

Summary of Terms and Conditions

US\$400,000,000 Revolving Credit Facility

- Borrowers:*** The Connecticut Light and Power Company (“***CL&P*”**), Western Massachusetts Electric Company (“***WMECO*”**), Yankee Gas Services Company (“***Yankee*”**) and Public Service Company of New Hampshire (“***PSNH*”**).
- Purpose:*** For the general corporate purposes of the Borrowers.
- Type/Amount:*** Three year revolving credit facility (the “***Facility*”**) in an aggregate amount of up to US\$400,000,000 (the “***Commitment*”**), which shall replace that certain Amended and Restated Credit Agreement, dated as of December 9, 2005, as amended (the “***Existing Facility*”**), among the Borrowers, as borrowers, the lenders party thereto and Citicorp USA, Inc. (“***CUSA*”**), as administrative agent. Subject to the aggregate limitation on the amount available under the Facility, up to \$300 million of the Commitment will be available to CL&P, up to \$200 million of the Commitment will be available to WMECO, up to \$200 million of the Commitment will be available to Yankee and up to \$300 million of the Commitment will be available to PSNH (as to each Borrower, its “***Borrower Sublimit*”**).
- Joint Lead Arrangers and Bookrunners:*** Barclays Capital (“***Barclays*”**), the investment banking division of Barclays Bank PLC (“***Barclays Bank*”**), Citigroup Global Markets Inc., J.P. Morgan Securities Inc. (“***JPMorgan Securities*”**) and Union Bank, N.A. (“***Union Bank*”**).
- Administrative Agent:*** Citibank, N.A. (“***Citibank*”**).
- Syndication Agent:*** JPMorgan Securities
- Lenders:*** Barclays Bank, Citibank, JPMorgan Chase Bank, N.A., Union Bank and a syndicate of lenders acceptable to the Borrowers and the Joint Lead Arrangers.
- Closing Date:*** No later than September 24, 2010.
- Term of the Facility:*** Three years after the date of execution and delivery of the loan documents (the “***Closing Date*”**). All Advances (as defined below) under the Facility will be repayable no later than on the earlier of (i) the last day of a term, if any, specified in a notice of borrowing and (ii) the Termination Date.
- Extension of*** The Borrowers may request that the Commitment be renewed for up

Termination Date:

to two additional one-year periods by providing notice of such request to the Administrative Agent no earlier than 45 days but no later than 30 days prior to the first or second anniversary (as the case may be) of the Closing Date (each, a "***Noticed Anniversary Date***"). If a Lender agrees, in its individual and sole discretion, to renew its commitment (an "***Extending Lender***"), it will notify the Administrative Agent, in writing, of its decision to do so no earlier than 30 days prior to the applicable Noticed Anniversary Date (but in any event no later than 20 days prior to such Noticed Anniversary Date). The Administrative Agent will notify the Borrowers, in writing, of the Lenders' decisions no later than 15 days prior to such Noticed Anniversary Date. The Extending Lenders' commitments will be renewed for an additional year from the then existing Termination Date, provided that (i) more than 50% of the Commitment is extended or otherwise committed to by Extending Lenders and any new Lenders, (ii) all representations and warranties are true and correct on such date and (iii) no Default or Event of Default has occurred and is continuing. Any Lender that declines the Borrowers' request for Commitment renewal (a "***Declining Lender***") will have its commitment terminated on the then existing Termination Date (without regard to any renewals by other Lenders). The Borrowers will have the right to accept commitments from third party financial institutions acceptable to the Administrative Agent in an amount not greater than the amount of the commitments of any Declining Lenders, provided that the Extending Lenders will have the right to increase their commitments up to the amount of the Declining Lenders' commitments before the Borrowers will be permitted to substitute any other financial institutions for the Declining Lenders. The Borrowers may only so extend the Termination Date twice.

Availability:

Funds under the Facility will be available as "LIBOR Advances" (bearing interest at LIBOR + Applicable Margin) and "Base Rate Advances" (bearing interest at the Alternate Base Rate (as defined below) + Applicable Margin), collectively the "***Advances***".

Pricing:

The relevant Borrower may select either of:

Interest Rate Options:

- (i) Alternate Base Rate (which is a fluctuating rate *per annum* equal at all times to the sum of (A) the highest of (x) the Administrative Agent's publicly announced "base" rate, (y) a rate equal to 1/2 of 1% *per annum* above the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers and (z) one-month LIBOR plus 1%), *plus* (B) the Applicable Margin
- (ii) 1, 2, 3 or 6-month (each, an "***Interest Period***" for LIBOR

Advances, as selected by the relevant Borrower) LIBOR plus the Applicable Margin.

Each Borrower may designate a term (which in no event shall end later than the Termination Date) for any Borrowing made to it, beyond which such Borrowing may not be outstanding. Interest on LIBOR Advances and on Base Rate Advances that are based on the Federal Funds Rate and all fees will be computed on the basis of a year of 360 days. Interest on other Base Rate Advances will be computed on the basis of a year of 365/366 days.

Interest on each LIBOR Advance will be payable on the last day of the Interest Period applicable thereto and on the Termination Date, but in no event less frequently than the date that is each three-month anniversary of the date of any such Advance.

Interest on each Base Rate Advance will be payable quarterly on the last day of each March, June, September and December and on the Termination Date.

Applicable Rating Level:

The Applicable Rating Level for each Borrower will be based on the Reference Ratings (as defined in Appendix 1) applicable to such Borrower, in accordance with the following:

Applicable Rating Level	S&P		Moody's
Level I	A- or higher	OR	A3 or higher
Level II	BBB+	OR	Baa1
Level III	BBB	OR	Baa2
Level IV	BBB-	OR	Baa3
Level V	BB+ or lower (or unrated)	OR	Ba1 or lower (or unrated)

The Applicable Rating Level for each Borrower shall change as and when the relevant Reference Ratings change. In the event that any Borrower has outstanding long-term unsecured or secured debt and both Moody's and S&P, or their successors, as applicable, shall have ceased to issue or maintain Reference Ratings on such long-term unsecured debt (or long-term secured debt if no long-term unsecured debt is then outstanding), then the Applicable Rating Level for such Borrower shall be Level V. If the ratings assigned by S&P and Moody's differ (i) by one level, then the level corresponding to the higher of such ratings shall be used to determine the Applicable Rating Level and (ii) by more than one level, then the level that is one below the level corresponding to the higher of such ratings shall be used to determine the Applicable Rating Level, unless the lower of

such ratings is below “investment grade”, in which case the Applicable Rating Level shall be Level V.

Default rate is the rate otherwise in effect plus 2.0% or, if higher, the Base Rate plus the Applicable Margin plus 2.0%.

Applicable Margin:

The Applicable Margin for each Borrower under the Facility is based on the Applicable Rating Level for such Borrower.

Applicable Margin		
Applicable Rating Level	LIBOR Advances	Base Rate Advances
Level I	1.575%	0.575%
Level II	1.775%	0.775%
Level III	1.900%	0.900%
Level IV	2.000%	1.000%
Level V	2.400%	1.400%

Facility Fee:

Facility Fee for each Borrower equal to the product of (i) the Commitment (whether used or unused), (ii) such Borrower’s Fraction (as defined in Appendix 1) and (iii) the Facility Fee Rate set forth next to the Applicable Rating Level for such Borrower in the grid below:

Applicable Rating Level	Facility Fee Rate
Level I	0.175%
Level II	0.225%
Level III	0.350%
Level IV	0.500%
Level V	0.600%

The Facility Fee is payable quarterly in arrears.

Other Borrowing Terms:

The relevant Borrower must provide the following periods of notice to the Administrative Agent prior to any proposed date of borrowing:

LIBOR Advances: Three LIBOR business days.

Base Rate Advances: Same domestic business day.

Each LIBOR Advance shall be in a minimum amount of US\$5,000,000 or an increment of US\$1,000,000 in excess thereof.

Prepayment:

Advances may be prepaid at any time, in a minimum amount of US\$5,000,000 or an increment of US\$1,000,000 in excess thereof in the case of LIBOR Advances. Prepayments of LIBOR Advances other than at the end of an Interest Period will be subject to reimbursement to the Lenders for any "breakage" or redeployment costs.

Advances shall be prepaid by a Borrower at any time to the extent that the outstanding amount of Advances made to such Borrower at such time exceeds the amount of the Commitment allocable to such Borrower at such time, together with interest and any relevant redeployment costs.

***Optional Commitment
Reduction /
Termination/Increase:***

At the option of the Borrowers, the Commitment may at any time be permanently terminated, or reduced in a minimum amount of US\$5,000,000 or an increment of US\$1,000,000 in excess thereof, applied on a *pro rata* basis to each Lender.

The Borrowers may from time to time increase the Commitment that could be utilized by any Borrower, up to a maximum aggregate Commitment of \$500,000,000, by designating one or more Lenders or other financial institutions reasonably acceptable to the Administrative Agent, which Lender(s) and/or financial institution(s) shall have agreed to accept all or a portion of such additional Commitment. It shall be a condition precedent to each such increase that all representations and warranties be true and correct on the date of such increase and no Default or Event of Default has occurred and is continuing.

***Conditions Precedent to
Closing:***

Usual for transactions of this type, including, without limitation:

- (i) Receipt of such evidence of corporate authority and authorization as the Joint Lead Arrangers and the Lenders may reasonably request.
- (ii) Receipt of all governmental and third party approvals required to be obtained in connection with the Facility.
- (iii) Receipt of favorable legal opinions from counsel (which may be internal) to the Borrowers in form and substance satisfactory to the Joint Lead Arrangers.
- (iv) Receipt of other favorable legal opinions from special or local counsel as may be required by the Joint Lead Arrangers and Administrative Agent in form and substance satisfactory to the Joint Lead Arrangers and Administrative Agent.

- (v) All representations and warranties are true and correct and no Event of Default described below or event that, with the giving of notice or passage of time or both, would constitute an Event of Default (such event, a “*Default*”) has occurred and is continuing.
- (vi) The Joint Lead Arrangers and Administrative Agent shall have received payment in full of all fees and expenses owed by the Borrowers in connection with the Facility.
- (vii) Evidence of the termination of the commitments under the Existing Facility and the payment of all obligations thereunder.

Conditions Precedent to Each Advance:

Usual for facilities of this type, including, without limitation:

- (i) All representations and warranties (other than Representations and Warranties (vii) and (viii) below) of the relevant Borrower shall be true and correct on and as of the date of such Advance; and
- (ii) No Default or Event of Default in respect of such Borrower shall have occurred and shall be continuing on such date.

Representations and Warranties:

Customary for transactions of this type, including, but not limited to, the following:

- (i) Corporate status and authority of each Borrower.
- (ii) Non-contravention of charter and by-laws or existing agreements of such Borrower.
- (iii) No violation of law (except as disclosed).
- (iv) All governmental and regulatory approvals required in connection with the Facility duly obtained and in full force and effect.
- (v) Legality, validity, binding effect and enforceability of all documents.
- (vi) Financial statements fairly present financial condition and results of operations of such Borrower.
- (vii) Since December 31, 2009, there has been no material adverse change in the financial condition, business, operations, properties, or prospects of such Borrower and its subsidiaries, taken as a whole, except as disclosed in the Disclosure

Documents (as defined in Appendix 1).

- (viii) No litigation or other proceeding pending or overtly threatened affecting the Facility, and except as disclosed in the Disclosure Documents, no such litigation or proceedings that, if adversely determined, would have a material adverse effect on such Borrower's financial condition, results of operations, properties, or prospects.
- (ix) Compliance in all material respects with ERISA.
- (x) Adequacy of title to material properties.
- (xi) Ownership of capital stock.
- (xii) Payment of taxes, and filing of required tax returns.
- (xiii) No materially misleading information or material omission in information provided by such Borrower.
- (xiv) Use of proceeds; investment company status; compliance with margin stock regulations.
- (xv) Adequacy of insurance.
- (xvi) Solvency.

Affirmative Covenants:

Customary for transaction of this type, including, but not limited to, the following for each Borrower:

- (i) Use of proceeds.
- (ii) Payment of taxes.
- (iii) Maintenance of insurance.
- (iv) Preservation of corporate existence.
- (v) Material compliance with laws.
- (vi) Inspection of books, records and properties.
- (vii) Keeping of books and records.
- (viii) Remain in same lines of business (except as otherwise provided in "Negative Covenants" below).
- (ix) Maintenance of properties; provided that each Borrower may discontinue the operation or maintenance of any property if, in

its sole judgment, such discontinuance would not materially adversely affect its financial condition, properties, prospects or operations.

- (x) Acquisition and maintenance of material governmental approvals.
- (xi) Further assurances.

Negative Covenants:

Customary for transactions of this type, including, but not limited to, the following for each Borrower, with appropriate exceptions to permit consummation of previously announced mergers, asset sales and restructuring activities (provided that any material deviation from the terms of such transactions or activities shall be subject to the approval of the Joint Lead Arrangers):

- (i) Prohibition on liens other than Permitted Liens (as defined in Appendix 1).
- (ii) Limitations on mergers, consolidations or sale of a “Substantial Part” (as defined below) of its assets; *provided that*, so long as (x) no Default or Event of Default has occurred and is continuing and (y) all required approvals have been obtained, (A) direct or indirect subsidiaries of a Borrower may merge or consolidate with wholly-owned direct or indirect subsidiaries of such Borrower so long as, in any such case, the wholly-owned subsidiary is the survivor; (B) direct or indirect subsidiaries of a Borrower may be merged or consolidated with such Borrower so long as such Borrower is the survivor; (C) a Borrower or any direct or indirect subsidiary of such Borrower may merge or consolidate with an unaffiliated company so long as (1) such Borrower or direct or indirect subsidiary is the survivor of such merger or consolidation, (2) such Borrower demonstrates *pro forma* compliance with the Financial Covenant set forth below, and (3) such Borrower’s indicative credit ratings from S&P and Moody’s in contemplation of such merger and such Borrower’s actual credit ratings from S&P and Moody’s following any such merger or consolidation remain at the levels established immediately prior to the merger or at a higher level; (D) CL&P, WMECO and PSNH may dispose of transmission assets to other directly or indirectly held subsidiaries of Northeast Utilities (“NU”) as permitted, and to any other person as required, by appropriate regulatory authorities; (E) each Borrower may dispose of assets or security to, or merge into or with, other Borrowers; and (F) each Borrower may dispose of its assets in the ordinary course of business on customary terms (including any sale of accounts

receivable on reasonable commercial terms, including at a commercially reasonable discount).

For the purposes of this paragraph (ii), a sale of a "Substantial Part" of a Borrower's assets shall be any sale (whether in one transaction or a series of transactions) of assets, (A) the book value of which represents more than 15% (determined at the time of each such transaction) of the book value of assets (net of regulatory assets) of such Borrower (determined by reference to the most recently delivered financial statements of such Borrower), or (B) the gross revenue associated with which accounts for more than 15% of the total gross revenue of such Borrower for the four preceding fiscal quarters (determined by reference to the most recently delivered financial statements of the Borrower), to any entity other than such Borrower or any of its wholly-owned direct or indirect subsidiaries.

- (iii) Restrictions on termination of ERISA plans with resulting \$1,000,000 liability, any reportable event that could reasonably result in a \$1,000,000 liability, or any event that could reasonably result in the foregoing.
- (iv) Restrictions on transactions with affiliates.
- (v) Restrictions on acquisitions of interests in nuclear plants.

Financial Covenant:

Such Borrower will be required to maintain, on a consolidated basis, a ratio of Consolidated Debt (as defined in Appendix 1) to Total Capitalization (as defined in Appendix 1) of no more than 0.65 to 1.00 at the end of each fiscal quarter.

Reporting Obligations:

Customary for transactions of this type, including, but not limited to, the following for each Borrower:

- (i) Notification of Defaults and Events of Default.
- (ii) Delivery of (A) Forms 10-K, 10-Q and 8-K for each Borrower that is a reporting company under the Securities and Exchange Act of 1934, as amended, and delivery of such other business and financial information as the Administrative Agent may reasonably request and (B) audited annual financial statements and unaudited certified quarterly financial statements of Yankee.
- (iii) Delivery of regulatory updates promptly upon the reasonable request of the Administrative Agent but not more than once per calendar quarter.

- (iv) Notification of ERISA events.
- (v) Notification of material litigation.

Events of Default:

Customary events of default include, but are not limited to, the following in respect of each Borrower:

- (i) Failure by such Borrower to make any payment of principal under the Facility on or before the date such payment is due.
- (ii) Failure by such Borrower to make any payment of interest, fees or other amounts under the Facility on or before two days after such payment is due.
- (iii) Any representation or warranty made by such Borrower shall have been false or misleading in any material respect when made.
- (iv) Failure by such Borrower to comply with any financial covenant, negative covenant or certain other covenants to be identified.
- (v) Subject to 30-day grace period, failure by such Borrower to observe or perform any other covenant, basic term or other condition contained in any document related to the Facility.
- (vi) (A) Default by such Borrower under Debt aggregating US\$50,000,000 or more, if the effect is to accelerate or permit acceleration of such Debt, or (B) acceleration of such Debt.
- (vii) Voluntary bankruptcy of such Borrower; involuntary bankruptcy of such Borrower if not dismissed, stayed or otherwise nullified within 90 days.
- (viii) Any judgments for amounts aggregating in excess of US\$50,000,000 are rendered against such Borrower, are unstayed and either (i) remain undischarged for 30 days or (ii) are enforced.
- (ix) Any material provision of any document related to the Facility ceases to be valid and binding.
- (x) NU shall cease to own at least 85% of the outstanding common stock of such Borrower, free and clear of liens.
- (xi) Change of control events as follows: (a) any person or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended) shall either (1) acquire

beneficial ownership of more than 50% of any outstanding class of common shares of NU having ordinary voting power in the election of Trustees of NU or (2) obtain the power (whether or not exercised) to elect a majority of NU's Trustees or (b) the Board of Trustees of NU shall not consist of a majority of Continuing Trustees.

"Continuing Trustees" shall mean the Trustees of NU on the effective date of the Facility and each other Trustee of NU, if such other Trustee's nomination for election to the Board of Trustees of NU is recommended by a majority of the then Continuing Trustees.

Participations and Assignments:

Each Lender may, in its sole discretion, at any time grant participations in all or a portion of its rights and obligations under the Facility to other persons. Participations shall be without restrictions, and participants will have the same benefits as the Lenders with respect to yield protection, capital adequacy, reserve requirements, increased cost and withholding tax provisions.

Each Lender may assign all or a portion of its rights and obligations under the Facility (in minimum amounts of US\$5,000,000 or, if less, its entire commitment) (i) to one or more other Lenders or their affiliates or, (ii) with the consent of the Borrowers (not to be unreasonably withheld) (the Borrowers shall be deemed to have consented to any assignment unless any Borrower provides notice of its objection to the Administrative Agent within ten business days of receipt of request for consent) and the Administrative Agent, to one or more other financial institutions. During a Default or Event of Default, the consent of the Borrowers to such assignments will not be required. Each assignment will be subject to payment by the relevant Lender (or its transferee) to the Administrative Agent of a US\$3,500 processing fee.

Each Lender may disclose information to prospective participants and assignees and share, at its option, any fees with such participants and assignees.

Yield Protection:

The usual for facilities of this type, including, but not limited to, unavailability of funding, illegality, reserves if incurred, capital adequacy, redeployment costs and any other yield protection deemed necessary by the Joint Lead Arrangers.

Defaulting Lenders:

The loan documentation will contain current standard "defaulting lender" provisions.

Indemnification:

Except for gross negligence or willful misconduct, the Borrowers will

indemnify the Joint Lead Arrangers, Administrative Agent, Syndication Agent, Documentation Agent, the Lenders, and each of their respective affiliates and agents against all losses, liabilities, claims, damages or expenses relating to their loans, the documents related to the Facility, use of proceeds of Advances, or the Commitment, including, but not limited to, reasonable attorney's fees and settlement costs.

Expenses:

Closing costs incurred by the Joint Lead Arrangers (including counsel fees, time charges and disbursements) will be for the account of the Borrowers, and will be payable whether or not the closing of the Facility occurs. Expenses, fees and costs incurred by the Lenders (other than the Joint Lead Arrangers) will be for their own accounts.

Legal Counsel:

King & Spalding LLP.

Majority Lenders:

Lenders that collectively hold Commitments aggregating in excess of 50% of all Commitments, or if the Commitments have been terminated, Lenders that collectively hold Advances aggregating in excess of 50% of all Advances outstanding.

Governing Law:

New York.

Appendix 1

Definitions

“Consolidated Debt” means, at any date for any Borrower, the total Debt of such Borrower and its subsidiaries as determined on a consolidated basis in accordance with generally accepted accounting principles.

“Debt” means, for any person, without duplication, (i) indebtedness of such person for borrowed money, including but not limited to obligations of such person evidenced by bonds, debentures, notes or other similar instruments (excluding stranded cost recovery obligations which are non-recourse to such person), (ii) obligations of such person to pay the deferred purchase price of property or services (excluding any obligation of such person to Dominion Resources, Inc. or its successor with respect to disposition of spent nuclear fuel burned prior to April 3, 1983), (iii) obligations of such person as lessee under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, (iv) obligations under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iii), above, and (v) liabilities in respect of unfunded vested benefits under ERISA plans.

“Disclosure Documents” means, for any Borrower, as applicable: (i) such Borrower’s Annual Report on Form 10-K for the fiscal year ended December 31, 2009; (ii) its Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31 and June 30, 2010; (iii) the Confidential Information Memorandum, dated August 2010, regarding the Facility, as distributed to the Administrative Agent and the Lenders, including, without limitation, all schedules and attachments thereto; and (iv) such Borrower’s Current Reports on Form 8-K filed after December 31, 2009 but prior to the Closing Date.

“First Mortgage Indentures” means (i) in the case of CL&P, the Indenture of Mortgage and Deed of Trust, dated as of May 1, 1921 (the “CL&P Indenture”), from CL&P to Deutsche Bank Trust Company Americas, as successor trustee, as amended and supplemented from time to time, (ii) in the case of Yankee, the Indenture of Mortgage and Deed of Trust, dated as of July 1, 1989, between Yankee and The Bank of New York Mellon, as successor trustee, as in effect on the Closing Date and as amended and supplemented from time to time, (iii) in the case of WMECO, any first mortgage indenture entered into after the Closing Date, provided (A) such first mortgage indenture covers substantially the same collateral as under the Old WMECO Indenture, (B) such first mortgage indenture is substantially similar in form and substance to the CL&P Indenture and (C) such indenture and the lien created thereby are approved by the Massachusetts Department Public Utilities, and (iv) in the case of PSNH, the First Mortgage Indenture, dated as of August 15, 1978, between PSNH and U.S. Bank, National Association, as successor trustee, as amended and supplemented from time to time.

“Fraction” means, in respect of any Borrower as determined at any time, a fraction, the numerator of which shall be the Borrower Sublimit of such Borrower at such time, and the denominator of which shall be the sum of the Borrower Sublimits of all Borrowers at such time.

“Old WMECO Indenture” means the First Mortgage Indenture and Deed of Trust, dated as of August 1, 1954, from WMECO to State Street Bank and Trust Company, as successor trustee, as amended and supplemented.

“Permitted Liens” means, with respect to each Borrower, (i) any liens existing on the closing date; (ii) liens created by the First Mortgage Indentures, so long as by the terms thereof no “event of default” (howsoever designated) in respect of any bonds issued thereunder will arise upon the occurrence of a Default or Event of Default under the Facility; (iii) “Permitted Liens” or “Permitted Encumbrances” under the First Mortgage Indenture to which such Borrower is a party, in each case, to the extent such liens do not secure Debt (as defined in this Appendix 1) of such Borrower; (iv) any purchase money lien or construction mortgage on assets acquired or constructed after the Closing Date by such Borrower and any lien on any assets existing at the time of acquisition thereof by such Borrower or created within 180 days from the date of completion of such acquisition or construction; provided that such lien shall at all times be confined solely to the assets so acquired or constructed and any additions thereto; (v) any existing liens on assets owned on the Closing Date by such Borrower and liens existing on assets of a corporation or other going concern when it is merged into or with such Borrower or when substantially all of its assets are acquired by such Borrower; provided that such liens shall at all times be confined solely to such assets, or if such assets constitute a utility system, additions to or substitutions for such assets; (vi) liens resulting from legal proceedings being contested in good faith by appropriate legal or administrative proceedings by such Borrower, and as to which such Borrower, to the extent required by generally accepted accounting principles applied on a consistent basis, shall have set aside on its books adequate reserves; (vii) liens created in favor of the other contracting party in connection with advance or progress payments; (viii) any liens in favor of any state of the United States or any political subdivision of any such state, or any agency of any such state or political subdivisions, or trustee acting on behalf of holders of obligations issued by any of the foregoing or any financial institutions lending to or purchasing obligations of any of the foregoing, which lien is created or assumed for the purpose of financing all or part of the cost of acquiring or constructing the property subject thereto; (ix) liens resulting from conditional sale agreements, capital leases or other title retention agreements; (x) with respect to pollution control bond financings, liens on funds, accounts and other similar intangibles of such Borrower created or arising under the relevant indenture, pledges of the related loan agreement with the relevant issuing authority and pledges of such Borrower’s interest, if any, in any bonds issued pursuant to such financings to a letter of credit bank or bond issuer or similar credit enhancer; (xi) liens granted on accounts receivable and regulatory assets in connection with financing transactions, whether denominated as sales or borrowings; (xii) any other liens incurred in the ordinary course of business otherwise than to secure Debt; and (xiii) any extension, renewal or replacement of liens permitted by clauses (i), (iii) through (v) and (vii) through (xi); provided, however, that the principal amount of Debt secured thereby shall not, at the time of such extension, renewal or replacement, exceed the principal amount of Debt so secured and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the lien so extended, renewed or replaced or to other property of no greater value than the property which secured the lien so extended, renewed or replaced.

"Reference Ratings" means, with respect to a Borrower, the ratings assigned by S&P and Moody's to the long-term senior unsecured non-credit enhanced debt of such Borrower (the **"Borrower Debt"**); provided, that

(i) if neither S&P nor Moody's maintains a rating on the Borrower Debt of a Borrower because no such Borrower Debt is outstanding, then the "Reference Ratings" shall be based on the ratings assigned by S&P and Moody's to the long-term senior secured debt (the **"Secured Debt"**) of such Borrower, but such ratings shall be deemed to correspond to an Applicable Rating Level that is one level lower than the level that would correspond to such Secured Debt ratings pursuant to the definition of "Applicable Rating Level";

(ii) if neither S&P nor Moody's (A) maintains a rating on the Borrower Debt of a Borrower because no such Borrower Debt is outstanding and (B) maintains a rating on the Secured Debt of a Borrower because no such Secured Debt is outstanding, then the "Reference Ratings" shall be based on such Borrower's long-term corporate/issuer ratings as maintained by S&P and Moody's.

"Total Capitalization" means, at any date for any Borrower, the sum of (i) Consolidated Debt of such Borrower and its subsidiaries, (ii) the aggregate of the par value of, or stated capital represented by, the outstanding shares of all classes of common and preferred shares of such Borrower and its subsidiaries and (iii) the consolidated surplus of such Borrower and its subsidiaries, paid-in, earned and other capital, if any, in each case as determined on a consolidated basis in accordance with generally accepted accounting principles consistent with those applied in the preparation of such Borrower's financial statements.