred to in **Section 6** is held by the Company as lessee under any lease (other than certain leasehold improvements which are being written off over the life of the lease) or as conditional vendee under any conditional sales contract or other title retention agreement.

Section 10. Litigation; Etc. Other than as described below, there is no action, proceeding or investigation pending or, to the Company’s knowledge, threatened (or any basis therefor known to the Company) which questions the validity of the Agreement or the Bonds or any action taken or to be taken pursuant hereto or thereto, nor, except as disclosed in the Exchange Act Reports or the Company Reports, is there any action, proceeding or investigation

pending or, to the Company's knowledge, threatened (or any basis therefor known to the Company) which might result, either in any case or in the aggregate, in any material adverse change in the business, operations, affairs or condition of the Company or its Properties and assets or in any material liability on the part of the Company. As of the date of the Agreement, the IRS is auditing Unitil and its subsidiaries (including the Company) in relation to the fiscal years ended December 31, 2006, 2007 and 2008.

Section 11. Compliance with Other Instruments, Etc. The Company is not in violation of any term of its Articles of Incorporation or By-Laws, or, to the Company's knowledge, in violation of any term of any franchise, license, permit, agreement, indenture, instrument, judgment, decree, order, statute, or governmental rule or regulation applicable to it so as to materially and adversely affect, either individually or in the aggregate, its financial condition; and the execution, delivery and performance of the Agreement and the Bonds will not result in any such violation or be in conflict with or constitute a default under any term of any of the foregoing and will not result in the creation of any mortgage, lien, charge or encumbrance upon any of the Properties or assets of the Company pursuant to any such term.

Section 12. ERISA. (a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws. There have been no instances of noncompliance which could reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to Section 401(a)(29) or 430 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) As of December 31, 2008, the present value of all projected benefit obligations under each Plan subject to Title IV of ERISA (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not exceed by more than \$31.3 million the fair market value of the assets of such Plans allocable to such accrued benefits.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) As of December 31, 2008, the Company's expected post-retirement benefit obligation (determined in accordance with Financial Accounting Standards Board Statement No. 106 without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) was approximately \$15.2 million. The Company reasonably expects to recover this amount in utility rates as more fully described in the notes to the Company's September 30, 2009 financial statements (which refer to the notes in the Company's December

31, 2008 financial statements). Accordingly, the Company does not believe that this post-retirement benefit obligation will have a Material Adverse Effect.

Section 13. Regulatory Jurisdiction and Approvals. The Company is subject to regulation by the NHPUC with respect to retail rates, adequacy of service, issuance of securities, accounting and other matters; and to regulation by the Federal Energy Regulatory Commission (“FERC”) under the Energy Policy Act of 2005 in regards to certain bookkeeping, accounting and reporting requirements. No order, consent, approval or authorization of, or any declaration or filing with, any other Governmental Authority is required as a condition precedent to the valid execution and delivery of the Agreement by the Company and the consummation by the Company of the transactions contemplated thereby.

Section 14. Patents; Trademarks; Etc. The Company owns or possesses all of the patents, trademarks, service marks, trade names and copyrights, and all rights of use with respect to the foregoing, necessary for the conduct of its business as now conducted, without any known conflict with the rights of others.

Section 15. Investment Company Act Status. The Company is not an “investment company” or a company “controlled” by an “investment company”, as such terms are defined in the Investment Company Act of 1940, as amended.

Section 16. Foreign Credit Restraints. The consummation of the transactions contemplated by the Agreement will not violate any provision of any applicable statute, regulation or order of, or any restriction imposed by, the United States of America or any authorized official, board, department, instrumentality or agency thereof relating to the control of foreign or overseas lending or investment.

Section 17. Disclosure. Neither the Agreement, the financial statements referred to in **Section 6**, the Exchange Act Reports or the Company Reports, nor any other document, certificate or written statement furnished to each Bondholder by or on behalf of the Company in connection with the negotiation of the Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. There is no fact known to the Company which materially adversely affects or in the future may (so far as the Company can now reasonably foresee) materially adversely affect the business, operations, affairs or condition of the Company or its Properties or assets, which has not been set forth in the Agreement or in the other documents, certificates, the Exchange Act Reports or the Company Reports and written statements furnished to each Bondholder by or on behalf of the Company prior to the date of the Agreement.

Section 18. No Defaults. No Default or Event of Default has occurred and is continuing. The Company is not in default in the payment of principal or interest on any Indebtedness and is not in default under any instrument or instruments or agreements under and subject to which any Indebtedness has been issued and no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

Section 19. Compliance with Environmental Laws. Except as disclosed in the Exchange Act Reports or the Company Reports, to the best of the Company's knowledge it is not in violation of any applicable Federal, state, or local laws, statutes, rules, regulations or ordinances relating to public health, safety or the environment, including, without limitation, relating to releases, discharges, emissions or disposals to air, water, land or ground water, to the withdrawal or use of ground water, to the use, handling or disposal of polychlorinated biphenyls (PCBs), asbestos or urea formaldehyde, to the treatment, storage, disposal or management of hazardous substances (including, without limitation, petroleum, crude oil or any fraction thereof, or other hydrocarbons), pollutants or contaminants, to exposure to toxic, hazardous or other controlled, prohibited or regulated substances which violation could have a material adverse effect on the business, prospects, profits, properties or condition (financial or otherwise) of the Company. Except as disclosed in the Exchange Act Reports or the Company Reports, the Company does not know of any liability or class of liability of the Company under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601 *et seq.*), or the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. Section 6901 *et seq.*).

Section 20. Foreign Assets Control Regulations, Etc. Neither the Company nor any subsidiary (A) is a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order or (B) engages in any dealings or transactions with any such Person. The Company and its subsidiaries are in compliance, in all material respects, with the USA Patriot Act.

As used herein, the term "*Anti-Terrorism Order*" means Executive Order No. 13,224 of September 24, 2001, Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism, 66 U.S. Fed. Reg. 49,079 (2001), as amended; the term "*USA Patriot Act*" means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.